

LEXINGTON REALTY TRUST
Form 424B5
March 26, 2010

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Registration No. 333-157858

PROSPECTUS SUPPLEMENT
(To prospectus dated September 4, 2009)

9,500,000 Shares

Lexington Realty Trust
Shares of Beneficial Interest Classified as Common Stock

We are offering 9,500,000 shares of beneficial interest classified as common stock, par value \$0.0001 per share, which we refer to as common shares. Our common shares are listed on the New York Stock Exchange under the symbol "LXP." On March 25, 2010, the last reported sale price of our common shares on the New York Stock Exchange was \$6.90 per share.

Investing in our common shares involves risks. See the risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2009 and filed with the Securities and Exchange Commission on March 1, 2010 and the information under "Risk Factors" on page S-4 of this prospectus supplement for a discussion of factors you should carefully consider before deciding to purchase our common shares.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete.

Any representation to the contrary is a criminal offense.

We have granted the underwriter a 30-day option to purchase up to an additional 1,425,000 common shares from us to cover over-allotments.

The underwriter has agreed to purchase the common shares from us at a price of \$6.486 per share, which will result in net proceeds to us, before deducting expenses related to this offering, of approximately \$61.6 million assuming no exercise of the over-allotment option granted to the underwriter, and approximately \$70.9 million assuming full exercise of the over-allotment option.

The underwriter proposes to offer the common shares from time to time for sale in negotiated transactions or otherwise at market prices prevailing at the time of sale at prices related to such prevailing prices or otherwise.

Delivery of the common shares will be made on or about March 31, 2010.

Wells Fargo Securities

The date of this prospectus supplement is March 26, 2010.

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ABOUT THIS PROSPECTUS SUPPLEMENT

You should rely only on the information contained or incorporated by reference into this prospectus supplement and the accompanying prospectus. We have not, and the underwriter has not, authorized anyone to provide you with different information. If anyone provides you with different or additional information, you should not rely on it. We are not, and the underwriter is not, making an offer to sell these securities in any state where the offer or sale is not permitted. You should not assume that the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate as of any date other than their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

This document is in two parts. The first part is this prospectus supplement, which adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information, some of which may not apply to this offering of common shares. This prospectus supplement adds, updates and changes information contained in the accompanying prospectus and the information incorporated by reference. To the extent the information contained in this prospectus supplement differs or varies from the information contained in the accompanying prospectus or any document incorporated by reference, the information in this prospectus supplement shall control.

All references to “we,” “our” and “us” in this prospectus supplement mean Lexington Realty Trust and all entities owned or controlled by us except where it is made clear that the term means only the parent company. The term “you” refers to a prospective investor.

CAUTIONARY STATEMENTS CONCERNING FORWARD-LOOKING INFORMATION

This prospectus supplement and the information incorporated by reference in this prospectus supplement include “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, or the “Securities Act,” and Section 21E of the Securities Exchange Act of 1934, as amended, or the “Exchange Act,” and as such may involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by these forward-looking statements. Forward-looking statements, which are based on certain assumptions and describe our future plans, strategies and expectations, are generally identifiable by use of the words “may,” “will,” “should,” “expect,” “anticipate,” “estimate,” “believe,” “intend,” “project,” or the negative of these words or other similar words or terms. Factors which could have a material adverse effect on our operations and future prospects include, but are not limited to:

- changes in economic conditions generally and the real estate market specifically;
 - adverse developments with respect to our tenants;
 - impairments in the value of our real estate investments;
- legislative/regulatory changes including changes to laws governing the taxation of REITs;
 - any material legal proceedings;
 - availability of debt and equity capital;
 - interest rates;
 - competition;
- supply and demand for properties in our current and proposed market areas;
 - policies and guidelines applicable to REITs; and
- the other factors described under the heading “Risk Factors” beginning on page S-4 of this prospectus supplement.

These risks and uncertainties should be considered in evaluating any forward-looking statements contained or incorporated by reference in this prospectus supplement. We caution you that any forward-looking statement reflects only our belief at the time the statement is made. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee our future results, levels of activity, performance or

achievements. Except as required by law, we undertake no obligation to update any of the forward-looking statements to reflect events or developments after the date of this prospectus supplement.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information about us. Because this is a summary, it may not contain all of the information that is important to you. Before making a decision to invest in our common shares, you should read carefully this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, as provided in “Where You Can Find More Information” on page S-11 of this prospectus supplement, especially the risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2009 and filed with the Securities and Exchange Commission, or the Commission, on March 1, 2010 and the information under the caption “Risk Factors” on page S-4 of this prospectus supplement for a discussion of factors you should carefully consider before deciding to purchase our common shares.

Unless otherwise indicated, all financial and property information is presented as of, or for, December 31, 2009.

The Company

We are a self-managed and self-administered real estate investment trust, or REIT, formed under the laws of the State of Maryland. Our primary business is the acquisition, ownership and management of a geographically diverse portfolio of net-leased office, industrial and retail properties. Substantially all of these properties are subject to triple net or similar leases, where the tenant bears all or substantially all of the costs and/or cost increases for real estate taxes, utilities, insurance and ordinary repairs. In addition, we acquire and hold investments in loan assets and debt securities related to real estate.

As of December 31, 2009, we had ownership interests in approximately 210 consolidated real estate properties, located in 40 states and the Netherlands and containing an aggregate of approximately 38.3 million square feet of space, approximately 91.5% of which was leased. In 2009, 2008 and 2007, no tenant/guarantor represented greater than 10% of our annual base rental revenue.

In addition to our shares of beneficial interests, par value \$0.0001 per share, classified as common stock, which we refer to as common shares, we have the following three outstanding classes of beneficial interests classified as preferred stock, which we refer to as preferred shares: (1) 8.05% Series B Cumulative Redeemable Preferred Stock, which we refer to as our Series B Preferred Shares, (2) 6.50% Series C Cumulative Convertible Preferred Stock, which we refer to as our Series C Preferred Shares and (3) 7.55% Series D Cumulative Redeemable Preferred Stock, which we refer to as our Series D Preferred Shares. Our common shares, Series B Preferred Shares, Series C Preferred Shares and Series D Preferred Shares are traded on the New York Stock Exchange, or NYSE, under the symbols “LXP”, “LXP pb”, “LXP pc” and “LXP pd”, respectively.

We elected to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended, which we refer to as the Code, commencing with our taxable year ended December 31, 1993. If we qualify for taxation as a REIT, we generally will not be subject to federal corporate income taxes on our net taxable income that is currently distributed to shareholders.

Our principal executive offices are located at One Penn Plaza, Suite 4015, New York, New York 10119-4015 and our telephone number is (212) 692-7200.

We maintain a web site at www.lxp.com. We have not incorporated by reference into this prospectus supplement or the accompanying prospectus the information in, or that can be accessed through, our web site, and you should not consider it to be a part of this prospectus supplement or the accompanying prospectus.

THE OFFERING

Common shares offered by Lexington Realty Trust	9,500,000 shares (1)
Common shares to be outstanding after this offering	131,496,422 shares (1)(2)
Use of proceeds	We expect that the net proceeds to us from this offering will be approximately \$61.5 million after deducting the estimated offering expenses payable by us. We expect to use all of the net proceeds for general corporate purposes, including to repay indebtedness. See “Use of Proceeds” on page S-4 of this prospectus supplement.
Risk factors	See the risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2009 and filed with the Commission on March 1, 2010 and the information under “Risk Factors” on page S-4 of this prospectus supplement for a discussion of factors you should carefully consider before deciding to purchase our common shares.
New York Stock Exchange symbol	LXP

(1) We have granted the underwriter a 30-day option to purchase up to 1,425,000 additional common shares at the price of \$6.486 per share less the amount of any distributions or dividends declared or paid by us on the 9,500,000 common shares initially purchased by the underwriter.

(2) Based on common shares issued and outstanding as of March 25, 2010. Does not include (i) an aggregate of approximately 5,389,232 common shares issuable, as of the date of this prospectus supplement, upon the exchange of outstanding units of limited partnership interest in our operating partnership subsidiaries; (ii) approximately 5,099,507 common shares issuable, as of the date of this prospectus supplement, upon the conversion of our outstanding Series C Preferred Shares (based on the current conversion rate of 2.4339 common shares per \$50.00 liquidation preference); (iii) common shares issuable, as of the date of this prospectus supplement, upon the exchange of outstanding options to purchase common shares granted to our employees; and (iv) common shares, if any, issuable, at our option, upon exchange of our 5.45% Exchangeable Guaranteed Notes due 2027 or our 6.00% Convertible Guaranteed Notes due 2030.

CAPITALIZATION

The following table sets forth our capitalization as of December 31, 2009. This table should be read in conjunction with our consolidated financial statements and the notes thereto incorporated by reference into this prospectus supplement. See “Where You Can Find More Information” in this prospectus supplement.

	December 31, 2009 As reported (in thousands)
Debt:	
Mortgages and notes payable	\$ 1,857,909
Exchangeable notes payable	85,709
Trust preferred securities	129,120
Total debt	2,072,738
Noncontrolling interest	88,567
Shareholders' equity:	
Common shares of beneficial interest, par value \$0.0001 per share; issued and outstanding: 121,943,258	12
Preferred shares; issued and outstanding: 11,455,200	327,867
Accumulated distributions in excess of net income	(870,862)
Additional paid-in-capital	1,750,979
Accumulated other comprehensive income	673
Total shareholders' equity	1,208,669
Total capitalization	\$ 3,369,974

RISK FACTORS

Investing in our common shares involves risks and uncertainties that could affect us and our business as well as the real estate industry generally. You should carefully consider the risks described and discussed under the caption “Risk Factors” included in our Annual Report on Form 10-K for the year ended December 31, 2009 and filed with the Commission on March 1, 2010, and in any other documents incorporated by reference in this prospectus supplement. These risk factors may be amended, supplemented or superseded from time to time by risk factors contained in any prospectus supplement or post-effective amendment we may file or in other reports we file with the Commission in the future. In addition, new risks may emerge at any time and we cannot predict such risks or estimate the extent to which they may affect our financial performance.

This offering will be highly dilutive, and there may be future dilution of our common shares.

This offering will have a highly dilutive effect on our expected earnings per share for the year ending December 31, 2010, as we have 121,996,422 common shares outstanding as of March 25, 2010. Additionally, subject to the 45-day lock-up period restrictions described in “Underwriting,” we are not restricted from issuing in the future additional common shares or preferred shares, including any securities that are convertible into or exchangeable for, or that represent the right to receive, common shares or preferred shares or any substantially similar securities. The market price of our common shares could decline as a result of sales of a large number of our common shares in the market after this offering or the perception that such sales could occur.

We may change the dividend policy for our common shares in the future.

We currently expect to pay aggregate annual dividends of \$0.40 per share with respect to the 2010 taxable year which approximates our expected taxable income. However, the decision to declare and pay dividends on our common shares in the future, as well as the timing, amount and composition of any such future dividends, will be at the sole discretion of our Board of Trustees in light of conditions then existing, including our earnings, financial condition, capital requirements, debt maturities, the availability of debt and equity capital, applicable REIT and legal restrictions and the general overall economic conditions and other factors. The actual dividend payable will be determined by our Board of Trustees based upon the circumstances at the time of declaration and the actual dividend payable may vary from such expected amounts. Any change in our dividend policy could have a material adverse effect on the market price of our common shares.

The trading price of our common shares has been, and may continue to be, subject to significant fluctuations.

Since January 1, 2008, the closing sale price of our common shares on the New York Stock Exchange has ranged from \$17.22 to \$2.01 per share. The market price of our common shares may fluctuate in response to company-specific and securities market events and developments including those described in this “Risk Factors” section and otherwise described in or incorporated by reference in this prospectus supplement and the accompanying prospectus. In addition, the amount of our indebtedness may impact investor demand for our common shares, which could have a material effect on the market price of our common shares.

USE OF PROCEEDS

We expect that the net proceeds to us from this offering will be approximately \$61.5 million after deducting the estimated offering expenses payable by us assuming no exercise of the over-allotment option granted to the underwriter, and approximately \$70.7 million assuming full exercise of the over-allotment option. We expect to use all of the net proceeds for general corporate purposes, including the repayment of indebtedness.

We will have significant discretion in the use of the net proceeds. The net proceeds may be invested temporarily in interest-bearing accounts and short-term interest-bearing securities that are consistent with our qualification as a REIT until other uses can be identified.

DESCRIPTION OF OUR COMMON SHARES

For a description of our common shares, see “Description of our Common Shares” in the accompanying prospectus.

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DESCRIPTION OF OUR DEBT SECURITIES

The following is a summary of the material terms of our 6.00% Convertible Guaranteed Notes due 2030. For a summary of the material terms and provisions of our debt securities in general, see “Description of Our Debt Securities” beginning on page 10 of the accompanying prospectus.

6.00% Convertible Guaranteed Notes Due 2030

In January and February 2010, we issued an aggregate amount of \$115.0 million in 6.00% Convertible Guaranteed Notes due 2030, or the Notes. The Notes, which mature on January 15, 2030, are unsecured obligations of us and the guarantors, and the interest on the Notes, at the rate of 6.00% per year, is payable semi-annually on January 15 and July 15 of each year, beginning on July 15, 2010.

Holder of the Notes may convert the Notes at the current conversion rate for each \$1,000 principal amount of the Notes of 141.1383 of our common shares, payable in cash, our common shares or a combination of cash and our common shares, at our option, prior to the close of business on the second business day prior to the stated maturity date at any time on or after January 15, 2029 and also under the following circumstances:

- **Conversion Upon Satisfaction of Market Price Condition.** A holder may surrender any of its Notes for conversion during any calendar quarter (and only during such calendar quarter), if, and only if, the closing sale price of the common shares for at least 20 trading days (whether or not consecutive) in the period of 30 consecutive trading days ending on the last trading day of the preceding calendar quarter as determined by us is more than 130% of the conversion price per common share in effect on the applicable trading day;
- **Conversion Upon Satisfaction of Trading Price Condition.** A holder may surrender any of its Notes for conversion during the five consecutive trading-day period following any five consecutive trading-day period in which the trading price per \$1,000 principal amount of Notes (as determined following a reasonable request by a holder of the Notes) was less than 98% of the product of the closing sale price of the common shares multiplied by the applicable conversion rate;
- **Conversion Upon Notice of Redemption.** A holder may surrender for conversion any of the Notes called for redemption at any time prior to the close of business on the second business day prior to the redemption date, even if the Notes are not otherwise convertible at such time;
- **Conversion if Common Shares Are Not Listed.** A holder may surrender any of its Notes for conversion at any time beginning on the first business day after the common shares have ceased to be listed on a U.S. national or regional securities exchange for a 30 consecutive trading-day period; and
- **Conversion Upon Specified Transactions.** A holder may surrender any of its Notes for conversion if we engage in certain specified corporate transactions, including a change in control (as defined in the Notes). Holders converting Notes in connection with certain change in control transactions occurring prior to January 15, 2017 may be entitled to receive additional common shares as a “make whole premium.”

We may not redeem any Notes prior to January 15, 2017, except to preserve our status as a real estate investment trust. After that time, we may redeem the Notes, in whole or in part, for cash equal to 100% of the principal amount of the Notes plus any accrued and unpaid interest (including additional interest, if any) to, but not including, the redemption date.

Holder of the Notes may require us to repurchase their Notes, in whole or in part (in principal amounts of \$1,000 and integrals thereof) on January 15, 2017, January 15, 2020 and January 15, 2025 for cash equal to 100% of the principal amount of the Notes to be repurchased plus any accrued and unpaid interest (including additional interest, if any) to, but not including, the repurchase date.

Subject to the terms of the Indenture and the Notes, upon certain events of default, including, but not limited to, (i) default by us in the delivery when due of the conversion value, on the terms set forth in the Indenture and the Notes,

upon exercise of a holder's conversion right in accordance with the Indenture and the continuation of such default for 10 days and (ii) our failure to provide notice of the occurrence of a change of control when required under the Indenture, and such failure continues for 5 business days, the trustee or the holders of not less than 25% in principal amount of the outstanding Notes may declare the principal and accrued and unpaid interest on all of the Notes to be due and payable immediately by written notice to us (and to the trustee if given by the holders). Upon certain events of bankruptcy, insolvency or reorganization, or court appointment of a receiver, liquidator or trustee of us, our operating partnerships, or any other significant subsidiary, the principal (or such portion thereof) of and accrued and unpaid interest on all of the Notes will become and be immediately due and payable without any declaration or other act on the part of the trustee or any holders.

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In addition, the Notes are cross-defaulted with certain of our recourse indebtedness.
RESTRICTIONS ON TRANSFERS OF CAPITAL SHARES AND ANTI-TAKEOVER PROVISIONS

For a summary of other restrictions on transfers of our capital shares, see “Restrictions on Transfers of Capital Stock and Anti-Takeover Provisions” in the accompanying prospectus.

ADDITIONAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain additional United States federal income tax considerations with respect to the ownership of our common shares. For additional information, see “United States Federal Income Tax Considerations,” beginning on page 30 of the accompanying prospectus.

Recent Legislation

President Obama recently signed into law the Hiring Incentives to Restore Employment (HIRE) Act of 2010, which will impose on non-U.S. persons that are entities certain increased certification requirements and information reporting related to U.S. accounts or ownership. In the event of noncompliance with the revised requirements, a 30% U.S. withholding tax could be imposed on payments to such non-U.S. persons of dividends and sales proceeds in respect of our common shares. If payment of U.S. withholding taxes is required, non-U.S. persons that are otherwise eligible for an exemption from, or a reduction of, U.S. withholding tax with respect to dividends and sale proceeds will be required to seek a refund from the Internal Revenue Service to obtain the benefit of such exemption or reduction. We will not pay any additional amounts to non-U.S. shareholders in respect of any amounts withheld. Such provisions will generally apply to payments made after December 31, 2012. It cannot be predicted in what form this legislation will be further implemented. Prospective investors should consult their own tax advisors regarding this new legislation.

UNDERWRITING

Subject to the terms and conditions stated in the underwriting agreement dated the date of this prospectus supplement, Wells Fargo Securities, LLC, as underwriter, has agreed to purchase, and we have agreed to sell to the underwriter, all of the common shares in this offering.

The underwriting agreement provides that the obligation of the underwriter to purchase the shares included in this offering is subject to approval of certain legal matters by counsel and to other conditions. The underwriter is obligated to purchase the 9,500,000 common shares sold under the underwriting agreement if it purchases any of the shares. The underwriter has agreed to purchase the 9,500,000 common shares offered by this prospectus supplement at a price of \$6.486 per share, resulting in aggregate proceeds to us of approximately \$61.6 million, before deducting estimated transaction costs payable by us, of \$150,000 assuming no exercise of the over-allotment option granted to the underwriter, and approximately \$70.9 million assuming full exercise of the over-allotment option.

If the underwriter sells more shares than the total number of shares offered in this offering, we have granted to the underwriter an option, exercisable for 30 days from the date of this prospectus supplement, to purchase up to 1,425,000 additional common shares at the price of \$6.486 per share less the amount of any distributions or dividends declared or paid by us on the 9,500,000 common shares initially purchased by the underwriter. The underwriter may exercise the option solely for the purpose of covering over-allotments, if any, in connection with this offering. Any common shares issued or sold under the option will be issued and sold on the same terms and conditions as the other common shares that are the subject of this offering.

We have agreed to indemnify the underwriter against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to payments the underwriter may be required to make in respect of those liabilities. The underwriter proposes to offer the common shares offered by this prospectus supplement from time to time in one or more transactions (which may include block transactions) to purchasers directly, through agents, or through brokers in brokerage transactions on the New York Stock Exchange or to dealers in negotiated transactions or otherwise, or in a combination of such methods of sale, at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices. The common shares will not be sold on or through the facilities of a national

securities exchange except through a market maker. The underwriter may sell common shares to or through broker-dealers who may receive compensation in the form of underwriting discounts, concessions or commissions from the underwriter and/or the purchasers of the common shares for whom they may act as agents. In connection with the sale of the common shares, the underwriter may be deemed to have received compensation from us in the form of underwriting discounts, and the underwriter also may receive commissions from the purchasers of the common shares for whom it acts as agent. The underwriter and any broker-dealers that participate with the underwriter in the distribution of the common shares may be deemed to be underwriters, and any discounts or commissions received by them and any profit on the resale of the common shares by them may be deemed to be underwriting discounts or commissions.

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We estimate that our total expenses for this offering will be approximately \$150,000.
Sales Of Similar Securities

We, and our executive officers and trustees, have agreed not to pledge, sell or otherwise transfer any common shares for 45 days after the date of this prospectus supplement without first obtaining the written consent of Wells Fargo Securities, LLC, subject to certain exceptions. Specifically, we have each agreed not to directly or indirectly:

- offer, pledge, sell, or contract to sell any common shares;
- sell any option or contract to purchase any common shares;
- purchase any option or contract to sell any common shares;
- grant any option, right or warrant to purchase any common shares;
- otherwise dispose of or transfer any common shares; or