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FOR IMMEDIATE RELEASE  
Wednesday February 25, 2009

## **LEXINGTON REALTY TRUST REPORTS FOURTH QUARTER 2008 RESULTS**

**New York, NY – February 25, 2009** – Lexington Realty Trust (“Lexington”) (NYSE:LXP), a real estate investment trust focused on single-tenant real estate investments, today announced results for the fourth quarter and year ended December 31, 2008.

### *Fourth Quarter 2008 Highlights*

- **Generated Company Funds From Operations (“Company FFO”) of \$40.7 million or \$0.37 per diluted common share/unit.**<sup>(1)</sup>
- **Executed 24 new and renewal leases, totaling approximately 1.5 million square feet.**
- **Sold 17 properties for \$49.5 million.**
- **Repurchased \$88.5 million original principal amount of 5.45% Exchangeable Notes at a 31.6% discount.**
- **Reduced overall debt by \$103.0 million.**
- **Recorded impairment charges, net of debt satisfaction gains, of \$1.1 million, including our share of joint ventures.**
- **Incurred \$2.1 million non-cash charge related to a forward equity commitment to repurchase 3.5 million common shares.**

<sup>(1)</sup> 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, “During the fourth quarter, we continued to create liquidity through favorable asset sales and reduce our leverage by repurchasing our debt at attractive discounts to the original principal amount. More recently, the refinancing of our term loan and revolving credit facility has enhanced our financial flexibility and reduced our current 2009 consolidated debt maturities by approximately \$200.0 million to \$55.1 million, consisting solely of non-recourse mortgage debt. Over the balance of the year we expect to continue marketing assets for sale in order to create liquidity to take further advantage of opportunities to reduce our debt on what we believe are advantageous terms.”

## **FINANCIAL RESULTS**

### **Revenues**

For the quarter ended December 31, 2008, total gross revenues were \$105.1 million, compared with total gross revenues of \$119.3 million for the quarter ended December 31, 2007. The decrease is primarily due to the sale of certain assets to a co-investment program in 2007 and 2008 and the early lease termination in the second quarter of 2008 for a property located at 100 Light Street in Baltimore, Maryland.

### **Net Income (Loss) Allocable to Common Shareholders**

For the quarter ended December 31, 2008, net loss allocable to common shareholders was (\$18.0) million, or a loss of (\$0.21) per diluted share, compared with net income allocable to common shareholders for the quarter ended December 31, 2007 of \$24.2 million, or income of \$0.39 per diluted share.

### **Company FFO Applicable to Common Shareholders/Unitholders**

For the quarter ended December 31, 2008, Company FFO was \$40.7 million, or \$0.37 per diluted share/unit, compared with Company FFO for the quarter ended December 31, 2007 of \$21.3 million, or \$0.20 per diluted share/unit. Company FFO for the quarter ended December 31, 2008 was positively impacted by debt satisfaction gains of \$31.6 million, including Lexington's proportionate share through joint ventures, which were offset by impairment charges of \$32.7 million, including Lexington's proportionate share through joint ventures, and a \$2.1 million non-cash charge relating to Lexington's forward equity commitment. For the quarter ended December 31, 2007, Company FFO was negatively impacted by impairment charges of \$22.7 million, including Lexington's proportionate share through joint ventures, debt satisfaction losses of \$5.5 million and joint venture formation costs of \$2.3 million, which were offset by lease termination payments of \$4.8 million and incentive fees earned of \$1.1 million.

### **Balance Sheet**

At December 31, 2008, Lexington had approximately \$99.2 million of cash and restricted cash and \$2.4 billion in debt outstanding. As of December 31, 2008, the weighted average interest rate on Lexington's debt was 5.6% with a weighted average maturity of 6.3 years. Approximately 91.6% of Lexington's debt was subject to fixed interest rates at December 31, 2008.

### **Common Share Dividend/Distribution**

During the quarter ended December 31, 2008, Lexington's Board of Trustees declared a regular quarterly cash dividend/distribution of \$0.18 per share/unit, which was paid on January 15, 2009, to common shareholders/unitholders of record as of December 31, 2008, and which equated to an annualized dividend of \$0.72 per share.

## **OPERATING ACTIVITIES**

### **Sales**

During the quarter ended December 31, 2008, Lexington sold its interest in 17 properties, including 4 vacant properties, to unrelated parties for an aggregate sales price of \$49.5 million, which generated gains on sale of \$1.2 million. These properties generated annualized net operating income of \$2.1 million, or 4.3% of the sales price.

### **Leasing Activity**

At December 31, 2008, Lexington's consolidated portfolio was approximately 93.3% leased. For the quarter ended December 31, 2008, Lexington executed 24 new and renewal leases for approximately 1.5 million square feet.

## **2009 EARNINGS GUIDANCE**

Lexington disclosed an estimated Company FFO guidance range of \$1.35 to \$1.42 per diluted share/unit for the year ending December 31, 2009. This guidance excludes the impact of non-recurring items and the new accounting requirements for convertible securities effective in 2009. In addition, this guidance is based on current expectations and is forward-looking.

### **FOURTH QUARTER 2008 CONFERENCE CALL**

Lexington will host a conference call today, Wednesday, February 25, 2009, at 11:00 a.m. Eastern Time, to discuss its results for the quarter ended December 31, 2008. Interested parties may participate in this conference call by dialing (877) 407-0778 or (201) 689-8565. A replay of the call will be available through March 25, 2009, at (877) 660-6853, Account #: 286, Conference ID #: 306317.

A live web cast of the conference call will be available at [www.lxp.com](http://www.lxp.com) within the Investor Relations section. An online replay will also be available through February 25, 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](http://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](http://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 Twelve Months ended December 31, 2008 and 2007**  
**(Unaudited and in thousands, except share and per share data)**

	Three months ended December 31,		Twelve months ended December 31,	
	2008	2007	2008	2007
Gross Revenues:				
Rental	\$ 92,507	\$ 107,777	\$ 396,546	\$ 373,877
Advisory and incentive fees	360	1,384	1,432	13,567
Tenant reimbursements	12,230	10,139	43,253	32,214
Total gross revenues	<u>105,097</u>	<u>119,300</u>	<u>441,231</u>	<u>419,658</u>
Expense applicable to revenues:				
Depreciation and amortization	(50,551)	(65,336)	(239,899)	(228,050)
Property operating	(23,058)	(17,788)	(82,187)	(58,764)
General and administrative	(5,049)	(10,670)	(30,515)	(39,334)
Non-operating income	1,831	3,222	24,410	11,448
Interest and amortization expense	(36,883)	(48,042)	(156,063)	(162,028)
Debt satisfaction gains (charges), net	26,631	(1,209)	65,651	(1,209)
Change in value of forward equity commitment	(2,128)	—	(2,128)	—
Gains on sale of properties – affiliates	—	17,864	31,806	17,864
	<u>—</u>	<u>17,864</u>	<u>31,806</u>	<u>17,864</u>
Income (loss) before provision for income taxes, minority interests, equity in earnings (losses) of non-consolidated entities and discontinued operations	15,890	(2,659)	52,306	(40,415)
Provision for income taxes	(375)	(745)	(3,008)	(3,288)
Minority interests share of (income) loss	133	4,940	3,131	1,110
Equity in earnings (losses) of non-consolidated entities	(20,134)	522	(43,305)	46,467
Income (loss) from continuing operations	<u>(4,486)</u>	<u>2,058</u>	<u>9,124</u>	<u>3,874</u>
Discontinued operations:				
Income (loss) from discontinued operations	(131)	4,050	753	28,948
Provision for income taxes	(173)	(687)	(506)	(3,413)
Debt satisfaction gains (charges), net	3,495	(4,265)	3,062	(7,950)
Gains on sales of properties	1,166	53,070	13,151	92,878
Impairment charges	(12,762)	(17,170)	(16,519)	(17,170)
Minority interests share of income	1,536	(5,822)	(600)	(20,316)
Total discontinued operations	<u>(6,869)</u>	<u>29,176</u>	<u>(659)</u>	<u>72,977</u>
Net income (loss)	(11,355)	31,234	8,465	76,851
Dividends attributable to preferred shares- Series B	(1,590)	(1,590)	(6,360)	(6,360)
Dividends attributable to preferred shares- Series C	(2,111)	(2,519)	(8,852)	(10,075)
Dividends attributable to preferred shares- Series D	(2,926)	(2,926)	(11,703)	(10,298)
Redemption discount – Series C	—	—	5,678	—
Net income (loss) allocable to common shareholders	<u>\$ (17,982)</u>	<u>\$ 24,199</u>	<u>\$ (12,772)</u>	<u>\$ 50,118</u>
Income (loss) per common share-basic:				
Income (loss) from continuing operations, after preferred dividends	\$ (0.13)	\$ (0.08)	\$ (0.18)	\$ (0.35)
Income (loss) from discontinued operations	(0.08)	0.47	(0.01)	1.12
Net income (loss) allocable to common shareholders	<u>\$ (0.21)</u>	<u>\$ 0.39</u>	<u>\$ (0.19)</u>	<u>\$ 0.77</u>
Weighted average common shares outstanding – basic	<u>86,895,674</u>	<u>62,461,438</u>	<u>67,872,590</u>	<u>64,910,123</u>
Income (loss) per common share-diluted:				
Income (loss) from continuing operations, after preferred dividends	\$ (0.13)	\$ (0.08)	\$ (0.18)	\$ (0.35)
Income (loss) from discontinued operations	(0.08)	0.47	(0.01)	1.12
Net income (loss) allocable to common shareholders	<u>\$ (0.21)</u>	<u>\$ 0.39</u>	<u>\$ (0.19)</u>	<u>\$ 0.77</u>
Weighted average common shares outstanding-diluted	<u>86,895,674</u>	<u>62,461,438</u>	<u>67,872,590</u>	<u>64,910,123</u>

**LEXINGTON REALTY TRUST AND CONSOLIDATED SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**December 31, 2008 and December 31, 2007**  
**( Unaudited and in thousands, except share and per share data)**

	December 31, 2008	December 31, 2007
<b>Assets:</b>		
Real estate, at cost	\$ 3,756,188	\$ 4,109,097
Less: accumulated depreciation and amortization	461,661	379,831
	<u>3,294,527</u>	<u>3,729,266</u>
Properties held for sale-discontinued operations	8,150	150,907
Intangible assets, net	343,192	516,698
Cash and cash equivalents	67,798	412,106
Restricted cash	31,369	41,026
Investment in and advances to non-consolidated entities	179,133	226,476
Deferred expenses, net	35,904	42,040
Notes receivable	68,812	69,775
Rent receivable-current	19,829	25,289
Rent receivable- deferred	19,255	15,303
Other assets	37,919	36,277
	<u>\$ 4,105,888</u>	<u>\$ 5,265,163</u>
<b>Liabilities and Shareholders' Equity:</b>		
Liabilities:		
Mortgages and notes payable	\$ 2,033,854	\$ 2,312,422
Exchangeable notes payable	211,000	450,000
Trust preferred securities	129,120	200,000
Contract rights payable	14,776	13,444
Dividends payable	24,681	158,168
Liabilities-discontinued operations	6,142	119,093
Accounts payable and other liabilities	33,814	49,442
Accrued interest payable	16,345	23,507
Deferred revenue-below market leases, net	121,722	217,389
Prepaid rent	20,126	16,764
	<u>2,611,580</u>	<u>3,560,229</u>
Minority interests	94,996	765,863
	<u>2,706,576</u>	<u>4,326,092</u>
Commitments and contingencies		
Shareholders' 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 \$129,915 and \$155,000, respectively, and 2,598,300 and 3,100,000 shares issued and outstanding in 2008 and 2007, respectively	126,217	150,589
Series D Cumulative Redeemable Preferred, liquidation preference \$155,000, 6,200,000 shares issued and outstanding	149,774	149,774
Special Voting Preferred Share, par value \$0.0001 per share; 1 share authorized, issued and outstanding in 2007	—	—
Common shares, par value \$0.0001 per share; authorized 400,000,000 shares, 100,300,238 and 61,064,334 shares issued and outstanding in 2008 and 2007, respectively	10	6
Additional paid-in-capital	1,624,463	1,033,332
Accumulated distributions in excess of net income	(561,817)	(468,167)
Accumulated other comprehensive income (loss)	(15,650)	(2,778)
Total shareholders' equity	<u>1,399,312</u>	<u>939,071</u>
	<u>\$ 4,105,888</u>	<u>\$ 5,265,163</u>

**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 December 31,		Twelve Months ended December 31,	
	2008	2007	2008	2007
<b>EARNINGS PER SHARE:</b>				
<b>Basic:</b>				
Income (loss ) from continuing operations	\$ (4,486)	\$ 2,058	\$ 9,124	\$ 3,874
Less preferred dividends	<u>(6,627)</u>	<u>(7,035)</u>	<u>(21,237)</u>	<u>(26,733)</u>
Income (loss) allocable to common shareholders from continuing operations	(11,113)	(4,977)	(12,113)	(22,859)
Total income (loss ) from discontinued operations	<u>(6,869)</u>	<u>29,176</u>	<u>(659)</u>	<u>72,977</u>
Net income (loss) allocable to common shareholders	<u>\$ (17,982)</u>	<u>\$ 24,199</u>	<u>\$ (12,772)</u>	<u>\$ 50,118</u>
Weighted average number of common shares outstanding	<u>86,895,674</u>	<u>62,461,438</u>	<u>67,872,590</u>	<u>64,910,123</u>
<b>Income (loss) per common share-basic:</b>				
Income (loss) from continuing operations	\$ (0.13)	\$ (0.08)	\$ (0.18)	\$ (0.35)
Income (loss ) from discontinued operations	<u>(0.08)</u>	<u>0.47</u>	<u>(0.01)</u>	<u>1.12</u>
Net income (loss )	<u>\$ (0.21)</u>	<u>\$ 0.39</u>	<u>\$ (0.19)</u>	<u>\$ 0.77</u>
<b>Diluted:</b>				
Income (loss) allocable to common shareholders from continuing operations- basic	\$ (11,113)	\$ (4,977)	\$ (12,113)	\$ (22,859)
Incremental loss attributed to assumed conversion of dilutive securities	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Income (loss) allocable to common shareholders from continuing operations	(11,113)	(4,977)	(12,113)	(22,859)
Total income (loss) from discontinued operations	<u>(6,869)</u>	<u>29,176</u>	<u>(659)</u>	<u>72,977</u>
Net income (loss) allocable to common shareholders	<u>\$ (17,982)</u>	<u>\$ 24,199</u>	<u>\$ (12,772)</u>	<u>\$ 50,118</u>
Weighted average number of common shares used in calculation of basic earnings per share	86,895,674	62,461,438	67,872,590	64,910,123
Add incremental shares representing:				
Shares issuable upon exercise of employee share options/non-vested shares	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Shares issuable upon conversion of dilutive securities	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Weighted average number of shares used in calculation of diluted earnings per share	<u>86,895,674</u>	<u>62,461,438</u>	<u>67,872,590</u>	<u>64,910,123</u>
<b>Income (loss) per common share-diluted:</b>				
Income (loss) from continuing operations	\$ (0.13)	\$ (0.08)	\$ (0.18)	\$ (0.35)
Income (loss) from discontinued operations	<u>(0.08)</u>	<u>0.47</u>	<u>(0.01)</u>	<u>1.12</u>
Net income (loss)	<u>\$ (0.21)</u>	<u>\$ 0.39</u>	<u>\$ (0.19)</u>	<u>\$ 0.77</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 December 31,		Twelve Months ended December 31,	
	2008	2007	2008	2007
<b>COMPANY FUNDS FROM OPERATIONS: <sup>(1)</sup></b>				
<b>Basic and Diluted:</b>				
Net income (loss) allocable to common shareholders-basic	\$ (17,982)	\$ 24,199	\$ (12,772)	\$ 50,118
Adjustments:				
Depreciation and amortization	50,350	67,387	241,986	247,611
Minority interests- OP units	(1,760)	(320)	(8,803)	14,547
Amortization of leasing commissions	1,191	370	2,684	1,252
Joint venture adjustment-depreciation	7,933	(1,056)	23,245	642
Preferred dividends- Series C	2,111	2,519	3,174	10,075
Gains on sale of properties	(1,166)	(70,934)	(44,957)	(110,742)
Taxes and minority interest on sale of property	—	673	1,385	2,422
Gains on sale of joint venture properties	—	(1,558)	—	(35,722)
Company FFO	<u>\$ 40,677</u>	<u>\$ 21,280</u>	<u>\$ 205,942</u>	<u>\$ 180,203</u>
<b>Basic:</b>				
Weighted average shares outstanding-basic EPS	86,895,674	62,461,438	67,872,590	64,910,123
Operating partnership units	18,327,874	39,748,268	34,202,572	40,057,955
Preferred Shares- Series C	5,633,894	5,779,330	6,094,590	5,779,330
Weighted average shares outstanding-basic Company FFO	<u>110,857,442</u>	<u>107,989,036</u>	<u>108,169,752</u>	<u>110,747,408</u>
Company FFO per share	<u>\$ 0.37</u>	<u>\$ 0.20</u>	<u>\$ 1.90</u>	<u>\$ 1.63</u>
<b>Diluted:</b>				
Weighted average shares outstanding – diluted EPS	86,895,674	62,461,438	67,872,590	64,910,123
Other	—	—	—	367
Operating partnership units	18,327,874	39,748,268	34,202,572	40,057,955
Preferred Shares- Series C	5,633,894	5,779,330	6,094,590	5,779,330
Weighted average shares outstanding – diluted Company FFO	<u>110,857,442</u>	<u>107,989,036</u>	<u>108,169,752</u>	<u>110,747,775</u>
Company FFO per share	<u>\$ 0.37</u>	<u>\$ 0.20</u>	<u>\$ 1.90</u>	<u>\$ 1.63</u>

<sup>1</sup> 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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