

LEXINGTON REALTY TRUST  
Form 10-K  
February 25, 2016

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-K  
(Mark One)

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

For the fiscal year ended December 31, 2015

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-12386

LEXINGTON REALTY TRUST

(Exact name of registrant as specified in its charter)

Maryland 13-3717318  
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

One Penn Plaza, Suite 4015

New York, NY 10119-4015  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (212) 692-7200

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Shares of beneficial interest, par value \$0.0001 per share, classified as Common Stock	New York Stock Exchange
6.50% Series C Cumulative Convertible Preferred Stock, par value \$0.0001 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No .

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No .

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No .

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No .

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of “large accelerated filer”, “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  (Do not check if a smaller reporting company)  
Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No .

The aggregate market value of the shares of beneficial interest, par value \$0.0001 per share, classified as common stock (“common shares”) of the registrant held by non-affiliates as of June 30, 2015, which was the last business day of the registrant's most recently completed second fiscal quarter, was \$1,960,967,318 based on the closing price of the common shares on the New York Stock Exchange as of that date, which was \$8.48 per share.

Number of common shares outstanding as of February 23, 2016 was 235,226,539.

**DOCUMENTS INCORPORATED BY REFERENCE**

Certain information contained in the Definitive Proxy Statement for registrant's Annual Meeting of Shareholders, to be held on May 17, 2016, is incorporated by reference in this Annual Report on Form 10-K in response to Part III, Items 10, 11, 12, 13 and 14, which will be filed with the Securities and Exchange Commission not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

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PART I.

Introduction

When we use the terms “Lexington,” the “Company,” “we,” “us” and “our,” we mean Lexington Realty Trust and all entities owned by us, including non-consolidated entities, except where it is clear that the term means only the parent company or only the parent company and consolidated entities. All interests in properties are held, and all property operating activities are conducted, through special purpose entities, which we refer to as property owner subsidiaries or lender subsidiaries, which are separate and distinct legal entities, but in some instances are consolidated for financial statement purposes and/or disregarded for income tax purposes. Assets and credit of a property owner subsidiary or lender subsidiary are not available to satisfy the debt and other obligations of any other person, including any other property owner subsidiary or lender subsidiary or any other affiliate.

References herein to this Annual Report are to this Annual Report on Form 10-K for the fiscal year ended December 31, 2015. When we use the term “REIT” we mean real estate investment trust. All references to 2015, 2014 and 2013 refer to our fiscal years ended, or the dates, as the context requires, December 31, 2015, December 31, 2014 and December 31, 2013, respectively.

When we use the term “GAAP” we mean United States generally accepted accounting principles.

Cautionary Statements Concerning Forward-Looking Statements

This Annual Report, together with other statements and information publicly disseminated by us contain certain 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. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and include this statement for purposes of complying with these safe harbor provisions. 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 “believes,” “expects,” “intends,” “anticipates,” “estimates,” “projects,” “may,” “plans,” “predicts,” “will,” “will likely result” or similar expressions. Readers should not rely on forward-looking statements since they involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond our control and which could materially affect actual results, performances or achievements. In particular, among the factors that could cause actual results, performances or achievements to differ materially from current expectations, strategies or plans include, among others, those risks discussed below under “Risk Factors” in Part I, Item 1A of this Annual Report and “Management's Discussion and Analysis of Financial Condition and Results of Operations” in Part II, Item 7 of this Annual Report. Except as required by law, we undertake no obligation to publicly release the results of any revisions to these forward-looking statements which may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. Accordingly, there is no assurance that our expectations will be realized.

Item 1. Business

General

We are a Maryland REIT that owns a diversified portfolio of equity and debt investments in single-tenant properties and land. A majority of these properties and all land interests are subject to net or similar leases, where the tenant bears all or substantially all of the costs, including cost increases, for real estate taxes, utilities, insurance and ordinary repairs. We also provide investment advisory and asset management services to investors in the single-tenant area. As of December 31, 2015, we had equity ownership interests in approximately 215 consolidated real estate properties, located in 40 states and containing an aggregate of approximately 42.3 million square feet of space, approximately 96.8% of which was leased, excluding a property subject to a mortgage in default. In 2015, 2014 and 2013, no tenant/guarantor represented greater than 10% of our annual base rental revenue.

In addition to our shares of beneficial interest, par value \$0.0001 per share, classified as common stock, which we refer to as common shares, as of December 31, 2015, we had one outstanding class of beneficial interest classified as preferred stock, or preferred shares, our 6.50% Series C Cumulative Convertible Preferred Stock, par value \$0.0001

per share, or our Series C Preferred Shares. Our common shares and Series C Preferred Shares are traded on the New York Stock Exchange, or NYSE, under the symbols “LXP” and “LXPPRC”, 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. We intend to continue to qualify as a REIT. 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 our common shareholders.

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### History

Our predecessor, Lexington Corporate Properties, Inc., was organized in the state of Delaware in October 1993 upon the combination of two investment programs, Lepercq Corporate Income Fund L.P., which we refer to as LCIF, and Lepercq Corporate Income Fund II L.P., which we refer to as LCIF II, which were formed to acquire net-lease real estate assets providing current income. Our predecessor was merged into Lexington Corporate Properties Trust, a Maryland statutory REIT, on December 31, 1997. On December 31, 2006, Lexington Corporate Properties Trust changed its name to Lexington Realty Trust and was the successor in a merger with Newkirk Realty Trust, or Newkirk, which we refer to as the Newkirk Merger. All of Newkirk's operations were conducted, and all of its assets were held, through its master limited partnership, subsequently named The Lexington Master Limited Partnership, which we refer to as the MLP. As of December 31, 2008, the MLP was merged with and into us.

We are structured as an umbrella partnership REIT, or UPREIT, as a portion of our business has been conducted through our operating partnership subsidiaries: (1) LCIF and (2) LCIF II. We refer to these subsidiaries as our operating partnerships and to limited partner interests in these operating partnerships as OP units. On December 30, 2013, LCIF II was merged with and into LCIF, with LCIF as the surviving entity. We are party to a funding agreement with LCIF under which we may be required to fund distributions made on account of OP units. The UPREIT structure enables us to acquire properties through an operating partnership by issuing OP units to a seller of property, as a form of consideration in exchange for the property. The outstanding OP units not held by us are generally redeemable for our common shares on a one OP unit for approximately 1.13 common shares basis, or, at our election in certain instances, cash. We believe that this structure facilitates our ability to raise capital and to acquire portfolio and individual properties by enabling us to structure transactions which may defer taxable gains for a contributor of property. As of December 31, 2015, there were approximately 3.4 million OP units outstanding, other than OP units held by us, which were convertible into approximately 3.8 million common shares, assuming we satisfied redemptions entirely with common shares.

### Investment and Strategy

**General.** Our current business strategy is focused on enhancing our cash flow stability, growing our portfolio of attractive long-term leased investments, reducing lease rollover risk and maintaining a strong and flexible balance sheet to allow us to act on opportunities as they arise. Generally we seek to acquire general purpose, single-tenant net-leased office and industrial assets subject to long-term leases, in well-located and growing markets or which are critical to the tenant's business, but may also include other asset types subject to long-term net-leases, such as land, retail facilities, schools and medical facilities. We attempt to manage residual value risk associated with such other asset types by acquiring such assets primarily through joint ventures or disposing of such assets when there is sufficient remaining lease term to generate favorable sale prices or by making loan investments secured by such assets at a loan-to-value ratio where we would be comfortable holding an equity interest. We believe our strategy of investing in core assets will ultimately provide shareholders with dividend growth and capital appreciation. We implement our strategy by (1) recycling capital in compliance with regulatory and contractual requirements, (2) refinancing or repurchasing outstanding indebtedness when advisable, (3) using fixed-rate non-recourse secured indebtedness to partially finance certain asset acquisitions, (4) effecting strategic transactions, portfolio and individual property acquisitions and dispositions, (5) expanding existing properties, (6) executing new leases with tenants, (7) extending lease maturities in advance of or at expiration and (8) exploring new business lines and operating platforms. Additionally, we may continue to enter into joint ventures and co-investment programs with third-party investors as a means of mitigating risk, creating additional growth and expanding the revenue realized from advisory and asset management activities as situations warrant.

Portfolio diversification is central to our investment strategy as we seek to create and maintain an asset base that provides steady, predictable and growing cash flows while being insulated against rising property operating expenses, regional recessions, industry-specific downturns and fluctuations in property values and market rent levels. Regardless of capital market and economic conditions, we intend to stay focused on (1) enhancing operating results, (2) improving portfolio quality and reducing risks associated with lease rollover, (3) mitigating risks relating to interest rates and real estate cycles and (4) implementing strategies where our management skills and real estate expertise can

add value. We attempt to maintain a portfolio of properties that provide for income and capital appreciation. The proportion of total return generated from rental income versus capital appreciation will vary by asset type, lease term, contractual rental escalations and market location. We believe that our business strategy will continue to improve our liquidity and strengthen our overall balance sheet while creating meaningful shareholder value. We intend to maintain a strong balance sheet primarily by (1) financing property acquisitions with non-recourse mortgage debt or unsecured corporate level borrowings at what we believe are favorable rates, (2) issuing equity when market conditions are favorable, (3) selling non-core and underperforming assets and (4) extending debt maturities and refinancing debt at lower rates.

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Investments. When opportunities arise, we intend to continue to make investments in single-tenant assets that we believe will generate favorable returns. We seek to grow our portfolio primarily by (1) engaging in, or providing funds to developers who are engaged in, build-to-suit projects for single-tenant corporate users, (2) providing capital to corporations by buying properties and leasing them back to the sellers under net or similar leases, (3) acquiring properties already subject to net or similar leases and (4) making mortgage and mezzanine loans generally secured by single-tenant properties subject to net or similar leases.

Our management has established a broad network of contacts to source investments, including major corporate tenants, developers and brokers. We believe that our geographical diversification and acquisition experience will allow us to continue to compete effectively for such investments.

Prior to effecting any investment, our underwriting includes analyzing the (1) property's design, construction quality, efficiency, functionality and location with respect to the immediate sub-market, city and region, (2) lease integrity with respect to term, rental rate increases, corporate guarantees and property maintenance provisions, (3) present and anticipated conditions in the local real estate market and (4) prospects for selling or re-leasing the property on favorable terms in the event of a vacancy. To the extent of information publicly available or made available to us, we also evaluate each potential tenant's financial strength, growth prospects, competitive position within its respective industry and a property's strategic location and function within a tenant's operations or distribution systems. We believe that our comprehensive underwriting process is critical to the assessment of long-term profitability of any investment by us.

Strategic Transactions with Other Real Estate Investment Companies. We seek to capitalize on the unique investment experience of our management team as well as their network of relationships in the industry to achieve appropriate risk-adjusted yields through strategic transactions. Accordingly, we occasionally pursue the (1) acquisition of portfolios of assets and equity interests in companies with a significant number of single-tenant assets, including through mergers and acquisitions activity, and (2) participation in strategic partnerships, co-investment programs and joint ventures.

We believe that entering into co-investment programs and joint ventures with institutional investors and other real estate investment companies may mitigate our risk in certain assets and increase our return on equity to the extent we earn management or other fees. However, investments in co-investment programs and joint ventures limit our ability to make unilateral investment decisions relating to the assets and limit our ability to deploy capital.

### Competition

There are numerous commercial developers, real estate companies, financial institutions, such as banks and insurance companies, and other investors with greater financial or other resources that compete with us in seeking properties for acquisition and tenants who will lease space in these properties. Our competitors include other REITs, pension funds, banks, private companies and individuals.

### Internal Growth and Effectively Managing Assets

Tenant Relations and Lease Compliance. We endeavor to maintain close contact with the tenants in the properties in which we have an interest in order to understand their financial strength, operations and future real estate needs. We monitor the financial, property maintenance and other lease obligations of the tenants in properties in which we have an interest, through a variety of means, including periodic reviews of financial statements that we have access to and physical inspections of the properties.

Extending Lease Maturities. Our property owner subsidiaries seek to extend tenant leases in advance of the lease expiration in order for us to maintain a balanced lease rollover schedule and high occupancy levels.

Revenue Enhancing Property Expansions. Our property owner subsidiaries undertake expansions of properties based on lease requirements, tenant requirements or marketing opportunities. We believe that selective property expansions can provide attractive rates of return.

Capital Recycling. Subject to regulatory and contractual requirements, we generally sell our interests in properties when we believe that the return realized from selling a property will exceed the expected return from continuing to hold such property and/or there is a better use of the capital to be received upon sale. We also focus our disposition efforts primarily on non-core assets such as vacant, multi-tenant, certain land investments, retail and

short-term leased assets.

Occasionally, we provide seller financing as a means of efficiently disposing of an asset. As a result, if a buyer defaults under the seller financing, we will once again be the owner of the underlying asset.

Conversion to Multi-Tenant. If one of our property owner subsidiaries is unable to renew a single-tenant lease or if it is unable to find a replacement single tenant, we either attempt to sell our interest in the property or the property owner subsidiary may seek to market the property for multi-tenant use. When appropriate, we seek to sell our interests in these multi-tenant properties.

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**Property Management.** From time to time, our property owner subsidiaries use property managers to manage certain properties. Our property management joint venture with an unaffiliated third party manages substantially all of these properties. We believe this joint venture provides us with (1) better management of our assets, (2) better tenant relationships, (3) revenue-enhancing opportunities and (4) cost efficiencies.

### **Financing Strategy**

**General.** Since becoming a public company, our principal sources of financing have been the public and private equity and debt markets, property specific debt, revolving loans, corporate level term loans, issuance of OP units and undistributed cash flows.

**Property Specific Debt.** Our property owner subsidiaries seek non-recourse secured debt on a limited basis including when credit tenant lease financing is available. Credit tenant lease financing allows us to significantly or fully leverage the rental stream from an investment at, what we believe are, attractive rates.

**Corporate Level Borrowings.** We also use corporate level borrowings, such as revolving loans, term loans, and debt offerings. We expect to finance more of our operations with such corporate level borrowings as (1) non-recourse secured debt matures and (2) such corporate level borrowings are available on favorable terms.

**Balance Sheet Management.** In recent years, we have reduced our weighted-average interest rate through the retirement of higher rate non-recourse mortgage debt with proceeds from recourse corporate level borrowings. Our objective is to continually strengthen our balance sheet to provide financial flexibility.

### **Common Share Issuances**

From time to time, we raise capital by issuing common shares through (1) at-the-market offering programs, (2) underwritten public offerings, (3) block trades and (4) our direct share purchase plan. The proceeds from our common share offerings are generally used for working capital, including to fund investments and to retire indebtedness. In recent years, our common share issuances have been limited due to the market price of our common shares. However, when market conditions are favorable, we intend to issue common shares.

### **Share Repurchases**

We have made, and may continue to make, repurchases of our common and preferred shares in individual transactions when we believe it is advantageous to do so, including when the discount to our net asset value or the liquidation preference, as the case may be, is attractive. During 2015, our Board of Trustees authorized a 10.0 million common share repurchase program.

### **Advisory Contracts**

Certain members of our management have been in the business of investing in single-tenant net-lease properties since 1973. This experience has enabled us to provide advisory services to various net-lease investors, including institutional investors and high net-worth individuals.

### **Environmental Matters**

Under various federal, state and local environmental laws, statutes, ordinances, rules and regulations, an owner of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances at, on, in or under such property as well as certain other potential costs relating to hazardous or toxic substances. These liabilities may include government fines and penalties and damages for injuries to persons and adjacent property. Such laws often impose liability without regard to whether the owner knew of, or was responsible for, the presence or disposal of such substances. Although generally the tenants of the properties in which we have an interest are primarily responsible for any environmental damage and claims related to the leased premises, in the event of the bankruptcy or inability of a tenant of such premises to satisfy any obligations with respect to such environmental liability, a property owner subsidiary may be required to satisfy such obligations. In addition, as the owner of such properties, a property owner subsidiary may be held directly liable for any such damages or claims irrespective of the provisions of any lease.









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Our assets may be subject to impairment charges.

We periodically evaluate our real estate investments and other assets for impairment indicators. The judgment regarding the existence of impairment indicators is based on GAAP, which include a variety of factors such as market conditions, the status of significant leases, the financial condition of major tenants and other factors that could affect the cash flow or value of an investment. Based on this evaluation, we may from time to time take non-cash impairment charges, which could affect the implementation of our current business strategy. These impairments could have a material adverse effect on our financial condition and results of operations.

Furthermore, we may take an impairment charge on a property subject to a non-recourse secured mortgage which reduces the book value of such property to its fair value, which may be below the balance of the mortgage on our balance sheet. Upon foreclosure or other disposition, we may be required to recognize a gain on debt satisfaction equal to the difference between the fair value of the property and the balance of the mortgage.

If a sale-leaseback transaction is re-characterized in a tenant's bankruptcy proceeding, our financial condition could be adversely affected.

We have entered and may continue to enter into sale-leaseback transactions, whereby we would purchase a property and then lease the same property back to the person from whom we purchased it. In the event of the bankruptcy of a tenant, a transaction structured as a sale-leaseback may be re-characterized as either a financing or a joint venture, either of which outcomes could adversely affect our financial condition, cash flow and the amount available for distributions to our shareholders.

If the sale-leaseback were re-characterized as a financing, we might not be considered the owner of the property, and as a result would have the status of a creditor in relation to the tenant. In that event, we would no longer have the right to sell or encumber our ownership interest in the property. Instead, we would have a claim against the tenant for the amounts owed under the lease, with the claim arguably secured by the property. The tenant/debtor might have the ability to propose a plan restructuring the term, interest rate and amortization schedule of its outstanding balance. If confirmed by the bankruptcy court, we could be bound by the new terms and prevented from foreclosing our lien on the property. If the sale-leaseback were re-characterized as a joint venture, our tenant and we could be treated as co-venturers with regard to the property. As a result, we could be held liable, under some circumstances, for debts incurred by the tenant relating to the property.

Certain of our leases may not result in fair market lease rates over time, which could negatively impact our income and reduce the amount of funds available to make distributions to shareholders.

A significant portion of our rental income comes from long-term net leases, which generally provide the tenant greater discretion in using the leased property than ordinary property leases, such as the right to freely sublease the property, to make alterations in the leased premises and to terminate the lease prior to its expiration under specified circumstances. Furthermore, net leases typically have longer lease terms and, thus, there is an increased risk that contractual rental increases in future years will fail to result in fair market rental rates during those years. If we do not accurately judge the potential for increases in market rental rates when negotiating these long-term leases, significant increases in future property operating costs, to the extent not covered under the net leases could result in us receiving less than fair value from these leases. As a result, our income and distributions to our shareholders could be lower than they would otherwise be if we did not engage in long-term net leases.

Our interests in loans receivable are subject to delinquency, foreclosure and loss.

Our interests in loans receivable are generally non-recourse and secured by real estate properties owned by borrowers that were unable to obtain similar financing from a commercial bank. These loans are subject to many risks including delinquency. The ability of a borrower to repay a loan secured by a real estate property is typically and primarily dependent upon the successful operation of such property rather than upon the existence of independent income or assets of the borrower. If a borrower were to default on a loan, it is possible that we would not recover the full value of the loan as the collateral may be non-performing.

In 2015, we foreclosed on vacant office properties in Westmont, Illinois and Southfield, Michigan that were collateral for certain loans we held.





Some of our acquisitions and developments may be financed using the proceeds of periodic equity or debt offerings, lines of credit or other forms of secured or unsecured financing that may result in a risk that permanent financing for newly acquired projects might not be available or would be available only on disadvantageous terms. If permanent debt or equity financing is not available on acceptable terms to refinance acquisitions undertaken without permanent financing, further acquisitions may be curtailed, or cash available to satisfy our debt service obligations and distributions to shareholders may be adversely affected.

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Acquisition activities may not produce expected results and may be affected by outside factors.

Acquisitions of commercial properties entail certain risks, such as (1) underwriting assumptions, including occupancy, rental rates and expenses, may differ from estimates, (2) the properties may become subject to environmental liabilities that we were unaware of at the time we acquired the property despite any environmental testing, (3) we may have difficulty obtaining financing on acceptable terms or paying the operating expenses and debt service associated with acquired properties prior to sufficient occupancy and (4) projected exit strategies may not come to fruition due to a variety of factors such as market conditions at time of dispositions.

We may not be successful in identifying suitable real estate properties or other assets that meet our acquisition criteria. We may also fail to complete acquisitions or investments on satisfactory terms. Failure to identify or complete acquisitions could slow our growth, which could, in turn, have a material adverse effect on our financial condition and results of operations.

We face certain risks associated with our build-to-suit activities.

From time to time, we engage in, or provide capital to developers who are engaged in, build-to-suit activities. We face uncertainties, associated with a developer's performance and timely completion of a project, including the performance or timely completion by contractors and subcontractors. A developer's performance may be affected or delayed by their own actions or conditions beyond the developer's control. If a developer, contractor or subcontractor fails to perform, we may resort to legal action to compel performance, remove the developer or rescind the purchase or construction contract. Legal action may cause further delays and our costs may not be reimbursed.

We may incur additional risks when we make periodic progress payments or other advances to developers before completion of construction. These and other factors can result in increased costs of a project or loss of our investment. We also rely on third-party construction managers and/or engineers to monitor the construction activities.

We rely on rental income and expense projections and estimates of the fair market value of a property upon completion of construction when agreeing upon a purchase price at the time we acquire the property, which may be up to two years prior to the estimated date of completion. If our projections are inaccurate or markets change, we may pay more than the fair value of a property.

Our multi-tenant properties expose us to additional risks.

Our multi-tenant properties involve risks not typically encountered in real estate properties which are operated by a single tenant. The ownership of multi-tenant properties could expose us to the risk that a sufficient number of suitable tenants may not be found to enable the property to operate profitably and provide a return to us. This risk may be compounded by the failure of existing tenants to satisfy their obligations due to various factors. These risks, in turn, could cause a material adverse impact to our results of operations and business.

Multi-tenant properties are also subject to tenant turnover and fluctuation in occupancy rates, which could affect our operating results. Furthermore, multi-tenant properties expose us to the risk of potential "CAM slippage," which may occur when the actual cost of taxes, insurance and maintenance at the property exceeds the operating expenses paid by tenants and/or the amounts budgeted.

We face possible liability relating to environmental matters.

Under various federal, state and local environmental laws, statutes, ordinances, rules and regulations, as an owner of real property, our property owner subsidiaries may be liable for the costs of removal or remediation of certain hazardous or toxic substances at, on, in or under the properties in which we have an interest as well as certain other potential costs relating to hazardous or toxic substances. These liabilities may include government fines and penalties and damages for injuries to persons and adjacent property. These laws may impose liability without regard to whether we knew of, or were responsible for, the presence or disposal of those substances. This liability may be imposed on our property owner subsidiaries in connection with the activities of an operator of, or tenant at, the property. The cost of any required remediation, removal, fines or personal or property damages, and our liability therefore, could be significant and could exceed the value of the property and/or our aggregate assets. In addition, the presence of those substances, or the failure to properly dispose of or remove those substances, may adversely affect a property owner subsidiary's ability to sell or rent that property or to borrow using that property as collateral, which, in turn, would reduce our revenues and ability to satisfy our debt service obligations and to make distributions.



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A property can also be adversely affected either through physical contamination or by virtue of an adverse effect upon value attributable to the migration of hazardous or toxic substances, or other contaminants that have or may have emanated from other properties. Although the tenants of the properties in which we have an interest are primarily responsible for any environmental damages and claims related to the leased premises, in the event of the bankruptcy or inability of any of the tenants of the properties in which we have an interest to satisfy any obligations with respect to the property leased to that tenant, our property owner subsidiary may be required to satisfy such obligations. In addition, we may be held directly liable for any such damages or claims irrespective of the provisions of any lease. From time to time, in connection with the conduct of our business, our property owner subsidiaries authorize the preparation of Phase I environmental reports and, when recommended, Phase II environmental reports, with respect to their properties. There can be no assurance that these environmental reports will reveal all environmental conditions at the properties in which we have an interest or that the following will not expose us to material liability in the future:

- the discovery of previously unknown environmental conditions;
- changes in law;
- activities of tenants; or
- activities relating to properties in the vicinity of the properties in which we have an interest.

Changes in laws increasing the potential liability for environmental conditions existing on properties or increasing the restrictions on discharges or other conditions may result in significant unanticipated expenditures or may otherwise adversely affect the operations of the tenants of the properties in which we have an interest, which could adversely affect our financial condition or results of operations.

From time to time we are involved in legal proceedings arising in the ordinary course of our business.

Legal proceedings arising in the ordinary course of our business require time and effort. The outcomes of legal proceedings are subject to significant uncertainty. In the event that we are unsuccessful defending or prosecuting these proceedings, as applicable, we may incur a judgment or fail to realize an award of damages that could have an adverse effect on our financial condition.

Uninsured losses or a loss in excess of insured limits could adversely affect our financial condition.

We carry comprehensive liability, fire, extended coverage and rent loss insurance on certain of the properties in which we have an interest, with policy specifications and insured limits that we believe are customary for similar properties. However, with respect to those properties where the leases do not provide for abatement of rent under any circumstances, we generally do not maintain rent loss insurance. In addition, certain of our leases require the tenant to maintain all insurance on the property, and the failure of the tenant to maintain the proper insurance could adversely impact our investment in a property in the event of a loss. Furthermore, there are certain types of losses, such as losses resulting from wars, terrorism or certain acts of God, that generally are not insured because they are either uninsurable or not economically insurable. Should an uninsured loss or a loss in excess of insured limits occur, we could lose capital invested in a property as well as the anticipated future revenues from a property, while remaining obligated for any mortgage indebtedness or other financial obligations related to the property. Any loss of these types could adversely affect our financial condition and results of operations.

Future terrorist attacks, military conflicts and unrest in the Middle East could have a material adverse effect on general economic conditions, consumer confidence and market liquidity.

The types of terrorist attacks since 2001, ongoing and future military conflicts and the continued unrest in the Middle East and other regions may affect commodity prices and interest rates, among other things. An increase in interest rates may increase our costs of borrowing, leading to a reduction in our earnings. Instability in the price of oil will also cause fluctuations in our operating costs, which may not be reimbursed by our tenants. Also, terrorist acts could result in significant damages to, or loss of, our properties or the value thereof.

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We and the tenants of the properties in which we have an interest may be unable to obtain adequate insurance coverage on acceptable economic terms for losses resulting from acts of terrorism. Our lenders may require that we carry terrorism insurance even if we do not believe this insurance is necessary or cost effective. We may also be prohibited under the applicable lease from passing all or a portion of the cost of such insurance through to the tenant. Should an act of terrorism result in an uninsured loss or a loss in excess of insured limits, we could lose capital invested in a property as well as the anticipated future revenues from a property, while remaining obligated for any mortgage indebtedness or other financial obligations related to the property. Any loss of these types could adversely affect our financial condition.

Cybersecurity risks and cyber incidents may adversely affect our business by causing a disruption to our operations, a compromise or corruption of our confidential information, and/or damage to our business relationships, all of which could negatively impact our financial results.

A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity or availability of our information resources. These incidents may be an intentional attack or an unintentional event and could involve gaining unauthorized access to our information systems for purposes of misappropriating assets, stealing confidential information, corrupting data or causing operational disruption. The result of these incidents may include disrupted operations, misstated or unreliable financial data, liability for stolen assets or information, increased cybersecurity protection and insurance costs, litigation and damage to our tenant and investor relationships. As our reliance on technology has increased, so have the risks posed to our information systems, both internal and those we have outsourced. Any processes, procedures and internal controls that we implement, as well as our increased awareness of the nature and extent of a risk of a cyber incident, do not guarantee that our financial results, operations, business relationships or confidential information will not be negatively impacted by such an incident.

Competition may adversely affect our ability to purchase properties.

There are numerous commercial developers, real estate companies, financial institutions, such as banks and insurance companies, and other investors, such as pension funds, private companies and individuals, with greater financial and other resources than we have that compete with us in seeking investments and tenants. Due to our focus on single-tenant properties located throughout the United States, and because most competitors are often locally and/or regionally focused, we do not always encounter the same competitors in each market. Our competitors include other REITs, financial institutions, insurance companies, pension funds, private companies and individuals. This competition may result in a higher cost for properties and lower returns and impact our ability to grow.

Our failure to maintain effective internal control over financial reporting could have a material adverse effect on our business, operating results and share price.

Section 404 of the Sarbanes-Oxley Act of 2002 requires annual management assessments of the effectiveness of our internal control over financial reporting. If we fail to maintain the adequacy of our internal control over financial reporting, as such standards may be modified, supplemented or amended from time to time, we will be required to disclose such failure and our financial reporting may not be relied on by most investors. Moreover, effective internal control, particularly related to revenue recognition, is necessary for us to produce reliable financial reports and to maintain our qualification as a REIT and is important in helping prevent financial fraud. If we cannot provide reliable financial reports or prevent fraud, our business and operating results could be harmed, our REIT qualification could be jeopardized, investors could lose confidence in our reported financial information and the trading price of our debt and equity securities could drop significantly.

We may have limited control over our joint venture investments.

Our joint venture investments involve risks not otherwise present for investments made solely by us, including the possibility that our partner might, at any time, become bankrupt, have different interests or goals than we do, or take action contrary to our expectations, its previous instructions or our instructions, requests, policies or objectives, including our policy with respect to maintaining our qualification as a REIT. Other risks of joint venture investments include impasses on decisions, such as a sale, because neither we nor our partner has full control over the joint venture. Also, there is no limitation under our organizational documents as to the amount of funds that may be invested in joint ventures.

Our ability to change our portfolio is limited because real estate investments are illiquid. Investments in real estate are relatively illiquid and, therefore, our ability to change our portfolio promptly in response to changed conditions is limited. Our Board of Trustees may establish investment criteria or limitations as it deems appropriate, but currently does not limit the number or type of properties in which we may seek to invest or on the concentration of investments in any one geographic region.

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Our reported financial results may be adversely affected by changes in accounting principles applicable to us and the tenants of properties in which we have an interest.

GAAP is subject to interpretation by various bodies formed to promulgate and interpret appropriate accounting principles such as the Financial Accounting Standards Board. A change in these principles or interpretations could have a significant effect on our reported financial results, could affect the reporting of transactions completed before the announcement of a change and could affect the business practices and decisions of the tenants of properties in which we have an interest.

We have engaged and may engage in hedging transactions that may limit gains or result in losses.

We have used derivatives to hedge certain of our liabilities and we currently have interest rate swap agreements in place. As of December 31, 2015, we have aggregate interest rate swap agreements on \$505.0 million of borrowings.

The counterparties of these arrangements are major financial institutions; however, we are exposed to credit risk in the event of non-performance by the counterparties. This has certain risks, including losses on a hedge position, which may reduce the return on our investments. Such losses may exceed the amount invested in such instruments. In addition, counterparties to a hedging arrangement could default on their obligations. We may have to pay certain costs, such as transaction fees or breakage costs, related to hedging transactions.

Our Board of Trustees may change our investment policy without shareholders' approval.

Subject to our fundamental investment policy to maintain our qualification as a REIT and invest in core assets, our Board of Trustees will determine our investment and financing policies, growth strategy and our debt, capitalization, distribution, acquisition, disposition and operating policies.

Our Board of Trustees may revise or amend these strategies and policies at any time without a vote by shareholders.

Changes made by our Board of Trustees may not serve the interests of debt or equity security holders and could adversely affect our financial condition or results of operations, including our ability to satisfy our debt service obligations, distribute cash to shareholders and qualify as a REIT. Accordingly, shareholders' control over changes in our strategies and policies is limited to the election of trustees.

We are dependent upon our key personnel.

We are dependent upon key personnel whose continued service is not guaranteed. We are dependent on certain of our executive officers for business direction. We have employment agreements, which expire in January 2018, with each of T. Wilson Eglin, our Chief Executive Officer and President, E. Robert Roskind, our Chairman, Richard J. Rouse, our Vice Chairman and Chief Investment Officer, and Patrick Carroll, our Executive Vice President, Chief Financial Officer and Treasurer. However, an employment agreement does not itself prevent an employee from resigning.

Our inability to retain the services of any of our key personnel or our loss of any of their services could adversely impact our operations. We do not have key man life insurance coverage on our executive officers.

There may be conflicts of interest between E. Robert Roskind and us.

E. Robert Roskind, our Chairman, beneficially owns a significant number of OP units, and as a result, may face different and more adverse tax consequences than our other shareholders will if we sell our interests in certain properties or reduce mortgage indebtedness on certain properties. Our Chairman may, therefore, have different objectives than us and our debt and equity security holders regarding the appropriate pricing and timing of any sale of such properties or reduction of mortgage debt. In addition, an affiliate of Mr. Roskind arranges real estate asset financings using funds raised from immigrant investors in accordance with the fifth preference employment-based immigration program administered by the U.S. Citizenship and Immigration Services. We are exploring two financings with Mr. Roskind's affiliate on a non-binding basis. In the event of an appearance of a conflict of interest and in accordance with our policy regarding related party transactions, Mr. Roskind is required to recuse himself from any decision making or seek a waiver of our Code of Business Conduct and Ethics, which will be reviewed by the non-conflicted members of our Board of Trustees or the Audit Committee of the Board of Trustees.

In addition, Mr. Roskind's employment agreement with us permits Mr. Roskind to spend approximately one third of his business time on the affairs of The LCP Group L.P. and its affiliates. While Mr. Roskind is required to prioritize his business time to address our needs ahead of The LCP Group L.P., Mr. Roskind and The LCP Group L.P. may engage in a wide variety of activities in the real estate business which may result in conflicts of interest with respect to

matters affecting us.

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Costs of complying with changes in governmental laws and regulations may adversely affect our results of operations. We cannot predict what laws or regulations may be enacted in the future, how future laws or regulations will be administered or interpreted, or how future laws or regulations will affect our properties. Compliance with new laws or regulations, or stricter interpretation of existing laws, may require us or our tenants to incur significant expenditures, impose significant liability, restrict or prohibit business activities and could cause a material adverse effect on our results of operations.

We disclose Funds From Operations (“FFO”) and Company Funds from Operations (“Company FFO”), which are non-GAAP financial measures, in documents filed with the SEC; however, neither FFO nor Company FFO is equivalent to our net income or loss as determined under GAAP, and you should consider GAAP measures to be more relevant to our operating performance.

We use and disclose to investors FFO and Company FFO, which are non-GAAP financial measures. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Funds from Operations” in Part II, Item 7 of this Annual Report. FFO and Company FFO are not equivalent to our net income or loss as determined in accordance with GAAP, and investors should consider GAAP measures to be more relevant to evaluating our operating performance. FFO and Company FFO and GAAP net income differ because FFO and Company FFO exclude many items that are factored into GAAP net income.

Because of the differences between FFO and Company FFO and GAAP net income or loss, FFO and Company FFO may not be accurate indicators of our operating performance, especially during periods in which we are acquiring properties. In addition, FFO and Company FFO are not necessarily indicative of cash flow available to fund cash needs and investors should not consider FFO and Company FFO as alternatives to cash flows from operations, as an indication of our liquidity or as indicative of funds available to fund our cash needs, including our ability to make distributions to our shareholders.

Neither the SEC nor any other regulatory body has passed judgment on the acceptability of the adjustments that we use to calculate FFO and Company FFO. Also, because not all companies calculate FFO and Company FFO the same way, comparisons with other companies may not be meaningful.

**Risks Related to Our Indebtedness**

Our substantial indebtedness could adversely affect our financial condition and our ability to fulfill our obligations under the documents governing our unsecured indebtedness and otherwise adversely impact our business and growth prospects.

We have a substantial amount of debt. We are more leveraged than certain of our competitors. We have incurred, and may continue to incur, direct and indirect indebtedness in furtherance of our activities. Neither our declaration of trust nor any policy statement formerly adopted by our Board of Trustees limits the total amount of indebtedness that we may incur, and accordingly, we could become even more highly leveraged. As of December 31, 2015, our total consolidated indebtedness was approximately \$2.2 billion and we had approximately \$223.0 million available for borrowing under our principal credit agreement, subject to covenant compliance.

Our substantial indebtedness could adversely affect our financial condition and results of operations and have important consequences to us and our debt and equity security holders. For example, it could:

- make it more difficult for us to satisfy our indebtedness and debt service obligations and adversely affect our ability to pay distributions;
- increase our vulnerability to adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to the payment of interest on and principal of our indebtedness, thereby reducing the availability of cash to fund working capital, capital expenditures and other general corporate purposes;
- limit our ability to borrow money or sell stock to fund our development projects, working capital, capital expenditures, general corporate purposes or acquisitions;
- restrict us from making strategic acquisitions or exploiting business opportunities;
- place us at a disadvantage compared to competitors that have less debt; and
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate.







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A downgrade in our credit ratings could materially adversely affect our business and financial condition.

The credit ratings assigned to our debt could change based upon, among other things, our results of operations and financial condition or the real estate industry generally. These ratings are subject to ongoing evaluation by credit rating agencies, and we cannot assure you that any rating will not be changed or withdrawn by a rating agency in the future if, in its judgment, circumstances warrant. Moreover, these credit ratings do not apply to our common shares and are not recommendations to buy, sell or hold any other securities. Any downgrade of our debt could materially adversely affect the market price of our debt securities and our common shares. If any of the credit rating agencies that have rated our debt downgrades or lowers its credit rating, or if any credit rating agency indicates that it has placed any such rating on a so-called “watch list” for a possible downgrading or lowering or otherwise indicates that its outlook for that rating is negative, it could also have a material adverse effect on our costs and availability of capital, which could in turn have a material adverse effect on our financial condition, results of operations, cash flows and our ability to satisfy our debt service obligations and to make dividends and distributions on our common shares and preferred shares.

We face risks associated with refinancings.

A significant number of the properties in which we have an interest are subject to mortgage or other secured notes with balloon payments due at maturity. In addition, our corporate level borrowings require interest only payments with all principal due at maturity.

As of December 31, 2015, the consolidated scheduled balloon payments, for the next five calendar years, are as follows (\$ in millions):

Year	Property-Specific Balloon Payments <sup>(1)</sup>	Corporate Recourse Balloon Payments	
2016	\$113.4	\$—	
2017	\$68.7	\$12.4	(2)
2018	\$18.2	\$—	
2019	\$83.8	\$177.0	
2020	\$32.0	\$250.0	

(1) All payment obligations are non-recourse except a \$15.0 million payment obligation in 2016.

(2) Assumes 6.00% Convertible Notes due in January 2030 are put to us in 2017.

Our ability to make the scheduled balloon payment on any non-recourse mortgage note will depend upon (1) in the event we determine to contribute capital, our cash balances and the amount available under our unsecured credit facility and (2) the property owner subsidiary's ability either to refinance the related mortgage debt or to sell the related property. If the property owner subsidiary is unable to refinance or sell the related property, the property may be conveyed to the lender through foreclosure or other means or the property owner subsidiary may declare bankruptcy.

We face risks associated with returning properties to lenders.

A significant number of the properties in which we have an interest are subject to non-recourse mortgages, which generally provide that a lender's only recourse upon an event of default is to foreclose on the property. In the event these properties are conveyed via foreclosure to the lenders thereof, we would lose all of our interest in these properties and any future opportunities to re-tenant these properties. The loss of a significant number of properties to foreclosure or through bankruptcy of a property owner subsidiary could adversely affect our financial condition and results of operations, relationships with lenders and ability to obtain additional financing in the future.

In addition, a lender may attempt to trigger a carve out to the non-recourse nature of a mortgage loan. To the extent a lender is successful, the ability of our property owner subsidiary to return the property to the lender may be inhibited and we may be liable for all or a portion of such loan.

Certain of our properties are cross-collateralized, and certain of our indebtedness is subject to cross-default and cross-acceleration provisions.

As of December 31, 2015, the mortgages on certain of our properties were cross-collateralized. To the extent that any of the properties in which we have an interest are cross-collateralized, any default by the property owner subsidiary

under the mortgage note relating to one property will result in a default under the financing arrangements relating to any other property that also provides security for that mortgage note or is cross-collateralized with such mortgage note.

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amortization payments could require us to borrow funds on a short-term basis in order to meet the distribution requirements that are necessary to achieve the tax benefits associated with qualifying as a REIT.







person is then entitled to vote as a result of having previously obtained shareholder approval. A “control share acquisition” means the acquisition of issued and outstanding control shares, subject to certain exceptions. If voting rights of control shares acquired in a control share acquisition are not approved at a shareholders meeting or if the acquiring person does not deliver an acquiring person statement as required under the statute, then, subject to certain conditions and limitations, the issuer may redeem any or all of the control shares for fair value, except those for which voting rights have been previously approved. If voting rights of such control shares are approved at a shareholders meeting and the acquirer becomes entitled to vote a majority of the shares entitled to vote, all other shareholders may exercise appraisal rights. Any control shares acquired in a control share acquisition which are not exempt under our by-laws will be subject to the Maryland Control Share Acquisition Act. The Maryland Control Share Acquisition Act does not apply to shares acquired in a merger, consolidation or statutory share exchange if the Maryland REIT is a party to the transaction, or to acquisitions approved or exempted by the declaration of trust or by-laws of the Maryland REIT. Our amended and restated by-laws contain a provision exempting from the Maryland Control Share Acquisition Act any and all acquisitions by any person of our shares. We cannot assure you that this provision will not be amended or eliminated at any time in the future.

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Limits on ownership of our capital shares may have the effect of delaying, deferring or preventing someone from taking control of us.

For us to qualify as a REIT for federal income tax purposes, among other requirements, not more than 50% of the value of our outstanding capital shares may be owned, directly or indirectly, by five or fewer individuals (as defined for federal income tax purposes to include certain entities) during the last half of each taxable year, and these capital shares must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months or during a proportionate part of a shorter taxable year (in each case, other than the first such year for which a REIT election is made). Our declaration of trust includes certain restrictions regarding transfers of our capital shares and ownership limits.

Actual or constructive ownership of our capital shares in violation of the restrictions or in excess of the share ownership limits contained in our declaration of trust would cause the violative transfer or ownership to be void or cause the shares to be transferred to a charitable trust and then sold to a person or entity who can own the shares without violating these limits. As a result, if a violative transfer were made, the recipient of the shares would not acquire any economic or voting rights attributable to the transferred shares. Additionally, the constructive ownership rules for these limits are complex, and groups of related individuals or entities may be deemed a single owner and consequently in violation of the share ownership limits.

However, these restrictions and limits may not be adequate in all cases to prevent the transfer of our capital shares in violation of the ownership limitations. The ownership limits discussed above may have the effect of delaying, deferring or preventing someone from taking control of us, even though a change of control could involve a premium price for the common shares or otherwise be in shareholders' best interests.

The trading price of our common shares has been, and may continue to be, subject to significant fluctuations. From January 1, 2011 through the date of this Annual Report, the closing sale price of our common shares on the NYSE (composite) has ranged from \$13.64 to \$5.96 per share. The market price of our common shares may fluctuate in response to company-specific and general market events and developments, including those described in this Annual Report. In addition, our leverage may impact investor demand for our common shares, which could have a material effect on the market price of our common shares.

Furthermore, the public valuation of our common shares is related primarily to the earnings that we derive from rental income with respect to the properties in which we have an interest and not from the underlying appraised value of the properties themselves. As a result, interest rate fluctuations and capital market conditions can affect the market value of our common shares. For instance, if interest rates rise, the market price of our common shares may decrease because potential investors seeking a higher yield than they would receive from our common shares may sell our common shares in favor of higher yielding securities.

### Item 1B. Unresolved Staff Comments

There are no unresolved written comments that were received from the SEC staff relating to our periodic or current reports under the Securities Exchange Act of 1934.



















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North  
Berwick

6938 Elm Valley Dr.	Kalamazoo	MI	Dana Commercial Vehicle Products, LLC (Dana Holding Corporation and Dana Limited)	150,945	10/25/2021	100	%
904 Industrial Rd.	Marshall	MI	Tenneco Automotive Operating Company, Inc. (Tenneco, Inc.)	246,508	9/30/2018	100	%

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191 Arrowhead Dr.	Hebron	OH	Owens Corning Insulating Systems, LLC	250,410	5/31/2017	100	%
200 Arrowhead Dr.	Hebron	OH	Owens Corning Insulating Systems, LLC	400,522	5/31/2017	100	%
10345 Philipp Pkwy.	Streetsboro	OH	L'Oreal USA S/D, Inc. (L'Oreal USA, Inc.)	649,250	10/17/2019	100	%

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LEXINGTON CONSOLIDATED PORTFOLIO  
PROPERTY CHART  
MULTI-TENANTED  
As of December 31, 2015

Property Location	City	State	Primary Tenant (Guarantor)	Property Type	Net Rentable Square Feet	Current Lease Term Expiration	Percent Leased
13430 North Black Canyon Fwy.	Phoenix	AZ	Multi-tenanted	Office	138,940	Various	92 %
4200 Northcorp Pkwy.	Palm Beach Gardens	FL	Multi-tenanted	Office	95,065	Various	100 %
King St./1042 Fort St. Mall	Honolulu	HI	Multi-tenanted	Office	77,459	Various	63 %
700 Oakmont Ln.	Westmont	IL	(Available for lease)	Office	269,715	N/A	0 %
33 Commercial St.	Foxborough	MA	Kennedy-Donovan Center, Inc.	Office	160,719	2/28/2017	5 %
26555 Northwestern Hwy.	Southfield	MI	(Available for lease)	Office	359,645	N/A	0 %
3165 McKelvey Rd.	Bridgeton	MO	BJC Health System	Office	51,067	12/31/2018	50 %
700 US Hwy. Route 202-206	Bridgewater	NJ	(Available for lease)	Office	115,558	N/A	0 %
275 Technology Dr.	Canonsburg	PA	(Available for lease)	Office	107,872	N/A	0 %
2210 Enterprise Dr.	Florence	SC	Caliber Funding, LLC	Office	176,557	6/30/2018	28 %
6050 Dana Way	Antioch	TN	Multi-tenanted	Industrial	674,528	Various	98 %
1501 Nolan Ryan Expy.	Arlington	TX	(Available for lease)	Industrial	74,739	N/A	0 %
Multi-Tenanted Total					2,301,864		44.1 %

The 2015 net effective annual base cash rent for the multi-tenant portfolio as of December 31, 2015 was \$3.29 per square foot and the weighted-average remaining lease term was 3.4 years.



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			and Co.)					
4831 Whipple Avenue N.W.	Canton	OH	Best Buy Co., Inc.	46,350	2/26/2018	100	%	
1084 East Second St.	Franklin	OH	(Available for lease) Kmart Corporation / Project Bay	29,119	N/A	0	%	
5350 Leavitt Rd.	Lorain	OH	Exchange LLC (Sears, Roebuck and Co.)	193,193	12/31/2018	100	%	
B.E.C. 45th St/Lee Blvd.	Lawton	OK	Associated Wholesale Grocers, Inc. / Safeway, Inc.	30,757	3/31/2019	100	%	
11411 N. Kelly Ave.	Oklahoma City	OK	American Golf Corporation	13,924	12/31/2017	100	%	
6910 S. Memorial Hwy.	Tulsa	OK	Toys "R" Us, Inc. / Toys "R" Us-Delaware, Inc.	43,123	5/31/2026	100	%	
1600 E. 23rd St.	Chattanooga	TN	BI- LO, LLC / K-VA-T Food Stores, Inc.	42,130	6/30/2017	100	%	
25500 State Hwy. 249	Tomball	TX	Parkway Chevrolet, Inc. (Jean W. Durdin)	77,076	8/31/2026	100	%	
1053 Mineral Springs Rd.	Paris	TN	The Kroger Co.	31,170	7/1/2018	100	%	
2411 W. Beverly St.	Staunton	VA	Food Lion, LLC / Delhaize America, Inc.	23,000	2/28/2018	100	%	
9803 Edmonds Way	Edmonds	WA	Pudget Consumers Co-op d/b/a PCC Natural Markets	35,459	8/31/2028	100	%	

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LEXINGTON CONSOLIDATED PORTFOLIO  
PROPERTY CHART  
RETAIL/SPECIALTY  
As of December 31, 2015

Property Location	City	State	Primary Tenant (Guarantor)	Net Rentable Square Feet	Current Lease Term Expiration	Percent Leased
97 Seneca Trail	Fairlea	WV	Kmart Corporation / Project Bay Exchange LLC (Sears, Roebuck and Co.)	90,933	12/31/2018	100 %
Retail/Specialty Total				1,395,517		97.9 %
Consolidated Portfolio Grand Total				42,270,023		96.5 %

The 2015 net effective annual base cash rent for the retail/specialty portfolio as of December 31, 2015 was \$6.85 per square foot and the weighted-average remaining lease term was 8.4 years.

The 2015 net effective annual base cash rent for the consolidated portfolio as of December 31, 2015 was \$7.65 per square foot, excluding land/infrastructure investments, and the weighted-average remaining lease term was 12.6 years or 9.1 years when adjusted to reflect the term of New York, NY land leases to the first purchase option date.



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Non-investment Grade	57,419	14.9	%
Unrated	194,783	50.6	%
	\$384,989	100.0	%

(1) Credit ratings are based upon either tenant, guarantor or parent/sponsor. Generally, all multi-tenant assets are included in unrated. See Item 1A "Risk Factors", above.

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Item 3. Legal Proceedings

From time to time we are directly and indirectly involved in legal proceedings arising in the ordinary course of our business. We believe, based on currently available information, and after consultation with legal counsel, that although the outcomes of those normal course proceedings are uncertain, the results of such proceedings, in the aggregate, will not have a material adverse effect on our business, financial condition and results of operations.

GSMSC II 2006-GG6 Bridgewater Hills Corporate Center, LLC v. Lexington Realty Trust (Supreme Court of the State of New York, County of New York-Index No. 653117/2015)

On September 16, 2015, GSMSC II 2006-GG6 Bridgewater Hills Corporate Center, LLC commenced an action as lender against us based on a limited guaranty of recourse obligations executed by a predecessor entity of the Company in connection with a mortgage loan secured by a property owner subsidiary's commercial property in Bridgewater, New Jersey. The property owner subsidiary defaulted due to non-payment after the sole tenant vacated at the end of the lease term. The lender seeks approximately \$15.5 million in order to satisfy the outstanding amount of the loan, plus reasonable attorney's fees and other costs and disbursements related thereto.

The lender claims that our limited guaranty was triggered due to the merger of Newkirk Realty Trust, Inc. and Lexington Corporate Properties Trust on December 31, 2006, arguing that it constituted an event of default because it was a transfer that was not permitted by the loan agreement. We intend to vigorously defend the lender's claim. We filed a motion to dismiss on October 19, 2015 and a hearing is scheduled for March 16, 2016.

Item 4. Mine Safety Disclosures

Not applicable.



approximately 2.3 million, 2.6 million and 1.5 million common shares, respectively, under the plan, raising net proceeds of \$20.8 million, \$25.8 million and \$16.5 million, respectively.

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Equity Compensation Plan Information. The following table sets forth certain information, as of December 31, 2015, with respect to our 2011 Equity-Based Award Plan under which our equity securities are authorized for issuance as compensation.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	1,350,410	\$7.05	3,320,961
Equity compensation plans not approved by security holders	—	—	—
Total	1,350,410	\$7.05	3,320,961

## Recent Sales of Unregistered Securities.

As previously disclosed, we issued an aggregate 0.5 million common shares upon conversion of \$3.8 million original principal amount of our 6.00% Convertible Notes at the then stated conversion rates during 2015.

## Share Repurchase Program.

The following table summarizes common shares/OP units that were repurchased during the fourth quarter of 2015 pursuant to publicly announced repurchase plans<sup>(1)</sup>:

Period	Total number of shares/units purchased	Average price paid per share/unit (\$)	Total number of shares/units purchased as part of publicly announced plans or programs	Maximum number of shares/units that may yet be purchased under the plans or programs
October 1-31, 2015	288,344	\$8.03	288,344	8,405,356
November 1-30, 2015	96,600	8.40	96,600	8,308,756
December 1-31, 2015	525,555	8.12	525,555	7,783,201
Fourth Quarter 2015	910,499	\$8.12	910,499	7,783,201

(1) Share repurchase authorization announced on July 2, 2015, which has no expiration date.







have focused on balancing our rental revenue between office and industrial properties. As of December 31, 2015, the ratio of rental revenue from office assets to the rental revenue from industrial assets was approximately 1.8:1, which is lower than the previous year. We expect that our office portfolio will be concentrated in fewer, but larger, markets over the next several years, which we expect to accomplish primarily through sales of office assets and growing our portfolio through disciplined investments. Our capital recycling strategy may have a near-term dilutive impact on earnings due to sales of revenue producing properties, but we believe in the long-term this strategy will benefit shareholder value.



construction consultants and/or engineers to monitor construction progress and quality; (3) only hiring developers with a proven history of performance; (4) requiring developers to provide financial statements and in some cases personal guarantees from principals; (5) obtaining and reviewing detailed plans and construction budgets; (6) requiring a long-term tenant lease to be executed prior to funding; and (7) securing liens on the property to the extent of construction funding.

We believe that the long-term leases with escalating rents we have been adding to our portfolio are strengthening our future cash flows by extending our weighted-average lease term, balancing our lease expiration schedule, reducing the average age of our portfolio and supporting our dividend growth objectives.



We are providing up to \$56.7 million in construction financing to the joint venture, of which \$8.5 million has been funded.

We can provide no assurance with respect to the completion, acquisition, cost or timing of these ongoing build-to-suit and forward purchase transactions.



local brokers to determine the depth of the rental market and (3) retaining local expertise to assist in the re-tenanting of a property. However, no assurance can be given that once a property becomes vacant it will subsequently be re-let. Generally, a tenant in a single-tenant office property commences lease extension discussions well in advance of lease expiration. If the lease has a year or less remaining until expiration, there is a high likelihood that the tenant will not extend the lease for the entire property.

If a property cannot be re-let to a single user and the property can be adapted to multi-tenant use, we determine whether the costs of adapting the property to multi-tenant use outweigh the benefit of funding operating costs while searching for a single-tenant.

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Certain of the long-term leases on properties in which we have an ownership interest contain provisions that may mitigate the adverse impact of inflation on our operating results. Such provisions include clauses entitling us to receive (1) scheduled fixed base rent increases and (2) base rent increases based upon the consumer price index. In addition, a majority of the leases on the single-tenant properties in which we have an ownership interest require tenants to pay operating expenses, including maintenance, real estate taxes, insurance and utilities, thereby reducing our exposure to increases in costs and operating expenses. In addition, the leases on single-tenant properties in which we have an ownership interest are generally structured in a way that minimizes our responsibility for capital improvements. However, certain of our leases provide for some level of landlord responsibility for capital repairs and replacements, the cost of which is generally factored into the rental rate.

Our motivation to release vacant space requires us to meet market demands with respect to rental rates, tenant concessions and landlord responsibilities. As a result, the obligations of our property owner subsidiaries on new leases and newly renewed or extended leases generally increase to include, among other items, some form of responsibility for capital repairs and replacements.

During 2015, we entered into 44 consolidated new leases and lease extensions encompassing approximately 3.9 million square feet. The average GAAP base rent on these extended leases was approximately \$7.71 per square foot compared to the average GAAP base rent on these leases before extension of \$7.50 per square foot. The weighted-average cost of tenant improvements and lease commissions during 2015 was approximately \$18.68 per square foot for new leases and \$2.46 per square foot for extended leases. Due to the nature of the expected lease rollovers in coming years, renewal rents may be lower than expiring rents and aggregate tenant improvement allowances and leasing costs may decrease from their current levels in such years. The impact of any such lower renewal rent may be mitigated by our capital recycling strategy and our long-term leases with annual or periodic rent increases.

We continue to monitor the credit of tenants of properties in which we have an interest by (1) subscribing to rating agency information, so that we can monitor changes in the ratings of our rated tenants, (2) reviewing financial statements that are publicly available or that are required to be delivered to us under the applicable lease, (3) monitoring news reports regarding our tenants and their respective businesses and (4) monitoring the timeliness of rent collections.

During 2015, 2014 and 2013, we conveyed in foreclosure or via a deed-in-lieu of foreclosure certain properties in which we had an interest as we deemed the non-recourse mortgages encumbering the properties were in excess of the value of the property collateral. Our property owner subsidiaries may convey properties to lenders or the property owner subsidiary may declare bankruptcy in the future if there is no or limited recourse to us and a property owner subsidiary is unable to refinance, re-let or sell its vacated property or if a tenant renews at a lower rent or a new tenant pays a lower rent that does not justify a value of the property in excess of the mortgage balance.

Impairment charges. During 2015, 2014 and 2013, we incurred impairment charges on our assets, excluding loan receivables, of \$36.8 million, \$48.6 million and \$34.6 million, respectively, including amounts classified in discontinued operations, due primarily to the assets being sold below their carrying value and a deterioration in economic conditions since the acquisition of such assets. These real estate assets were primarily non-core assets including retail properties, under performing and multi-tenant properties. In addition, in 2014 and 2013, we recognized loan losses of \$2.5 million and \$13.9 million, respectively, relating to loans receivable secured by vacant or soon-to-be vacant suburban office properties. We cannot estimate if we will incur, or the amount of, future impairment charges on our assets. See Part I, Item 1A “Risk Factors”, of this Annual Report.

Critical Accounting Policies. Our accompanying consolidated financial statements have been prepared in accordance with GAAP, which require our management to make estimates that affect the amounts of revenues, expenses, assets and liabilities reported and related disclosures of contingent assets and liabilities. A summary of our significant accounting policies which are important to the portrayal of our financial condition and results of operations is set forth in note 2 to the Consolidated Financial Statements, which are included in “Financial Statements and Supplementary Data” in Part II, Item 8 of this Annual Report.

The following is a summary of our critical accounting policies, which require some of management's most difficult, subjective and complex judgments.

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**Basis of Presentation and Consolidation.** Our consolidated financial statements are prepared on the accrual basis of accounting. The financial statements reflect our accounts and the accounts of our consolidated subsidiaries. We consolidate our wholly-owned subsidiaries, partnerships and joint ventures which we control through (1) voting rights or similar rights or (2) by means other than voting rights if we are the primary beneficiary of a variable interest entity, which we refer to as a VIE. Entities which we do not control and entities which are VIEs in which we are not the primary beneficiary are generally accounted for by the equity method. Significant judgments and assumptions are made by us to determine whether an entity is a VIE such as those regarding an entity's equity at risk, the entity's equity holders' obligations to absorb anticipated losses and other factors. In addition, the determination of the primary beneficiary of a VIE requires judgment to determine the party that has (1) power over the significant activities of the VIE and (2) an obligation to absorb losses or the right to receive benefits that could be potentially significant to the VIE.

**Judgments and Estimates.** Our management has made a number of estimates and assumptions relating to the reporting of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses to prepare our consolidated financial statements in conformity with GAAP. These estimates and assumptions are based on our management's best estimates and judgment. Our management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment. The current economic environment has increased the degree of uncertainty inherent in these estimates and assumptions. Our management adjusts such estimates when facts and circumstances dictate. The most significant estimates made include the recoverability of accounts receivable, allocation of property purchase price to tangible and intangible assets acquired and liabilities assumed, the determination of VIEs and entities that should be consolidated, the determination of impairment of long-lived assets, loans receivable and equity method investments, valuation and impairment of assets held by equity method investees, valuation of derivative financial instruments, valuation of compensation plans and the useful lives of long-lived assets.

**Purchase Accounting and Acquisition of Real Estate.** The fair value of the real estate acquired, which includes the impact of fair value adjustments for assumed mortgage debt related to property acquisitions, is allocated to the acquired tangible assets, consisting of land, building and improvements and identified intangible assets and liabilities, consisting of the value of above-market and below-market leases, other value of in-place leases and value of tenant relationships, based in each case on their fair values.

The fair value of the tangible assets of an acquired property (which includes land, building and improvements and fixtures and equipment) is determined by valuing the property as if it were vacant. The "as-if-vacant" value is then allocated to land and building and improvements based on our management's determination of relative fair values of these assets. Factors considered by our management in performing these analyses include an estimate of carrying costs during the expected lease-up periods considering current market conditions and costs to execute similar leases. In estimating carrying costs, our management includes real estate taxes, insurance and other operating expenses and estimates of lost rental revenue during the expected lease-up periods based on current market demand. Our management also estimates costs to execute similar leases including leasing commissions.

In allocating the fair value of the identified intangible assets and liabilities of an acquired property, above-market and below-market lease values are recorded based on the difference between the current in-place lease rent and management's estimate of current market rents. Below-market lease intangibles are recorded as part of deferred revenue and amortized into rental revenue over the non-cancelable periods and bargain renewal periods of the respective leases. Above-market leases are recorded as part of intangible assets and amortized as a direct charge against rental revenue over the non-cancelable portion of the respective leases.

The aggregate value of other acquired intangible assets, consisting of in-place leases and tenant relationship values, is measured by the excess of (1) the purchase price paid for a property over (2) the estimated fair value of the property as if vacant, determined as set forth above. This aggregate value is allocated between in-place lease values and tenant relationship values based on management's evaluation of the specific characteristics of each tenant's lease. The value of in-place leases is amortized to expense over the remaining non-cancelable periods and any bargain renewal periods

of the respective leases. The value of tenant relationships is amortized to expense over the applicable lease term plus expected renewal periods.

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**Revenue Recognition.** We recognize lease revenue on a straight-line basis over the term of the lease unless another systematic and rational basis is more representative of the time pattern in which the use benefit is derived from the leased property. Revenue is recognized on a contractual basis for leases with escalations tied to a consumer price index with no floor. Renewal options in leases with rental terms that are lower than those in the primary term are excluded from the calculation of straight line rent if the renewals are not reasonably assured. In those instances in which we fund tenant improvements and the improvements are deemed to be owned by us, revenue recognition will commence when the improvements are substantially completed and possession or control of the space is turned over to the tenant. When we determine that the tenant allowances are lease incentives, we commence revenue recognition when possession or control of the space is turned over to the tenant for tenant work to begin. The lease incentive is recorded as a deferred expense and amortized as a reduction of revenue on a straight-line basis over the respective lease term. Determining if a tenant allowance is a lease incentive requires significant judgment. We recognize lease termination payments as a component of rental revenue in the period received, provided that there are no further obligations under the lease; otherwise the lease termination payment is amortized on a straight-line basis over the remaining obligation period. All above-market lease assets, below-market lease liabilities and deferred rent assets or liabilities for terminated leases are charged against or credited to rental revenue in the period the lease is terminated. All other capitalized lease costs and lease intangibles are accelerated via amortization expense to the date of termination.

Gains on sales of real estate are recognized based on the specific timing of the sale as measured against various criteria related to the terms of the transactions and any continuing involvement associated with the properties. If the sales criteria are not met, the gain is deferred and the finance, installment or cost recovery method, as appropriate, is applied until the sales criteria are met. To the extent we sell a property and retain a partial ownership interest in the property, we recognize gain to the extent of the third-party ownership interest.

**Impairment of Real Estate.** We evaluate the carrying value of all tangible and intangible real estate assets for possible impairment when an event or change in circumstance has occurred that indicates its carrying value may not be recoverable. The evaluation includes estimating and reviewing anticipated future undiscounted cash flows to be derived from the asset. If such cash flows are less than the asset's carrying value, an impairment charge is recognized to the extent by which the asset's carrying value exceeds the estimated fair value. Estimating future cash flows is highly subjective and such estimates could differ materially from actual results.

**Impairment of Equity Method Investments.** We assess whether there are indicators that the value of our equity method investments may be impaired. An investment's value is impaired if we determine that a decline in the value of the investment below its carrying value is other-than-temporary. The assessment of impairment is highly subjective and involves the application of significant assumptions and judgments about our intent and ability to recover our investment given the nature and operations of the underlying investment, including the level of our involvement therein, among other factors. To the extent impairment has occurred, the loss is measured as the excess of the carrying amount of the investment over the estimated value of the investment.

**Loans Receivable.** We evaluate the collectability of both interest and principal of each of our loans, if circumstances warrant, to determine whether the loan is impaired. A loan is considered to be impaired, when based on current information and events, it is probable that we will be unable to collect all amounts due according to the existing contractual terms. Significant judgments are required in determining whether impairment has occurred. When a loan is considered to be impaired, the amount of the loss accrual is calculated by comparing the recorded investment to the value determined by discounting the expected future cash flows at the loan's effective interest rate, the loan's observable current market price or the fair value of the underlying collateral. Interest on impaired loans is recognized on a cash basis.

**Acquisition, Development and Construction Arrangements.** We evaluate loans receivable where we participate in residual profits through loan provisions or other contracts to ascertain whether we have the same risks and rewards as an owner or a joint venture partner. Where we conclude that such arrangements are more appropriately treated as an investment in real estate, we reflect such loan receivable as an equity investment in real estate under construction in the Consolidated Balance Sheets. In these cases, no interest income is recorded on the loan receivable and we record

capitalized interest during the construction period. In arrangements where we engage a developer to construct a property or provide funds to a tenant to develop a property, we will capitalize the funds provided to the developer/tenant and internal costs of interest and real estate taxes, if applicable, during the construction period. The accounting for these critical accounting policies and implementation of accounting guidance issued in the future involves the making of estimates based on current facts, circumstances and assumptions which could change in a manner that would materially affect management's future estimates with respect to such matters. Accordingly, future reported financial conditions and results could differ materially from financial conditions and results reported based on management's current estimates.

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### Liquidity

General. Since becoming a public company, our principal sources of liquidity have been (1) undistributed cash flows generated from our investments, (2) the public and private equity and debt markets, including issuances of OP units, (3) property specific debt, (4) corporate level borrowings, (5) commitments from co-investment partners and (6) proceeds from the sales of our investments.

Our ability to incur additional debt to fund acquisitions is dependent upon our existing leverage, the value of the assets we are attempting to leverage and general economic and credit market conditions, which may be outside of management's control or influence.

Cash Flows. We believe that cash flows from operations will continue to provide adequate capital to fund our operating and administrative expenses, regular debt service obligations and all dividend payments in accordance with REIT requirements in both the short-term and long-term. In addition, we anticipate that cash on hand, corporate level borrowings, capital recycling proceeds, issuances of equity and debt, mortgage proceeds and our other principal sources of liquidity will be available to provide the necessary capital required to fund our operations and allow us to grow.

Cash flows from operations as reported in the Consolidated Statements of Cash Flows totaled \$244.9 million for 2015, \$214.7 million for 2014 and \$206.3 million for 2013. Cash flows from operations increased in 2015 and 2014 primarily due to the impact of acquisitions, offset by dispositions and yield maintenance payments made on debt satisfactions. The underlying drivers that impact working capital and therefore cash flows from operations are the timing of (1) the collection of rents and tenant reimbursements and loan interest payments from borrowers, and (2) the payment of interest on mortgage debt and operating and general and administrative costs. We believe the net-lease structure of the leases encumbering a majority of the properties in which we have an interest mitigates the risks of the timing of cash flows from operations since the payment and timing of operating costs related to the properties are generally borne directly by the tenant. Collection and timing of tenant rents is closely monitored by management as part of our cash management program.

Net cash used in investing activities totaled \$388.3 million in 2015, \$43.1 million in 2014 and \$597.6 million in 2013. Cash provided by investing activities related primarily to proceeds from the sale of properties and marketable equity securities, collection of loans receivable, distributions from non-consolidated entities in excess of accumulated earnings, and changes in deposits and restricted cash. Cash used in investing activities related primarily to investments in real estate properties, co-investment programs, marketable equity securities and loans receivable and an increase in deferred leasing costs, deposits and restricted cash. Therefore, the fluctuation in investing activities relates primarily to the timing of investments and dispositions.

Net cash provided by (used in) financing activities totaled \$45.5 million in 2015, \$(57.8) million in 2014 and \$434.5 million in 2013. Cash provided by financing activities was primarily attributable to net proceeds from the issuance of common shares, and non-recourse mortgage and corporate borrowings. Cash used in financing activities related primarily to dividend and distribution payments, repurchases or redemptions of common and preferred shares, purchase of a noncontrolling interest, an increase in deferred financing costs and debt payments and repurchases.

Public and Private Equity and Debt Markets. We access the public and private equity and debt markets when we (1) believe conditions are favorable and (2) have a compelling use of proceeds. During 2015, 2014 and 2013, we raised net proceeds of approximately \$19.4 million, \$23.6 million and \$434.9 million, respectively, through the issuance of common shares, including option exercises. Due to the market price of our common shares, we limited the issuance of our common shares in 2015 and 2014. During 2014 and 2013, we raised net proceeds of approximately \$249.7 million and \$247.6 million, respectively, through the issuance of investment-grade rated 4.40% and 4.25% Senior Notes. We primarily used these proceeds to fund investments and retire indebtedness.





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In 2015, 2014 and 2013, we obtained, through consolidated property owner subsidiaries, \$190.8 million, \$27.8 million and \$253.5 million, respectively, in non-recourse mortgage loans with interest rates ranging from 2.2% to 4.7% and maturity dates ranging from 2019 to 2028.



in such as non-core assets. We believe this mitigates our exposure to the risks inherent in non-core assets. In 2014, we entered into a joint venture to construct a private school in Houston, Texas, which will be net leased for a 20-year term upon completion.

Capital Recycling. Part of our strategy to effectively manage our balance sheet involves pursuing and executing well on property dispositions and recycling of capital. During 2015, we disposed of our interests in certain properties for a gross price of \$217.7 million. These proceeds were used to retire indebtedness encumbering properties in which we have an interest and make investments. In addition, in 2015 we disposed of our interest in properties via foreclosure or deed-in-lieu of foreclosure in full satisfaction of an aggregate \$47.5 million of related non-recourse mortgages.



**Single-Tenant Properties.** We do not anticipate significant capital expenditures at the single-tenant properties in which we have an interest that are subject to net or similar leases since the tenants at these properties generally bear all or substantially all of the cost of property operations, maintenance and repairs. However, at certain properties subject to net leases, our property owner subsidiaries are responsible for replacement and/or repair of certain capital items, which may or may not be reimbursed. In addition, at certain single-tenant properties that are not subject to a net lease, our property owner subsidiaries have a level of property operating expense responsibility, which may or may not be reimbursed.

**Multi-Tenant Properties.** Primarily as a result of non-renewals at single-tenant net-lease properties, we have interests in multi-tenant properties in our consolidated portfolio. While tenants are generally responsible for increases over base year expenses, our property owner subsidiaries are generally responsible for the base-year expenses and capital expenditures, and are responsible for all expenses related to vacant space at these properties.

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**Vacant Properties.** To the extent there is a vacancy in a property, our property owner subsidiary would be obligated for all operating expenses, including real estate taxes and insurance. If a property is vacant for an extended period of time, our property owner subsidiary may incur substantial capital expenditure costs to re-tenant the property.

**Property Expansions.** Under certain leases, tenants have the right to expand the facility located on a property in which we have an interest. In the past, our property owner subsidiary has generally funded, and in the future our property owner subsidiary may fund, these property expansions with either additional secured borrowings, the repayment of which was, and will be, funded out of rental increases under the leases covering the expanded properties or capital contributions from us.

**Ground Leases.** The tenants of properties in which we have an interest generally pay the rental obligations on ground leases either directly to the fee holder or to our property owner subsidiary as increased rent. However, our property owner subsidiaries are responsible for these payments under certain leases without reimbursement and at vacant properties.

**Environmental Matters.** Based upon management's ongoing review of the properties in which we have an interest, management is not aware of any environmental condition with respect to any of these properties that would be reasonably likely to have a material adverse effect on us. There can be no assurance, however, that (1) the discovery of environmental conditions, which were previously unknown, (2) changes in law, (3) the conduct of tenants or (4) activities relating to properties in the vicinity of the properties in which we have an interest, will not expose us to material liability in the future. Changes in laws increasing the potential liability for environmental conditions existing on properties or increasing the restrictions on discharges or other conditions may result in significant unanticipated expenditures or may otherwise adversely affect the operations of the tenants of properties in which we have an interest.

**Results of Operations**

Year ended December 31, 2015 compared with December 31, 2014. The increase in total gross revenues in 2015 of \$7.0 million was primarily attributable to an increase in rental revenue of \$7.0 million. The increase in rental revenue was primarily due to 2015 and 2014 revenue from properties acquired/expanded of \$27.7 million, offset in part by a reduction of \$18.4 million of rental revenue associated with properties sold in 2015.

Depreciation and amortization increased by \$8.4 million primarily due to the acquisition of real estate properties in 2015 and 2014.

The decrease in property operating expense of \$4.0 million was primarily due to the sale of multi-tenant properties where we had operating expense obligations.

The increase in general and administrative expense of \$1.0 million was primarily due to an increase in personnel costs, professional fees and information technology costs.

Non-operating income decreased by \$3.1 million primarily due to a decrease in interest recognized on loan investments due to borrower defaults and loan repayments, coupled with the sale of a property in 2014 subject to a capital lease.

The decrease in interest and amortization expense of \$7.6 million was primarily due to a reduction in the weighted-average interest rate on outstanding indebtedness and an increase in capitalized interest, offset by an increase in outstanding indebtedness.

The gains on sales of financial assets, net, of \$0.9 million in 2014 was primarily due to the gain recognized on the sale of an office property classified as a capital lease.

The increase in debt satisfaction gains, net, of \$34.6 million was primarily due to the timing of debt retirements, including foreclosures.

The gains on sales of properties in 2015 of \$23.3 million related primarily to gains recognized on the sale of our office properties in Fort Myers and Orlando, Florida.

The increase in equity in earnings (losses) of non-consolidated entities of \$1.1 million was primarily due to a \$0.5 million gain recognized on the sale of properties by a non-consolidated joint venture investment.

Discontinued operations represent properties sold during 2014 or held for sale as of December 31, 2014. The decrease in net income from discontinued operations of \$47.9 million was primarily due to the adoption of ASU 2014-08, which was effective January 1, 2015 and resulted in no longer including property sales in discontinued operations after December 31, 2014, except for properties held for sale as of December 31, 2014 or sold properties that represented a strategic shift in operations.

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The decrease in net income attributable to noncontrolling interests of \$1.2 million was primarily due to a decrease in earnings of consolidated, non-wholly owned entities.

The increase in net income attributable to common shareholders of \$18.8 million was primarily due to the items discussed above.

Year ended December 31, 2014 compared with December 31, 2013. The increase in total gross revenues in 2014 of \$62.8 million was primarily attributable to an increase in rental revenue of \$56.8 million and an increase in tenant reimbursements of \$6.0 million, due to property acquisitions.

New property acquisition revenue of \$59.5 million was offset in part by the net impact of lease extensions entered into at rents below previous rental amounts, new leases entered into at rates lower than under previous leases and the increase in vacancy at certain properties.

Depreciation and amortization decreased by \$3.1 million primarily due to certain assets becoming fully amortized, offset by the acquisition of real estate properties in 2014 and 2013.

The increase in property operating expense of \$8.9 million was primarily due to an increase in occupancy and use at certain multi-tenant properties, the acquisition of properties with operating expense obligations, the net impact of management of certain properties being transferred between the tenant and our property owner subsidiary and an increase in acquisition and pursuit costs.

Non-operating income increased by \$5.3 million primarily due to interest earned on new loans receivable investments.

The increase in interest and amortization expense of \$11.4 million was primarily due to an increase in the amount of debt outstanding, offset by a reduction in the weighted-average interest rate on outstanding indebtedness.

The gains on sales of financial assets, net of \$0.9 million in 2014 was primarily due to the gain recognized on the sale of an office property classified as a capital lease.

The decrease in debt satisfaction charges, net, of \$15.9 million was primarily due to the timing of conversions of our 6.00% Convertible Notes and the timing of mortgage payoffs and related yield maintenance charges.

Impairment charges and loan losses increased by \$1.8 million due to an increase of \$13.2 million in impairment charges on properties due to the timing of triggering events on properties held and used in operations, principally offset by a decrease in loan losses of \$11.4 million. We recognized a loan loss of \$2.5 million in 2014 on our loan receivable collateralized by an office property in Southfield, Michigan and a \$13.9 million loan loss in 2013 on our loan receivable collateralized by an office building in Westmont, Illinois.

The decrease in the provision for income taxes of \$2.1 million primarily relates to the tax incurred on the internal transfer of an industrial property from our taxable REIT subsidiary to the REIT in 2013.

The increase in equity in earnings (losses) of non-consolidated entities of \$0.8 million was primarily due to an increase in earnings from various joint ventures.

Discontinued operations represent properties sold or held for sale. The increase in net income from discontinued operations of \$24.7 million was primarily due to an increase in gains on sales of properties of \$33.0 million and a \$1.8 million decrease in provision for income taxes, offset in part by an increase in impairment charges of \$0.8 million and

an increase in debt satisfaction charges, net of \$9.2 million.

The increase in net income attributable to noncontrolling interests of \$2.1 million was primarily due to an increase in earnings of consolidated, non-wholly owned entities.

The increase in net income attributable to common shareholders of \$100.4 million was primarily due to the items discussed above and a reduction in preferred dividends of \$8.8 million due to the repurchase of preferred shares in 2013.

The increase in net income or decrease in net loss in future periods will be closely tied to the level of acquisitions made by us. Without acquisitions, the sources of growth in net income are limited to fixed rent adjustments and index adjusted rents (such as the consumer price index), reduced interest expense on amortizing mortgages and variable rate indebtedness and by controlling other variable overhead costs. However, there are many factors beyond management's control that could offset these items including, without limitation, increased interest rates and tenant monetary defaults and the other risks described in this Annual Report.

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## Same-Store Results

Same-store results include all consolidated properties except properties acquired/expanded and sold in 2015 and 2014. In addition, the results of one property subject to a secured mortgage loan currently in default and lease termination payments are also excluded. Our historical same-store occupancy was 97.6% at December 31, 2015 compared to 98.0% at December 31, 2014. The following presents our consolidated same-store net operating income, or NOI, for the years ended December 31, 2015 and 2014 (\$000's):

	2015	2014
Total base rent	\$302,827	\$303,495
Tenant reimbursements and other	28,637	28,109
Property operating expenses	(47,578	)(47,416
Same-store NOI - Cash basis	\$283,886	\$284,188

The change in our same-store NOI from 2014 to 2015 was a decrease of 0.1%. This was primarily due to a decrease in base rent due to vacancies and lower renewal rents at certain properties.

## Funds From Operations

We believe that Funds from Operations, or FFO, which is a non-GAAP measure, is a widely recognized and appropriate measure of the performance of an equity REIT. We believe 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 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.

The National Association of Real Estate Investment Trusts, or NAREIT, defines FFO 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.” NAREIT clarified its computation of FFO to exclude impairment charges on depreciable real estate owned directly or indirectly. FFO does not represent cash generated from operating activities in accordance with GAAP and is not indicative of cash available to fund cash needs.

We present FFO available to common shareholders and unitholders - basic. We also present FFO available to common shareholders and unitholders - diluted on a company-wide basis as if all securities that are convertible, at the holder's option, into our common shares, are converted. We also present Company FFO, which adjusts FFO available to common shareholders and unitholders - diluted for certain items which we believe are not indicative of the operating results of our real estate portfolio. We believe this is an appropriate presentation as it is frequently requested by security analysts, investors and other interested parties. Since others do not calculate funds from operations in a similar fashion, FFO available to common shareholders and unitholders - diluted and Company FFO may not be comparable to similarly titled measures as reported by others. FFO available to common shareholders and unitholders - diluted and Company 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.



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The following presents a reconciliation of net income (loss) attributable to common shareholders to FFO available to common shareholders and unitholders and Company FFO for each of the years in the three year period ended December 31, 2015 (unaudited and dollars in thousands, except share and per share amounts):

	2015	2014	2013
<b>FUNDS FROM OPERATIONS:</b>			
Basic and Diluted:			
Net income (loss) attributable to common shareholders	\$ 105,100	\$ 86,324	\$(14,089 )
Adjustments:			
Depreciation and amortization	157,644	157,537	175,023
Impairment charges - real estate, including non-consolidated entities	36,832	49,529	35,485
Noncontrolling interests - OP units	1,999	2,990	1,157
Amortization of leasing commissions	5,554	5,932	5,562
Joint venture and noncontrolling interest adjustment	1,788	2,068	2,264
Gains on sales of properties, including non-consolidated entities	(25,371 )	(58,426 )	(21,755 )
FFO available to common shareholders and unitholders - basic	283,546	245,954	183,647
Preferred dividends	6,290	6,290	11,520
Interest and amortization on 6.00% Convertible Notes	1,048	2,090	3,113
Amount allocated to participating securities	313	490	656
FFO available to common shareholders and unitholders - diluted	291,197	254,824	198,936
Debt satisfaction (gains) charges, net, including non-consolidated entities	(25,086 )	9,764	16,442
Impairment loss - loan receivable	—	2,500	13,939
Other/Transaction costs	1,864	1,882	795
Company FFO available to common shareholders and unitholders - diluted	\$ 267,975	\$ 268,970	\$ 230,112
Per Common Share and Unit Amounts			
Basic:			
FFO	\$ 1.19	\$ 1.06	\$ 0.86
Diluted:			
FFO	\$ 1.19	\$ 1.05	\$ 0.88
Company FFO	\$ 1.10	\$ 1.11	\$ 1.02
Weighted-Average Common Shares			
Basic <sup>(1)</sup>	237,303,490	232,838,280	213,944,169
Diluted	244,355,734	241,967,017	225,444,512

(1) Includes OP units other than OP units held by us.





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Item 8. Financial Statements and Supplementary Data

LEXINGTON REALTY TRUST  
AND CONSOLIDATED SUBSIDIARIES  
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Report of Independent Registered Public Accounting Firm

The Trustees and Shareholders

Lexington Realty Trust:

We have audited the accompanying consolidated balance sheets of Lexington Realty Trust and subsidiaries (the “Company”) as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income (loss), changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2015. In connection with our audits of the consolidated financial statements, we also have audited the accompanying financial statement schedule III. These consolidated financial statements and financial statement schedule are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lexington Realty Trust and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Lexington Realty Trust’s internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 25, 2016 expressed an unqualified opinion on the effectiveness of the Company’s internal control over financial reporting.

/s/ KPMG LLP

New York, New York  
February 25, 2016

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Report of Independent Registered Public Accounting Firm

The Trustees and Shareholders

Lexington Realty Trust:

We have audited Lexington Realty Trust's (the "Company's") internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and trustees of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Lexington Realty Trust and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income (loss), changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2015, and the related financial statement schedule III, and our report dated February 25, 2016 expressed an unqualified opinion on those consolidated financial statements and financial statement schedule.

/s/ KPMG LLP

New York, New York

February 25, 2016

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## LEXINGTON REALTY TRUST AND CONSOLIDATED SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

(\$000, except share and per share data)

As of December 31,

	2015	2014
Assets:		
Real estate, at cost	\$3,789,711	\$3,671,560
Real estate - intangible assets	692,778	705,566
Investments in real estate under construction	95,402	106,238
	4,577,891	4,483,364
Less: accumulated depreciation and amortization	1,179,969	1,196,114
Real estate, net	3,397,922	3,287,250
Assets held for sale	24,425	3,379
Cash and cash equivalents	93,249	191,077
Restricted cash	10,637	17,379
Investment in and advances to non-consolidated entities	31,054	19,402
Deferred expenses (net of accumulated amortization of \$38,547 in 2015 and \$34,087 in 2014)	63,832	65,860
Loans receivable, net	95,871	105,635
Rent receivable - current	7,193	6,311
Rent receivable - deferred	87,547	61,372
Other assets	18,505	20,229
Total assets	\$3,830,235	\$3,777,894
Liabilities and Equity:		
Liabilities:		
Mortgages and notes payable	\$882,952	\$945,216
Credit facility borrowings	177,000	—
Term loans payable	505,000	505,000
Senior notes payable	497,947	497,675
Convertible notes payable	12,180	15,664
Trust preferred securities	129,120	129,120
Dividends payable	45,440	42,864
Liabilities held for sale	8,405	2,843
Accounts payable and other liabilities	41,479	37,740
Accrued interest payable	8,851	8,301
Deferred revenue - including below market leases (net of accumulated accretion of \$30,548 in 2015 and \$35,239 in 2014)	42,524	68,215
Prepaid rent	16,806	16,336
Total liabilities	2,367,704	2,268,974
Commitments and contingencies		
Equity:		
Preferred shares, par value \$0.0001 per share; authorized 100,000,000 shares, Series C Cumulative Convertible Preferred, liquidation preference \$96,770 and 1,935,400 shares issued and outstanding	94,016	94,016
	23	23

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Common shares, par value \$0.0001 per share; authorized 400,000,000 shares, 234,575,225 and 233,278,037 shares issued and outstanding in 2015 and 2014, respectively

Additional paid-in-capital	2,776,837	2,763,374
Accumulated distributions in excess of net income	(1,428,908 )	(1,372,051 )
Accumulated other comprehensive income (loss)	(1,939 )	404
Total shareholders' equity	1,440,029	1,485,766
Noncontrolling interests	22,502	23,154
Total equity	1,462,531	1,508,920
Total liabilities and equity	\$3,830,235	\$3,777,894

The accompanying notes are an integral part of these consolidated financial statements.



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Net income (loss) attributable to common shareholders	\$0.45	\$0.38	\$(0.07)	)
Weighted-average common shares outstanding – diluted	233,751,775	229,436,708	209,797,238	
Amounts attributable to common shareholders:				
Income (loss) from continuing operations	\$103,418	\$37,652	\$(38,506)	)
Income from discontinued operations	1,682	48,672	24,417	
Net income (loss) attributable to common shareholders	\$105,100	\$86,324	\$(14,089)	)

The accompanying notes are an integral part of these consolidated financial statements.

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LEXINGTON REALTY TRUST AND CONSOLIDATED SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)  
 (\$000)

Years ended December 31,

	2015	2014	2013	
Net income	\$114,891	\$97,463	\$3,863	
Other comprehensive income (loss):				
Change in unrealized gain (loss) on interest rate swaps, net	(2,343	) (4,035	) 10,663	
Other comprehensive income (loss)	(2,343	) (4,035	) 10,663	
Comprehensive income	112,548	93,428	14,526	
Comprehensive income attributable to noncontrolling interests	(3,188	) (4,359	) (2,233	)
Comprehensive income attributable to Lexington Realty Trust shareholders	\$109,360	\$89,069	\$12,293	

The accompanying notes are an integral part of these consolidated financial statements.

Table of ContentsLEXINGTON REALTY TRUST AND CONSOLIDATED SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(\$000 except share amounts)

Year ended December 31, 2015

	Lexington Realty Trust Shareholders								
	Total	Number of Preferred Shares	Preferred Shares	Number of Common Shares	Common Shares	Additional Paid-in-Capital	Accumulated Distributions in Excess of Net Income	Accumulated Other Comprehensive Income (Loss)	Noncontrol Interests
Balance December 31, 2014	\$ 1,508,920	1,935,400	\$94,016	233,278,037	\$23	\$2,763,374	\$(1,372,051)	\$404	\$23,154
Redemption of noncontrolling OP units for common shares	—	—	—	32,780	—	165	—	—	(165 )
Repurchase of common shares	(18,431 )	—	—	(2,216,799 )	—	(18,431 )	—	—	—
Issuance of common shares upon conversion of convertible notes	3,630	—	—	519,664	—	3,630	—	—	—
Issuance of common shares and deferred compensation amortization, net	28,099	—	—	2,961,543	—	28,099	—	—	—
Acquisition of consolidated joint venture partner's equity interest	(1,234 )	—	—	—	—	—	(1,247 )	—	13
Dividends/distributions	(171,001 )	—	—	—	—	—	(167,313 )	—	(3,688 )
Net income	114,891	—	—	—	—	—	111,703	—	3,188
Other comprehensive loss	(2,343 )	—	—	—	—	—	—	(2,343 )	—
Balance December 31, 2015	\$ 1,462,531	1,935,400	\$94,016	234,575,225	\$23	\$2,776,837	\$(1,428,908)	\$(1,939)	\$22,502

The accompanying notes are an integral part of the consolidated financial statements.

Table of ContentsLEXINGTON REALTY TRUST AND CONSOLIDATED SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(\$000 except share amounts)

Year ended December 31, 2014

	Lexington Realty Trust Shareholders								
	Total	Number of Preferred Shares	Preferred Shares	Number of Common Shares	Common Shares	Additional Paid-in-Capital	Accumulated Distributions in Excess of Net Income	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests
Balance December 31, 2013	\$1,539,483	1,935,400	\$94,016	228,663,022	\$23	\$2,717,787	\$(1,300,527)	\$4,439	\$23,745
Redemption of noncontrolling OP units for common shares	(1,962 )	—	—	29,086	—	(858 )	—	—	(1,104 )
Issuance of common shares upon conversion of convertible notes	14,347	—	—	1,904,542	—	14,347	—	—	—
Acquisition of consolidated joint venture partner's equity interest	(2,100 )	—	—	—	—	—	(2,262 )	—	162
Exercise of employee common share options	597	—	—	303,852	—	597	—	—	—
Forfeiture of employee common shares	(57 )	—	—	(13,658 )	—	(57 )	—	—	—
Issuance of common shares and deferred compensation amortization, net	31,558	—	—	2,391,193	—	31,558	—	—	—
Dividends/distributions	(166,374 )	—	—	—	—	—	(162,366 )	—	(4,008 )
Net income	97,463	—	—	—	—	—	93,104	—	4,359
Other comprehensive loss	(4,035 )	—	—	—	—	—	—	(4,035 )	—
Balance December 31, 2014	\$1,508,920	1,935,400	\$94,016	233,278,037	\$23	\$2,763,374	\$(1,372,051)	\$404	\$23,154

The accompanying notes are an integral part of the consolidated financial statements.



Table of ContentsLEXINGTON REALTY TRUST AND CONSOLIDATED SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(\$000 except share amounts)

Year ended December 31, 2013

	Lexington Realty Trust Shareholders								
	Total	Number of Preferred Shares	Preferred Shares	Number of Common Shares	Common Shares	Additional Paid-in-Capital	Accumulated Distributions in Excess of Net Income	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests
Balance December 31, 2012	\$1,333,165	8,135,400	\$243,790	178,616,664	\$18	\$2,212,949	\$(1,143,803)	\$(6,224)	\$26,433
Redemption of noncontrolling OP units for common shares	—	—	—	202,241	—	1,053	—	—	(1,053)
Repurchase of preferred shares	(155,004 )	(6,200,000)	(149,774 )	—	—	—	(5,230 )	—	—
Acquisition of consolidated joint venture partner's equity interest	(8,918 )	—	—	—	—	—	(8,918 )	—	—
Issuance of common shares upon conversion of convertible notes	60,686	—	—	7,944,673	1	60,685	—	—	—
Forfeiture of employee common shares	(20 )	—	—	(3,571 )	—	(20 )	—	—	—
Exercise of employee common share options	2,289	—	—	955,478	—	2,289	—	—	—
Issuance of common shares and deferred compensation amortization, net	440,835	—	—	40,947,537	4	440,831	—	—	—
Dividends/distributions	(148,076 )	—	—	—	—	—	(144,206 )	—	(3,870)
Net income	3,863	—	—	—	—	—	1,630	—	2,233
Other comprehensive income	10,663	—	—	—	—	—	—	10,663	—
Balance December 31, 2013	\$1,539,483	1,935,400	\$94,016	228,663,022	\$23	\$2,717,787	\$(1,300,527)	\$4,439	\$23,743

The accompanying notes are an integral part of the consolidated financial statements.





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Proceeds from term loans	—	99,000	151,000
Change in restricted cash	(1,573 )	—	—
Cash distributions to noncontrolling interests	(3,688 )	(4,008 )	(3,870 )
Purchase of a noncontrolling interest	(4,022 )	(2,100 )	(8,918 )
Repurchase of common and preferred shares	(18,431 )	—	(155,004 )
Redemption of noncontrolling interests	—	(1,962 )	—
Issuance of common shares, net	19,382	23,563	434,927
Net cash provided by (used in) financing activities	45,513	(57,788 )	434,516
Change in cash and cash equivalents	(97,828 )	113,816	43,237
Cash and cash equivalents, at beginning of year	191,077	77,261	34,024
Cash and cash equivalents, at end of year	\$93,249	\$191,077	\$77,261

The accompanying notes are an integral part of these consolidated financial statements.

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LEXINGTON REALTY TRUST AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(\$000, except share/unit data)

(1) The Company

Lexington Realty Trust (together with its consolidated subsidiaries, except when the context only applies to the parent entity, the “Company”) is a self-managed and self-administered Maryland statutory real estate investment trust (“REIT”) that owns a diversified portfolio of equity and debt investments in single-tenant properties and land. A majority of the real properties in which the Company has an interest and all land interests are generally subject to net leases or similar leases where the tenant pays all or substantially all of the cost, including cost increases, for real estate taxes, insurance, utilities and ordinary maintenance of the property. However, certain leases provide that the landlord is responsible for certain operating expenses.

As of December 31, 2015, the Company had equity ownership interests in approximately 215 consolidated properties located in 40 states. The properties in which the Company has an interest are leased to tenants in various industries including service, automotive, technology, transportation/logistics and finance/insurance.

The Company believes it has qualified as a REIT under the Internal Revenue Code of 1986, as amended (the “Code”). Accordingly, the Company will not be subject to federal income tax, provided that distributions to its shareholders equal at least the amount of its REIT taxable income as defined under the Code. The Company is permitted to participate in certain activities from which it was previously precluded in order to maintain its qualification as a REIT, so long as these activities are conducted in entities which elect to be treated as taxable REIT subsidiaries (“TRS”) under the Code. As such, the TRS are subject to federal income taxes on the income from these activities.

The Company conducts its operations either directly or indirectly through (1) property owner subsidiaries and lender subsidiaries, which are single purpose entities, (2) an operating partnership, Lepercq Corporate Income Fund L.P. (“LCIF”), in which the Company is the sole unit holder of the general partner and the sole unit holder of the limited partner that holds a majority of the limited partner interests, (3) Lexington Realty Advisors, Inc. (“LRA”), a wholly-owned TRS, and (4) investments in joint ventures. On December 30, 2013, another operating partnership, Lepercq Corporate Income Fund II L.P. (“LCIF II”), was merged with and into LCIF, with LCIF as the surviving entity. References to “OP Units” refer to units of limited partner interests in LCIF or LCIF II, as applicable. Property owner subsidiaries are landlords under leases for properties in which the Company has an interest and/or borrowers under loan agreements secured by properties in which the Company has an interest and lender subsidiaries are lenders under loan agreements where the Company made an investment in a loan asset, but in all cases are separate and distinct legal entities. The assets and credit of a property owner subsidiary or a lender subsidiary are not available to satisfy the debt and other obligations of any other person, including any other property owner subsidiary or lender subsidiary or any other affiliate.

(2) Summary of Significant Accounting Policies

**Basis of Presentation and Consolidation.** The Company's consolidated financial statements are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (“GAAP”). The financial statements reflect the accounts of the Company and its consolidated subsidiaries. The Company consolidates its wholly-owned subsidiaries, partnerships and joint ventures which it controls (i) through voting rights or similar rights or (ii) by means other than voting rights if the Company is the primary beneficiary of a variable interest entity (“VIE”). Entities which the Company does not control and entities which are VIEs in which the Company is not the primary beneficiary are accounted for under appropriate GAAP.

If an investment is determined to be a VIE, the Company performs an analysis to determine if the Company is the primary beneficiary of the VIE. GAAP requires a VIE to be consolidated by its primary beneficiary. The primary beneficiary is the party that has a controlling financial interest in an entity. A controlling financial interest in an entity represents both (1) the power to direct the activities of a VIE that most significantly impact the entity's economic performance and (2) the obligation to absorb losses or the right to receive benefits of an entity that could potentially

be significant to the VIE.

At December 31, 2015 and 2014, the Company held variable interests in certain non-consolidated VIEs; however, the Company was not the primary beneficiary of these VIEs as the Company does not have a controlling financial interest in the entities. The Company has certain acquisition commitments and/or acquisition, development and construction arrangements with VIEs, for which it is obligated to fund certain amounts as discussed in note 4.

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LEXINGTON REALTY TRUST AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(\$000, except share/unit data)

**Earnings Per Share.** Basic net income (loss) per share is computed by dividing net income (loss) reduced by preferred dividends and amounts allocated to certain non-vested share-based payment awards, if applicable, by the weighted-average number of common shares outstanding during the period. Diluted net income (loss) per share amounts are similarly computed but include the effect, when dilutive, of in-the-money common share options and non-vested common shares, OP units and put options of certain convertible securities.

**Use of Estimates.** Management has made a number of significant estimates and assumptions relating to the reporting of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses to prepare these consolidated financial statements in conformity with GAAP. These estimates and assumptions are based on management's best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment. The current economic environment has increased the degree of uncertainty inherent in these estimates and assumptions. Management adjusts such estimates when facts and circumstances dictate. The most significant estimates made include the recoverability of accounts receivable, allocation of property purchase price to tangible and intangible assets acquired and liabilities assumed, the determination of VIEs and which entities should be consolidated, the determination of impairment of long-lived assets, loans receivable and equity method investments, valuation of derivative financial instruments, valuation of compensation plans and the useful lives of long-lived assets. Actual results could differ materially from those estimates.

**Fair Value Measurements.** The Company follows the guidance in the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820, Fair Value Measurements and Disclosures ("Topic 820"), to determine the fair value of financial and non-financial instruments. Topic 820 defines fair value, establishes a framework for measuring fair value in GAAP and expands disclosures about fair value measurements. Topic 820 establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three levels: Level 1 - quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities; Level 2 - observable prices that are based on inputs not quoted in active markets, but corroborated by market data; and Level 3 - unobservable inputs, which are used when little or no market data is available. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, as well as considering counterparty credit risk. The Company has formally elected to apply the portfolio exception within Topic 820 with respect to measuring counterparty risk for all of its derivative transactions subject to master netting arrangements.

**Revenue Recognition.** The Company recognizes lease revenue on a straight-line basis over the term of the lease unless another systematic and rational basis is more representative of the time pattern in which the use benefit is derived from the leased property. Revenue is recognized on a contractual basis for leases with escalations tied to a consumer price index with no floor. Renewal options in leases with rental terms that are lower than those in the primary term are excluded from the calculation of straight-line rent if the renewals are not reasonably assured. If the Company funds tenant improvements and the improvements are deemed to be owned by the Company, revenue recognition will commence when the improvements are substantially completed and possession or control of the space is turned over to the tenant. If the Company determines that the tenant allowances are lease incentives, the Company commences revenue recognition when possession or control of the space is turned over to the tenant for tenant work to begin. The lease incentive is recorded as a deferred expense and amortized as a reduction of revenue on a straight-line basis over the respective lease term. The Company recognizes lease termination fees as rental revenue in the period received and writes off unamortized lease-related intangible and other lease-related account balances, provided there are no further Company obligations under the lease. Otherwise, such fees and balances are recognized on a straight-line basis over the remaining obligation period with the termination payments being recorded as a component of rent receivable-deferred on the Consolidated Balance Sheets.

Gains on sales of real estate are recognized based upon the specific timing of the sale as measured against various criteria related to the terms of the transactions and any continuing involvement associated with the properties. If the sales criteria are not met, the gain is deferred and the finance, installment or cost recovery method, as appropriate, is applied until the sales criteria are met. To the extent the Company sells a property and retains a partial ownership interest in the property, the Company recognizes gain to the extent of the third-party ownership interest.

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LEXINGTON REALTY TRUST AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(\$000, except share/unit data)

Purchase Accounting and Acquisition of Real Estate. The fair value of the real estate acquired, which includes the impact of fair value adjustments for assumed mortgage debt related to property acquisitions, is allocated to the acquired tangible assets, consisting of land, building and improvements and identified intangible assets and liabilities, consisting of the value of above-market and below-market leases, other value of in-place leases and value of tenant relationships, based in each case on their fair values. Acquisition costs are expensed as incurred and are included in property operating expense in the accompanying Consolidated Statement of Operations.

The fair value of the tangible assets of an acquired property (which includes land, building and improvements and fixtures and equipment) is determined by valuing the property as if it were vacant. The “as-if-vacant” value is then allocated to land and building and improvements based on management's determination of relative fair values of these assets. Factors considered by management in performing these analyses include an estimate of carrying costs during the expected lease-up periods considering current market conditions and costs to execute similar leases. In estimating carrying costs, management includes real estate taxes, insurance and other operating expenses and estimates of lost rental revenue during the expected lease-up periods based on current market demand. Management also estimates costs to execute similar leases including leasing commissions.

In allocating the fair value of the identified intangible assets and liabilities of an acquired property, above-market and below-market lease values are recorded based on the difference between the current in-place lease rent and management's estimate of current market rents. Below-market lease intangibles are recorded as part of deferred revenue and amortized into rental revenue over the non-cancelable periods and bargain renewal periods of the respective leases. Above-market leases are recorded as part of intangible assets and amortized as a direct charge against rental revenue over the non-cancelable portion of the respective leases.

The aggregate value of other acquired intangible assets, consisting of in-place leases and tenant relationship values, is measured by the excess of (1) the purchase price paid for a property over (2) the estimated fair value of the property as if vacant, determined as set forth above. This aggregate value is allocated between in-place lease values and tenant relationship values based on management's evaluation of the specific characteristics of each tenant's lease. The value of in-place leases is amortized to expense over the remaining non-cancelable periods and any bargain renewal periods of the respective leases. The value of tenant relationships is amortized to expense over the applicable lease term plus expected renewal periods.

Depreciation is determined by the straight-line method over the remaining estimated economic useful lives of the properties. The Company generally depreciates its real estate assets over periods ranging up to 40 years.

Impairment of Real Estate. The Company evaluates the carrying value of all tangible and intangible real estate assets held for investment for possible impairment when an event or change in circumstance has occurred that indicates its carrying value may not be recoverable. The evaluation includes estimating and reviewing anticipated future undiscounted cash flows to be derived from the asset. If such cash flows are less than the asset's carrying value, an impairment charge is recognized to the extent by which the asset's carrying value exceeds its estimated fair value, which may be below the balance of any non-recourse financing. Estimating future cash flows and fair values is highly subjective and such estimates could differ materially from actual results.

Investments in Non-Consolidated Entities. The Company accounts for its investments in 50% or less owned entities under the equity method, unless consolidation is required. If the Company's investment in the entity is insignificant and the Company has no influence over the control of the entity then the entity is accounted for under the cost method.

Impairment of Equity Method Investments. The Company assesses whether there are indicators that the value of its equity method investments may be impaired. An impairment charge is recognized only if the Company determines that a decline in the value of the investment below its carrying value is other-than-temporary. The assessment of impairment is highly subjective and involves the application of significant assumptions and judgments about the Company's intent and ability to recover its investment given the nature and operations of the underlying investment, including the level of the Company's involvement therein, among other factors. To the extent an impairment is deemed to be other-than-temporary, the loss is measured as the excess of the carrying amount of the investment over

the estimated fair value of the investment.

Loans Receivable. Loans held for investment are intended to be held to maturity and, accordingly, are carried at cost, net of unamortized loan origination costs and fees, loan purchase discounts, and net of an allowance for loan losses when such loan is deemed to be impaired. Loan origination costs and fees and loan purchase discounts are amortized over the term of the loan. The Company considers a loan impaired when, based upon current information and events, it is probable that it will be unable to collect all amounts due for both principal and interest according to the contractual terms of the loan

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agreement. Significant judgments are required in determining whether impairment has occurred. The Company performs an impairment analysis by comparing either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's observable current market price or the fair value of the underlying collateral to the net carrying value of the loan, which may result in an allowance and corresponding loan loss charge. Interest income is recorded on a cash basis for impaired loans.

Acquisition, Development and Construction Arrangements. The Company evaluates loans receivable where the Company participates in residual profits through loan provisions or other contracts to ascertain whether the Company has the same risks and rewards as an owner or a joint venture partner. Where the Company concludes that such arrangements are more appropriately treated as an investment in real estate, the Company reflects such loan receivable as an equity investment in real estate under construction in the Consolidated Balance Sheets. In these cases, no interest income is recorded on the loan receivable and the Company records capitalized interest during the construction period. In arrangements where the Company engages a developer to construct a property or provide funds to a tenant to develop a property, the Company will capitalize the funds provided to the developer/tenant and internal costs of interest and real estate taxes, if applicable, during the construction period.

Properties Held For Sale. Assets and liabilities of properties that meet various held for sale criteria, including whether it is probable that a sale will occur within 12 months, are presented separately in the Consolidated Balance Sheets. As of January 1, 2015, the operating results of these properties are reflected as discontinued operations in the Consolidated Statements of Operations only if the sale of these assets represents a strategic shift in operations, if not, the operating results are included in continuing operations. Properties classified as held for sale are carried at the lower of net carrying value or estimated fair value less costs to sell and depreciation and amortization are no longer recognized. Properties that do not meet the held for sale criteria are accounted for as operating properties.

Deferred Expenses. Deferred expenses consist primarily of debt and leasing costs. Debt costs are amortized using the straight-line method, which approximates the interest method, over the terms of the debt instruments and leasing costs are amortized over the term of the related lease.

Derivative Financial Instruments. The Company accounts for its interest rate swap agreements in accordance with FASB ASC Topic 815, Derivatives and Hedging ("Topic 815"). In accordance with Topic 815, these agreements are carried on the balance sheet at their respective fair values, as an asset if fair value is positive, or as a liability if fair value is negative. If the interest rate swap is designated as a cash flow hedge, the effective portion of the interest rate swap's change in fair value is reported as a component of other comprehensive income (loss); the ineffective portion, if any, is recognized in earnings as an increase or decrease to interest expense.

Upon entering into hedging transactions, the Company documents the relationship between the interest rate swap agreement and the hedged item. The Company also documents its risk-management policies, including objectives and strategies, as they relate to its hedging activities. The Company assesses, both at inception of a hedge and on an ongoing basis, whether or not the hedge is highly effective. The Company will discontinue hedge accounting on a prospective basis with changes in the estimated fair value reflected in earnings when (1) it is determined that the derivative is no longer effective in offsetting cash flows of a hedged item (including forecasted transactions), (2) it is no longer probable that the forecasted transaction will occur or (3) it is determined that designating the derivative as an interest rate swap is no longer appropriate. The Company does and may continue to utilize interest rate swap and cap agreements to manage interest rate risk, but does not anticipate entering into derivative transactions for speculative trading purposes.

Stock Compensation. The Company maintains an equity participation plan. Non-vested share grants generally vest either based upon (1) time, (2) performance and/or (3) market conditions. Options granted under the plan in 2010 vested over a five-year period and expire ten years from the date of grant. Options granted under the plan in 2008 vested upon attainment of certain market performance measures and expire ten years from the date of grant. All share-based payments to employees, including grants of employee stock options, are recognized in the Consolidated Statements of Operations based on their fair values.

Tax Status. The Company has made an election to qualify, and believes it is operating so as to qualify, as a REIT for federal income tax purposes. Accordingly, the Company generally will not be subject to federal income tax, provided that distributions to its shareholders equal at least the amount of its REIT taxable income as defined under Sections 856 through 860 of the Code.

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The Company is permitted to participate in certain activities from which it was previously precluded in order to maintain its qualification as a REIT, so long as these activities are conducted in entities which elect to be treated as taxable REIT subsidiaries under the Code. As such, the Company is subject to federal and state income taxes on the income from these activities.

Income taxes, primarily related to the Company's taxable REIT subsidiaries, are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled.

Cash and Cash Equivalents. The Company considers all highly liquid instruments with maturities of three months or less from the date of purchase to be cash equivalents.

Restricted Cash. Restricted cash is comprised primarily of cash balances held in escrow with lenders.

Environmental Matters. Under various federal, state and local environmental laws, statutes, ordinances, rules and regulations, an owner of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances at, on, in or under such property as well as certain other potential costs relating to hazardous or toxic substances. These liabilities may include government fines, penalties and damages for injuries to persons and adjacent property. Such laws often impose liability without regard to whether the owner knew of, or was responsible for, the presence or disposal of such substances. Although most of the tenants of properties in which the Company has an interest are primarily responsible for any environmental damage and claims related to the leased premises, in the event of the bankruptcy or inability of the tenant of such premises to satisfy any obligations with respect to such environmental liability, or if the tenant is not responsible, the Company's property owner subsidiary may be required to satisfy any such obligations, should they exist. In addition, the property owner subsidiary, as the owner of such a property, may be held directly liable for any such damages or claims irrespective of the provisions of any lease. As of December 31, 2015, the Company was not aware of any environmental matter relating to any of its investments that would have a material impact on the consolidated financial statements.

Segment Reporting. The Company operates generally in one industry segment, single-tenant real estate assets.

Reclassifications. Certain amounts included in prior years' financial statements have been reclassified to conform to the current years presentation, including certain statement of operations captions.

Recently Issued Accounting Guidance. In April 2014, the FASB issued Accounting Standards Update ("ASU") 2014-08, Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity, which changes the criteria for reporting discontinued operations and improves financial statement disclosures. Under this guidance, only disposals representing a strategic shift in operations that have a major effect on an organization's operations and financial results should be presented as discontinued operations. The Company adopted this guidance effective January 1, 2015. The guidance requires the Company to continue to classify any property disposal or property classified as held for sale as of December 31, 2014 as discontinued operations prospectively. Therefore, the revenues and expenses related to these properties are presented as discontinued operations as of December 31, 2015. The Company did not classify any additional properties as discontinued operations subsequent to December 31, 2014 as the dispositions did not represent a strategic shift in operations. The implementation of this guidance did not have a material impact on the Company's financial position, results of operations or cash flows.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), which amends the guidance for revenue recognition to eliminate the industry-specific revenue recognition guidance and replace it with a principle based approach for determining revenue recognition. The effective date of the new guidance was updated by ASU 2015-14 and is effective for reporting periods beginning after December 15, 2017. The Company is currently evaluating the impact of the adoption of the new guidance on its consolidated financial statements.

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In February 2015, the FASB issued ASU 2015-02, Consolidation (Topic 810) - Amendments to the Consolidation Analysis, which provides guidance on the consolidation evaluation for reporting organizations that are required to evaluate whether they should consolidate certain legal entities. In accordance with the guidance, all legal entities are subject to reevaluation under the revised consolidation model. The guidance is effective in the first quarter of 2016. The Company does not believe this guidance will have a material impact on its consolidated financial statements. In April 2015, the FASB issued ASU 2015-03, Simplifying the Presentation of Debt Issuance Costs, which requires that debt issuance costs be presented on the balance sheet as a direct deduction from the carrying amount of the related debt liability. In August 2015, the FASB issued additional guidance to clarify ASU 2015-03, which states that an entity may defer and present debt issuance costs as an asset and amortize the costs ratably over the term of a line of credit arrangement, regardless of whether there are any outstanding borrowings on the line of credit. The guidance is effective in the first quarter of 2016 and requires retrospective application. The Company does not believe this guidance will have a material impact on its consolidated financial statements.

## (3) Earnings Per Share

A significant portion of the Company's non-vested share-based payment awards are considered participating securities and as such, the Company is required to use the two-class method for the computation of basic and diluted earnings per share. Under the two-class computation method, net losses are not allocated to participating securities unless the holder of the security has a contractual obligation to share in the losses. The non-vested share-based payment awards are not allocated losses as the awards do not have a contractual obligation to share in losses of the Company.

The following is a reconciliation of the numerators and denominators of the basic and diluted earnings per share computations for each of the years in the three-year period ended December 31, 2015:

	2015	2014	2013
BASIC			
Income (loss) from continuing operations attributable to common shareholders	\$103,418	\$37,652	\$(38,506 )
Income from discontinued operations attributable to common shareholders	1,682	48,672	24,417
Net income (loss) attributable to common shareholders	\$105,100	\$86,324	\$(14,089 )
Weighted-average number of common shares outstanding	233,455,056	228,966,253	209,797,238
Income (loss) per common share:			
Income (loss) from continuing operations	\$0.44	\$0.17	\$(0.18 )
Income from discontinued operations	0.01	0.21	0.11
Net income (loss) attributable to common shareholders	\$0.45	\$0.38	\$(0.07 )

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	2015	2014	2013
<b>DILUTED:</b>			
Income (loss) from continuing operations attributable to common shareholders	\$103,418	\$37,652	\$(38,506 )
Impact of assumed conversions	—	—	—
Income (loss) from continuing operations attributable to common shareholders	103,418	37,652	(38,506 )
Income from discontinued operations attributable to common shareholders	1,682	48,672	24,417
Impact of assumed conversions:			
Income from discontinued operations attributable to common shareholders	1,682	48,672	24,417
Net income (loss) attributable to common shareholders	\$105,100	\$86,324	\$(14,089 )
Weighted-average common shares outstanding - basic	233,455,056	228,966,253	209,797,238
Effect of dilutive securities:			
Share options	296,719	470,455	—
Weighted-average common shares outstanding	233,751,775	229,436,708	209,797,238
Income (loss) per common share:			
Income (loss) from continuing operations	\$0.44	\$0.17	\$(0.18 )
Income from discontinued operations	0.01	0.21	0.11
Net income (loss) attributable to common shareholders	\$0.45	\$0.38	\$(0.07 )

For per common share amounts, all incremental shares are considered anti-dilutive for periods that have a loss from continuing operations attributable to common shareholders. In addition, other common share equivalents may be anti-dilutive in certain periods.

## (4) Investments in Real Estate and Real Estate Under Construction

The Company's real estate, net, consists of the following at December 31, 2015 and 2014:

	2015	2014
Real estate, at cost:		
Buildings and building improvements	\$3,032,457	\$2,895,585
Land, land estates and land improvements	743,125	755,168
Fixtures and equipment	5,577	5,861
Construction in progress	8,552	14,946
Real estate intangibles:		
In-place lease values	513,564	473,377
Tenant relationships	123,796	133,796
Above-market leases	55,418	98,393
Investments in real estate under construction	95,402	106,238
	4,577,891	4,483,364
Accumulated depreciation and amortization <sup>(1)</sup>	(1,179,969	) (1,196,114 )
Real estate, net	\$3,397,922	\$3,287,250

(1) Includes accumulated amortization of real estate intangible assets of \$367,762 and \$400,628 in 2015 and 2014, respectively. The estimated amortization of the above real estate intangible assets for the next five years is \$34,418

in 2016, \$30,561 in 2017, \$26,215 in 2018, \$20,943 in 2019 and \$16,722 in 2020.

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The Company had below-market leases, net of accumulated accretion, which are included in deferred revenue, of \$28,967 and \$54,414, respectively as of December 31, 2015 and 2014. The estimated accretion for the next five years is \$2,327 in 2016, \$1,978 in 2017, \$1,970 in 2018, \$1,663 in 2019 and \$1,494 in 2020.

The Company completed the following acquisitions and build-to-suit transactions during 2015 and 2014:

2015:

Property Type	Location	Acquisition/Completion Date	Initial Cost Basis	Lease Expiration	Land and Estate	Building and Improvements	Real Estate Intangible Lease in-place Value
Land/Infrastructure	Venice, FL	January 2015	\$16,850	01/2055	\$4,696	\$11,753	\$401
Office	Auburn Hills, MI	March 2015	40,025	03/2029	4,416	30,012	5,597
Industrial	Houston, TX	March 2015	28,650	03/2035	4,674	19,540	4,436
Industrial	Brookshire, TX	March 2015	22,450	03/2035	2,388	16,614	3,448
Industrial	Canton, MS	March 2015	89,300	02/2027	5,077	71,289	12,934
Industrial	Thomson, GA	May 2015	10,144	05/2030	909	7,746	1,489
Industrial	Oak Creek, WI	July 2015	22,139	06/2035	3,015	15,300	3,824
Industrial	Richland, WA	November 2015	152,000	08/2035	1,293	126,947	23,760
Office	Richmond, VA	December 2015	109,544	08/2030	7,331	88,021	14,192
			\$491,102		\$33,799	\$387,222	\$70,081
Weighted-average life of intangible assets (years)							16.8

2014:

Property Type	Location	Acquisition/Completion Date	Initial Cost Basis	Lease Expiration	Land and Estate	Building and Improvements	Real Estate Intangible Lease in-place Value
Industrial	Rantoul, IL	January 2014	\$41,277	10/2033	\$1,304	\$32,562	\$7,411
Office	Parachute, CO	January 2014	13,928	10/2032	1,400	10,751	1,777
Office	Rock Hill, SC	March 2014	24,715	03/2034	1,601	18,989	4,125
Industrial	Lewisburg, TN	May 2014	13,320	03/2026	173	10,865	2,282
Industrial	North Las Vegas, NV	May 2014	28,249	09/2034	3,244	21,444	3,561
Industrial	Bingen, WA	May 2014	20,391	05/2024	—	18,075	2,316
Land	New York, NY	October 2014	30,426	10/2113	22,000	—	8,426
Rehab Hospital	Vineland, NJ	October 2014	19,100	02/2043	2,698	12,790	3,612
Industrial	Anniston, AL	December 2014	20,907	11/2029	1,201	16,771	2,935
			\$212,313		\$33,621	\$142,247	\$36,445

Weighted-average life of intangible assets (years) 37.5

The Company recognized aggregate acquisition and pursuit expenses of \$2,404 and \$1,901 in 2015 and 2014, respectively, which are included in property operating expenses within the Company's Consolidated Statements of Operations.

The Company is engaged in various forms of build-to-suit development activities. The Company may enter into the following acquisition, development and construction arrangements: (1) lend funds to construct build-to-suit projects subject to a single-tenant lease and agree to purchase the properties upon completion of construction and commencement of a single-tenant lease, (2) hire developers to construct built-to-suit projects on owned properties leased to single tenants, (3) fund the construction of build-to-suit projects on owned properties pursuant to the terms in single-tenant lease agreements or (4) enter into purchase and sale agreements with developers to acquire single-tenant build-to-suit properties upon completion.

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As of December 31, 2015, the Company had the following development arrangements outstanding:

Location	Property Type	Square Feet	Expected Maximum Commitment/Contribution	Lease Term (Years)	Estimated Acquisition/Completion Date	GAAP Investment Balance as of 12/31/15
Anderson, SC	Industrial	1,325,000	\$ 70,012	20	2Q 16	\$23,826
Lake Jackson, TX	Office	664,000	166,164	20	4Q 16	62,353
Charlotte, NC	Office	201,000	62,445	15	1Q 17	9,223
		2,190,000	\$ 298,621			\$95,402

The Company has variable interests in certain developer entities constructing the facilities but is not the primary beneficiary of the entities as the Company does not have a controlling financial interest. As of December 31, 2015 and 2014, the Company's aggregate investment in development arrangements was \$95,402 and \$106,238, respectively, which includes \$2,726 and \$2,828 of interest capitalized, respectively, and is presented as investments in real estate under construction in the accompanying Consolidated Balance Sheets.

## (5) Property Dispositions and Discontinued Operations

For the years ended December 31, 2015, 2014 and 2013, the Company disposed of its interests in certain properties (excluding Greenville, South Carolina in 2014, see note 7) generating aggregate net proceeds of \$156,461, \$226,375 and \$75,519, respectively, which resulted in gains on sales of \$24,884, \$57,507 and \$24,472, respectively. For the years ended December 31, 2015, 2014 and 2013, the Company recognized net debt satisfaction gains (charges) relating to these properties of \$21,504, \$(312) and \$8,905, respectively. The results of operations for properties disposed of in 2015, that were not classified as held for sale as of December 31, 2014, are included within continuing operations in the consolidated financial statements in accordance with recent guidance issued by the FASB.

At December 31, 2015, the Company had two properties classified as held for sale.

Assets and liabilities of held for sale properties as of December 31, 2015 consisted of the following:

## Assets:

Real estate, at cost	\$ 16,590	
Real estate, intangible assets	10,786	
Accumulated depreciation and amortization	(4,069	)
Deferred rent receivable	1,118	
	\$24,425	

## Liabilities:

Other	\$ 32
Mortgage payable	8,373
	\$8,405

## (6) Impairment of Real Estate Investments

The Company assesses on a regular basis whether there are any indicators that the carrying value of real estate assets may be impaired. Potential indicators may include an increase in vacancy at a property, tenant financial instability and the potential sale of the property in the near future. An asset is determined to be impaired if the asset's carrying value is in excess of its estimated fair value.



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During 2015, 2014 and 2013, the Company recognized aggregate impairment charges of \$36,832, \$34,833 and \$21,640, respectively, on real estate assets classified in continuing operations. The Company determined that the expected undiscounted cash flows based upon revised estimated holding periods of certain assets were below the current carrying values.

During 2014 and 2013, the Company recognized \$13,767 and \$12,920, respectively, of impairment charges in discontinued operations, relating to real estate assets that were ultimately disposed of below their carrying value.

## (7)Loans Receivable

As of December 31, 2015 and 2014, the Company's loans receivable were comprised primarily of first and second mortgage loans and mezzanine loans on real estate.

The following is a summary of our loans receivable as of December 31, 2015 and 2014:

Loan	Loan carrying value <sup>(1)</sup>		Interest Rate	Maturity Date
	12/31/2015	12/31/2014		
Westmont, IL <sup>(2)</sup>	\$—	\$12,152	6.45	% 10/2015
Southfield, MI <sup>(3)</sup>	—	3,296	4.55	% 02/2015
Oklahoma City, OK <sup>(4)</sup>	8,501	—	11.50	% 03/2016
Austin, TX	—	2,800	16.00	% 10/2018
Kennewick, WA	85,505	85,254	9.00	% 05/2022
Other	1,865	2,133	8.00	% 2021-2022
	\$95,871	\$105,635		

(1) Loan carrying value includes accrued interest and is net of origination costs and loan losses, if any.

In 2015, the Company acquired the office property collateral and \$2,521 of cash collateral and received \$1,400 in full settlement of its claim against the borrower. The Company recognized a loan loss of \$13,939 during 2013.

(2) During 2014 and 2013, the Company recognized \$1,284 and \$1,737, respectively, of interest income relating to the impaired loan.

In 2015, the Company acquired the office property collateral from the borrower. The Company recorded a \$2,500 loan loss in 2014 as the Company determined it was probable that it would not collect the amount owed at maturity. During 2015 and 2014, the Company recognized \$14 and \$468, respectively, of interest income relating to the impaired loan.

(3) In 2015, the Company loaned a tenant-in-common \$8,420. The loan is secured by the tenant-in-common's interest in an office property in which the Company has a 40% interest.

Prior to December 31, 2014, the Company had two types of financing receivables: loans receivable and a capitalized financing lease. The Company determined that its financing receivables operated within one portfolio segment as they were both within the same industry and use the same impairment methodology. The capitalized financing lease, for a commercial office property located in Greenville, South Carolina, was sold in December 2014 for net proceeds of \$11,491. In addition, the Company assesses all financing receivables for impairment, when warranted, based on an individual analysis of each receivable.

The Company's financing receivables operate within one class of financing receivables as these assets (1) are collateralized by commercial real estate and (2) similar metrics are used to monitor the risk and performance of these assets. The Company's management uses credit quality indicators to monitor financing receivables such as quality of collateral, the underlying tenant's credit rating and collection experience. As of December 31, 2015, the financing receivables were performing as anticipated and there were no significant delinquent amounts outstanding.



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## (8) Fair Value Measurements

The following tables present the Company's assets and liabilities measured at fair value on a recurring basis as of December 31, 2015 and 2014 and non-recurring basis during the year ended December 31, 2015 and 2014, aggregated by the level in the fair value hierarchy within which those measurements fall:

Description	2015	Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
Interest rate swap assets	\$4	\$—	\$4	\$—
Impaired real estate assets*	\$3,015	\$—	\$—	\$3,015
Interest rate swap liabilities	\$(1,943)	) \$—	\$(1,943	) \$—

\*Represents a non-recurring fair value measurement.

Description	2014	Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
Interest rate swap assets	\$1,153	\$—	\$1,153	\$—
Impaired real estate assets*	\$25,679	\$—	\$—	\$25,679
Impaired loan receivable*	\$3,296	\$—	\$—	\$3,296
Interest rate swap liabilities	\$(749)	) \$—	\$(749	) \$—

\*Represents a non-recurring fair value measurement.

The majority of the inputs used to value the Company's interest rate swap asset (liability) fall within Level 2 of the fair value hierarchy, such as observable market interest rate curves; however, the credit valuation associated with the interest rate swap liability utilizes Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by the Company and its counterparties. As of December 31, 2015 and 2014, the Company determined that the credit valuation adjustment relative to the overall interest rate swap asset (liability) is not significant. As a result, the entire interest rate swap asset (liability) has been classified in Level 2 of the fair value hierarchy.

The Company estimates the fair value of its real estate assets, including non-consolidated real estate assets, by using income and market valuation techniques. The Company may estimate fair values using market information such as broker opinions of value, recent sales data for similar assets or discounted cash flow models, which primarily rely on Level 3 inputs. The cash flow models include estimated cash inflows and outflows over a specified holding period. These cash flows may include contractual rental revenues, projected future rental revenues and expenses and forecasted tenant improvements and lease commissions based upon market conditions determined through discussion with local real estate professionals, experience the Company has with its other owned properties in such markets and expectations for growth. Capitalization rates and discount rates utilized in these models are estimated by management based upon rates that management believes to be within a reasonable range of current market rates for the respective properties based upon an analysis of factors such as property and tenant quality, geographical location and local supply and demand observations. To the extent the Company under estimates forecasted cash outflows (tenant improvements, lease commissions and operating costs) or over estimates forecasted cash inflows (rental revenue rates), the estimated fair value of its real estate assets could be overstated.

The table below sets forth the carrying amounts and estimated fair values of the Company's financial instruments as of December 31, 2015 and 2014:

As of December 31, 2015		As of December 31, 2014	
Carrying	Fair Value	Carrying	Fair Value

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	Amount		Amount	
Assets				
Loans Receivable	\$95,871	\$103,014	\$105,635	\$105,061
Liabilities				
Debt	\$2,204,199	\$2,164,571	\$2,092,675	\$2,091,364

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The Company estimates the fair values of its loans receivable utilizing Level 3 inputs by using an estimated discounted cash flow analysis consisting of scheduled cash flows and discount rate estimates to approximate those that a willing buyer and seller might use and/or the estimated value of the underlying collateral.

The fair value of the Company's debt is primarily estimated utilizing Level 3 inputs by using a discounted cash flow analysis, based upon estimates of market interest rates. The Company determines the fair value of its Senior Notes and 6.00% Convertible Guaranteed Notes using market prices. The inputs used in determining the fair value of these notes are categorized as Level 1 due to the fact that the Company uses quoted market rates to value these instruments. However, the inputs used in determining the fair value could be categorized as Level 2 if trading volumes are low.

Fair values cannot be determined with precision, may not be substantiated by comparison to quoted prices in active markets and may not be realized upon sale. Additionally, there are inherent uncertainties in any fair value measurement technique, and changes in the underlying assumptions used, including discount rates, liquidity risks and estimates of future cash flows, could significantly affect the fair value measurement amounts.

Cash Equivalents, Restricted Cash, Accounts Receivable and Accounts Payable. The Company estimates that the fair value of cash equivalents, restricted cash, accounts receivable and accounts payable approximates carrying value due to the relatively short maturity of the instruments.

(9) Investment in and Advances to Non-Consolidated Entities

As of December 31, 2015, the Company had ownership interests ranging from 15% to 40% in certain non-consolidated entities, which primarily own single-tenant net-leased assets. The acquisitions of these assets by the non-consolidated entities were partially funded through non-recourse mortgage debt with an aggregate balance of \$47,621 at December 31, 2015 (the Company's proportionate share was \$8,591) with rates ranging from 3.7% to 4.7%. In 2015, the Company invested \$5,613 in the Oklahoma City tenant-in-common. The Company's contribution, together with the other tenant-in-common's contribution, was used to satisfy the related maturing mortgage loan. In November 2014, the Company formed a joint venture to construct a private school in Houston, Texas. As of December 31, 2015, the Company had a 25% interest in the joint venture. The anticipated total construction cost is \$86,491. The Company is providing construction financing to the joint venture up to \$56,686 of which \$8,519 has been funded as of December 31, 2015. Upon completion, the property will be net leased for a 20-year term. In August 2013, the Company invested \$5,000 in a joint venture, which acquired the fee interest and the related office building improvements of a property in Baltimore, Maryland. In November 2015, the Company's interest in the joint venture was redeemed in exchange for a distribution to the Company of the fee interest, which is subject to a long-term ground lease with the leaseholder.

During 2014 and 2013, the Company recognized other-than-temporary impairment charges on a non-consolidated joint venture due to changes in the Company's estimate of net proceeds to be received upon liquidation of the joint venture. Accordingly, the Company recognized \$930 and \$925, respectively, in impairment charges in equity in earnings (losses) of non-consolidated entities. The underlying property was sold in October 2014 and the Company recognized a gain of \$87 in equity in earnings (losses) of non-consolidated entities.

LRA earns advisory fees from certain of these non-consolidated entities for services related to acquisitions, asset management and debt placement. Advisory fees earned from these non-consolidated investments were \$223, \$348 and \$512 for the years ended December 31, 2015, 2014 and 2013, respectively.



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## (10) Mortgages and Notes Payable

The Company, through property owner subsidiaries, had outstanding mortgages and notes payable of \$882,952 and \$945,216 as of December 31, 2015 and 2014, respectively. Interest rates, including imputed rates on mortgages and notes payable, ranged from 2.2% to 7.8% at December 31, 2015 and the mortgages and notes payable mature between 2016 and 2028. Interest rates, including imputed rates, ranged from 2.2% to 8.5% at December 31, 2014. The weighted-average interest rate at December 31, 2015 and 2014 was approximately 4.9% and 5.2%, respectively.

In September 2015, the Company entered into a new \$905,000 unsecured credit agreement with KeyBank National Association as agent, which replaced the Company's existing revolving credit facility and term loans. With lender approval, the Company can increase the size of the new facility to an aggregate \$1,810,000. A summary of the significant terms are as follows:

	Prior Maturity Date	New Maturity Date	Prior Interest Rate	Current Interest Rate
\$400,000 Revolving Credit Facility <sup>(1)</sup>	02/2017	08/2019	LIBOR + 1.15%	LIBOR + 1.00%
\$250,000 Term Loan <sup>(2)</sup>	02/2018	08/2020	LIBOR + 1.35%	LIBOR + 1.10%
\$255,000 Term Loan <sup>(3)</sup>	01/2019	01/2021	LIBOR + 1.75%	LIBOR + 1.10%

Maturity date can be extended to August 2020 at the Company's option. The interest rate ranges from LIBOR plus (1) 0.85% to 1.55% (previously 0.95% to 1.725%). At December 31, 2015, the unsecured revolving credit facility had \$177,000 outstanding and availability of \$223,000, subject to covenant compliance.

The interest rate ranges from LIBOR plus 0.90% to 1.75% (previously 1.10% to 2.10%). The Company previously (2) entered into aggregate interest-rate swap agreements to fix the LIBOR component at a weighted-average rate of 1.09% through February 2018 on the \$250,000 of outstanding LIBOR-based borrowings.

The interest rate ranges from LIBOR plus 0.90% to 1.75% (previously 1.50% to 2.25%). The Company previously (3) entered into aggregate interest-rate swap agreements to fix the LIBOR component at a weighted-average rate of 1.42% through January 2019 on the \$255,000 of outstanding LIBOR-based borrowings.

The unsecured revolving credit facility and the unsecured term loans are subject to financial covenants, which the Company was in compliance with at December 31, 2015.

Mortgages payable and secured loans are generally collateralized by real estate and the related leases. Certain mortgages payable have yield maintenance or defeasance requirements relating to any prepayments. In addition, certain mortgages are cross-collateralized and cross-defaulted.

Scheduled principal and balloon payments for mortgages, including a held for sale property, notes payable, credit facility borrowings and term loans for the next five years and thereafter are as follows:

Year ending	Total
December 31,	
2016	\$ 139,861
2017	95,505
2018	44,664
2019	283,347
2020	300,756
Thereafter	709,192
	\$ 1,573,325

Included in the Consolidated Statements of Operations, the Company recognized debt satisfaction gains (charges), net, excluding discontinued operations, of \$4,122, \$(7,016) and \$(11,811) for the years ended December 31, 2015, 2014 and 2013, respectively, due to the satisfaction of mortgages and notes payable other than those disclosed elsewhere in

these financial statements. In addition, the Company capitalized \$6,062, \$3,441 and \$2,397 in interest, including discontinued operations, for the years ended 2015, 2014 and 2013, respectively.

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## (11) Senior Notes, Convertible Notes and Trust Preferred Securities

The Company had the following Senior Notes outstanding as of December 31, 2015:

Issue Date	Face Amount	Interest Rate	Maturity Date	Issue Price	
May 2014	\$250,000	4.40	% June 2024	99.883	%
June 2013	250,000	4.25	% June 2023	99.026	%
	\$500,000				

Each series of the Senior Notes is unsecured and pays interest semi-annually in arrears. The Company may redeem the notes at its option at any time prior to maturity in whole or in part by paying the principal amount of the notes being redeemed plus a premium.

During 2010, the Company issued \$115,000 aggregate principal amount of 6.00% Convertible Guaranteed Notes. The notes pay interest semi-annually in arrears and mature in January 2030. The holders of the notes may require the Company to repurchase their notes in January 2017, January 2020 and January 2025 for cash equal to 100% of the notes to be repurchased, plus any accrued and unpaid interest. The Company may not redeem any notes prior to January 2017, except to preserve its REIT status. As of the date of filing this Annual Report, the notes have a conversion rate of 156.5514 common shares per one thousand principal amount of the notes, representing a conversion price of approximately \$6.39 per common share. The conversion rate is subject to adjustment under certain circumstances, including increases in the Company's dividend rate above a certain threshold and the issuance of stock dividends. The notes are convertible by the holders under certain circumstances for cash, common shares or a combination of cash and common shares at the Company's election. The notes are convertible prior to the close of business on the second business day immediately preceding the stated maturity date, at any time beginning in January 2029 and also upon the occurrence of specified events. During 2015, 2014 and 2013, \$3,828, \$12,763 and \$54,905 aggregate principal amount of the notes were converted for 519,664, 1,904,542 and 7,944,673 common shares and an aggregate cash payment of \$529, \$233 and \$3,270 plus accrued and unpaid interest, respectively. The Company recognized aggregate debt satisfaction charges of \$476, \$2,436 and \$13,536, during 2015, 2014 and 2013, respectively, relating to the conversions.

Below is a summary of additional disclosures related to the 6.00% Convertible Guaranteed Notes.

Balance Sheets:	6.00% Convertible Guaranteed Notes	
	December 31, 2015	December 31, 2014
Principal amount of debt component	\$12,400	\$16,228
Unamortized discount	(220)	(564)
Carrying amount of debt component	\$12,180	\$15,664
Carrying amount of equity component	\$(34,784)	\$(33,160)
Effective interest rate	7.8	% 8.1
Period through which discount is being amortized, put date	01/2017	01/2017
Aggregate if-converted value in excess of aggregate principal amount	\$2,863	\$10,432

Statements of Operations:	2015	2014	2013
6.00% Convertible Guaranteed Notes			
Coupon interest	\$765	\$1,545	\$2,296
Discount amortization	228	438	658
	\$993	\$1,983	\$2,954

LCIF guarantees the obligations of the Company under the Senior Notes and the 6.00% Convertible Guaranteed Notes.

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During 2007, the Company issued \$200,000 original principal amount of Trust Preferred Securities. The Trust Preferred Securities, which are classified as debt, are due in 2037, were open for redemption at the Company's option commencing April 2012 and bear interest at a fixed rate of 6.804% through April 2017 and thereafter, at a variable rate of three month LIBOR plus 170 basis points through maturity. As of December 31, 2015 and 2014, there was \$129,120 original principal amount of Trust Preferred Securities outstanding.

Scheduled principal payments for these debt instruments for the next five years and thereafter are as follows:

Year ending	Total
December 31,	
2016	\$—
2017 <sup>(1)</sup>	12,400
2018	—
2019	—
2020	—
Thereafter	629,120
	641,520
Debt discounts	(2,273 )
	\$639,247

(1) Although the 6.00% Convertible Guaranteed Notes mature in 2030, the notes can be put to the Company in 2017.

## (12) Derivatives and Hedging Activities

**Risk Management Objective of Using Derivatives.** The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity, and credit risk primarily by managing the type, amount, sources, and duration of its debt funding and the use of derivative financial instruments. Specifically, the Company enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. The Company's derivative financial instruments are used to manage differences in the amount, timing, and duration of the Company's known or expected cash receipts and its known or expected cash payments principally related to the Company's investments and borrowings.

**Cash Flow Hedges of Interest Rate Risk.** The Company's objectives in using interest rate derivatives are to add stability to interest expense, to manage its exposure to interest rate movements and therefore manage its cash outflows as it relates to the underlying debt instruments. To accomplish these objectives the Company primarily uses interest rate swaps as part of its interest rate risk management strategy relating to certain of its variable rate debt instruments. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in accumulated other comprehensive income (loss) and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. The ineffective portion of the change in fair value of the derivatives is recognized directly in earnings.

The Company has designated the interest rate swap agreements with its counterparties as cash flow hedges of the risk of variability attributable to changes in the LIBOR swap rates on \$505,000 of LIBOR-indexed variable-rate unsecured term loans. Accordingly, changes in the fair value of the swaps are recorded in other comprehensive income (loss) and reclassified to earnings as interest becomes receivable or payable. During 2015, the Company extended the maturity date of the \$505,000 of LIBOR-indexed variable-rate unsecured term loans to August 2020 (\$250,000) and January 2021 (\$255,000). The extension of these term loans had no impact on the effectiveness of the corresponding cash flow hedges. In 2012, the Company settled the 2008 interest rate swap agreement with KeyBank for \$3,539. The Company had a credit balance of \$1,837 in accumulated other comprehensive income at the settlement date which was amortized into earnings on a straight-line basis through February 2013.

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Amounts reported in accumulated other comprehensive income (loss) related to derivatives will be reclassified to interest expense as interest payments are made on the aggregate \$505,000 term loans. During the next 12 months, the Company estimates that an additional \$2,928 will be reclassified as an increase to interest expense if the swaps remain outstanding.

As of December 31, 2015, the Company had the following outstanding interest rate derivatives that were designated as cash flow hedges of interest rate risk:

Interest Rate Derivative	Number of Instruments	Notional
Interest Rate Swaps	10	\$505,000

The table below presents the fair value of the Company's derivative financial instruments as well as their classification on the Consolidated Balance Sheets as of December 31, 2015 and 2014.

	As of December 31, 2015		As of December 31, 2014	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments:				
Interest Rate Swap Asset	Other Assets	\$4	Other Assets	\$1,153
Interest Rate Swap Liability	Accounts Payable and Other Liabilities	\$(1,943 )	Accounts Payable and Other Liabilities	\$(749 )

The tables below present the effect of the Company's derivative financial instruments on the Consolidated Statements of Operations for 2015 and 2014:

Derivatives in Cash Flow	Amount of Loss Recognized in OCI on Derivative (Effective Portion) December 31,		Location of Loss Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Loss Reclassified from Accumulated OCI into December 31,	
	2015	2014		2015	2014
Hedging Relationships					
Interest Rate Swap	\$(7,809 )	\$(9,560 )	Interest expense	\$5,466	\$5,525

The Company's agreements with the swap derivative counterparties contain provisions whereby if the Company defaults on the underlying indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, then the Company could also be declared in default of the swap derivative obligation. As of December 31, 2015, the Company had not posted any collateral related to the agreements.

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## (13) Leases

## Lessor:

Minimum future rental receipts under the non-cancelable portion of tenant leases, assuming no new or re-negotiated leases, for the next five years and thereafter are as follows:

Year ending	Total
December 31, 2016	\$347,551
2017	328,659
2018	310,051
2019	282,296
2020	249,528
Thereafter	6,654,870
	\$8,172,955

The above minimum lease payments do not include reimbursements to be received from tenants for certain operating expenses and real estate taxes and do not include early termination payments provided for in certain leases.

Certain leases allow for the tenant to terminate the lease if the property is deemed obsolete, as defined, and upon payment of a termination fee to the landlord, as stipulated in the lease. In addition, certain leases provide the tenant with the right to purchase the leased property at fair market value or a stipulated price.

## Lessee:

The Company holds, through property owner subsidiaries, leasehold interests in various properties. Generally, the ground rents on these properties are either paid directly by the tenants to the fee holder or reimbursed to the Company as additional rent. Certain properties are economically owned through the holding of industrial revenue bonds and as such neither ground lease payments nor bond debt service payments are made or received, respectively. For certain of these properties, the Company has an option to purchase the fee interest.

Minimum future rental payments under non-cancelable leasehold interests, excluding leases held through industrial revenue bonds and lease payments in the future that are based upon fair market value, for the next five years and thereafter are as follows:

Year ending	Total
December 31, 2016	\$5,032
2017	4,987
2018	4,819
2019	4,313
2020	4,306
Thereafter	34,346
	\$57,803

Rent expense for the leasehold interests, including discontinued operations, was \$868, \$919 and \$1,284 in 2015, 2014 and 2013, respectively.

The Company leases its corporate headquarters. The lease expires March 2026. The Company is responsible for its proportionate share of operating expenses and real estate taxes above a base year. In addition, the Company leases office space for its regional offices. The minimum lease payments for the Company's offices are \$467 for 2016, \$1,243 for 2017, \$1,224 for 2018, \$1,224 for 2019 and \$1,224 for 2020 and \$6,795 thereafter. Rent expense for 2015, 2014 and 2013 was \$1,435, \$1,356 and \$1,338, respectively.



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(14) Concentration of Risk

The Company seeks to reduce its operating and leasing risks through the geographic diversification of its properties, tenant industry diversification, avoidance of dependency on a single asset and the creditworthiness of its tenants. For the years ended December 31, 2015, 2014 and 2013, no single tenant represented greater than 10% of rental revenues. Cash and cash equivalent balances at certain institutions may exceed insurable amounts. The Company believes it mitigates this risk by investing in or through major financial institutions.

(15) Equity

Shareholders' Equity:

During 2015, 2014 and 2013, the Company issued 2,266,191, 2,600,795 and 36,012,313 common shares, respectively, through public offerings (only in 2013) and under its direct share purchase plan, which includes a dividend reinvestment component, raising net proceeds of approximately \$20,797, \$25,813 and \$399,566 respectively. During 2013, the Company implemented an At-The-Market offering program under which the Company may issue up to \$100,000 in common shares over the term of this program. The Company issued 3,409,927 common shares under this program during 2013 and generated aggregate gross proceeds of \$36,884. No shares were sold under this program in 2015 or 2014. The proceeds from these issuances were primarily used for general working capital, to fund investments and retire indebtedness.

The Company had 1,935,400 shares of Series C Cumulative Convertible Preferred Stock ("Series C Preferred"), outstanding at December 31, 2015. The shares have a dividend of \$3.25 per share per annum, have a liquidation preference of \$96,770, and the Company, if certain common share prices are achieved, can force conversion into common shares of the Company. As of December 31, 2015, each share is currently convertible into 2.4339 common shares. This conversion ratio may increase over time if the Company's common share dividend exceeds certain quarterly thresholds.

If certain fundamental changes occur, holders may require the Company, in certain circumstances, to repurchase all or part of their shares of Series C Preferred. In addition, upon the occurrence of certain fundamental changes, the Company will, under certain circumstances, increase the conversion rate by a number of additional common shares or, in lieu thereof, may in certain circumstances elect to adjust the conversion rate upon the shares of Series C Preferred becoming convertible into shares of the public acquiring or surviving company.

The Company may, at the Company's option, cause shares of Series C Preferred to be automatically converted into that number of common shares that are issuable at the then prevailing conversion rate. The Company may exercise its conversion right only if, at certain times, the closing price of the Company's common shares equals or exceeds 125% of the then prevailing conversion price of the Series C Preferred.

Investors in shares of Series C Preferred generally have no voting rights, but will have limited voting rights if the Company fails to pay dividends for six or more quarters and under certain other circumstances. Upon conversion, the Company may choose to deliver the conversion value to investors in cash, common shares, or a combination of cash and common shares.

During 2015, 2014 and 2013, the Company issued 860,730, 37,678 and 1,893,409 of its common shares, respectively, to certain employees and trustees. Typically, trustee share grants vest immediately. Employee share grants generally vest ratably, on anniversaries of the grant date, however, in certain situations vesting is cliff-based after a specific number of years and/or subject to meeting certain performance criteria (see note 16).

In July 2015, the Company's Board of Trustees authorized the repurchase of up to 10,000,000 common shares. This share repurchase program has no expiration date. During 2015, the Company repurchased 2,216,799 common shares at an average price of \$8.29 per common share under this share repurchase program.

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During 2013, the Company redeemed and retired the following shares of its preferred stock:

	2013
7.55% Series D Cumulative Redeemable Preferred Stock:	
Shares redeemed and retired	6,200,000
Redemption cost <sup>(1)</sup>	\$ 155,621
Deemed dividend <sup>(2)</sup>	\$ 5,230

(1) Includes accrued and unpaid dividends.

(2) Represents the difference between the redemption cost and historical GAAP cost. Accordingly, net income was adjusted for the deemed dividends to arrive at net income (loss) attributable to common shareholders.

Accumulated other comprehensive income (loss) as of December 31, 2015 and 2014 represented \$(1,939) and \$404, respectively, of unrealized gain on interest rate swaps, net.

## Changes in Accumulated Other Comprehensive Income (Loss)

	Gains and Losses on Cash Flow Hedges	
Balance December 31, 2014	\$404	
Other comprehensive loss before reclassifications	(7,809	)
Amounts of loss reclassified from accumulated other comprehensive income to interest expense	5,466	
Balance December 31, 2015	\$(1,939	)

## Noncontrolling Interests:

In conjunction with several of the Company's acquisitions in prior years, sellers were issued OP units as a form of consideration. All OP units, other than OP units owned by the Company, are redeemable for common shares at certain times, at the option of the holders, and are generally not otherwise mandatorily redeemable by the Company. The OP units are classified as a component of permanent equity as the Company has determined that the OP units are not redeemable securities as defined by GAAP. Each OP unit is currently redeemable for approximately 1.13 common shares, subject to future adjustments.

During 2014, in connection with the merger of LCIF II with and into LCIF, former LCIF II partners representing 170,193 OP units elected or were deemed to elect to receive \$1,962 in aggregate cash for such OP units.

During 2015, 2014 and 2013, 32,780, 29,086 and 202,241 common shares, respectively, were issued by the Company, in connection with OP unit redemptions, for an aggregate value of \$165, \$148 and \$1,053, respectively.

As of December 31, 2015, there were approximately 3,393,000 OP units outstanding other than OP units owned by the Company. All OP units receive distributions in accordance with their respective partnership agreements. To the extent that the Company's dividend per common share is less than the stated distribution per OP unit per the applicable partnership agreement, the distributions per OP unit are reduced by the percentage reduction in the Company's dividend per common share. No OP units have a liquidation preference.

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The following discloses the effects of changes in the Company's ownership interests in its noncontrolling interests:

	Net Income Attributable to Shareholders and Transfers from Noncontrolling Interests		
	2015	2014	2013
Net income attributable to Lexington Realty Trust shareholders	\$ 111,703	\$ 93,104	\$ 1,630
Transfers from noncontrolling interests:			
Increase (decrease) in additional paid-in-capital for redemption of noncontrolling OP units	165	(858	) 1,053
Change from net income attributable to shareholders and transfers from noncontrolling interests	\$ 111,868	\$ 92,246	\$ 2,683

In July 2015 and 2014, the Company acquired a consolidated joint venture partner's interest in an office property in Philadelphia, Pennsylvania for \$4,022 and \$2,100, respectively, raising the Company's equity ownership in the office property to 100.0%. In July 2013, the Company acquired its consolidated joint venture partners' interest in an industrial facility in Long Island City, New York for a payment of \$8,918, which was recorded as a distribution to the partner in accordance with GAAP.

## (16) Benefit Plans

The Company maintains an equity award plan pursuant to which qualified and non-qualified options may be issued. No common share options were issued in 2015, 2014 and 2013. The Company granted 1,248,501, 1,265,500 and 2,000,000 common share options on December 31, 2010 ("2010 options"), January 8, 2010 ("2009 options") and December 31, 2008 ("2008 options"), respectively, at an exercise price of \$7.95, \$6.39 and \$5.60, respectively. The 2010 options (1) vested 20% annually on each December 31, 2011 through 2015 and (2) terminate on the earlier of (x) six months of termination of service with the Company and (y) December 31, 2020. The 2009 options (1) vested 20% annually on each December 31, 2010 through 2014 and (2) terminate on the earlier of (x) six months of termination of service with the Company and (y) December 31, 2019. The 2008 options (1) vested 50% following a 20-day trading period where the average closing price of a common share of the Company on the New York Stock Exchange ("NYSE") was \$8.00 or higher and vested 50% following a 20-day trading period where the average closing price of a common share of the Company on the NYSE was \$10.00 or higher, and (2) terminate on the earlier of (x) termination of service with the Company or (y) December 31, 2018. As a result of the share dividends paid in 2009, each of the 2008 options is exchangeable for approximately 1.13 common shares at an exercise price of \$4.97 per common share.

The Company engaged third parties to value the options as of each option's respective grant date. The third parties determined the value to be \$2,422 and \$2,771 for the 2010 options and 2009 options, respectively, using the Black-Scholes model and \$2,480 for the 2008 options using the Monte Carlo model. The options are considered equity awards as they are settled through the issuance of common shares. As such, the options were valued as of the grant date and do not require subsequent remeasurement. There were several assumptions used to fair value the options including the expected volatility in the Company's common share price based upon the fluctuation in the Company's historical common share price. The more significant assumptions underlying the determination of fair value for options granted were as follows:

	2010 Options	2009 Options	2008 Options		
Weighted-average fair value of options granted	\$1.94	\$2.19	\$1.24		
Weighted-average risk-free interest rate	2.54	% 3.29	% 1.33	%	
Weighted-average expected option lives (in years)	6.50	6.70	3.60		
Weighted-average expected volatility	49.00	% 59.08	% 59.94	%	

Weighted-average expected dividend yield	7.40	%	6.26	%	14.40	%
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The Company recognized compensation expense relating to these options over an average of 5.0 years for the 2010 options and 2009 options and 3.6 years for the 2008 options. The Company recognized \$480, \$1,038 and \$1,037 in compensation expense in 2015, 2014 and 2013 respectively. The Company does not have any unrecognized compensation costs relating to the outstanding options as of December 31, 2015. The intrinsic value of an option is the amount by which the market value of the underlying common share at the date the option is exercised exceeds the exercise price of the option. No options were exercised in 2015 and the total intrinsic value of options exercised for the years ended December 31, 2014 and 2013 were \$2,780 and \$8,607, respectively.

Share option activity during the years indicated is as follows:

	Number of Shares	Weighted-Average Exercise Price Per Share
Balance at December 31, 2012	3,480,080	\$6.44
Exercised	(1,519,179)	) 5.77
Forfeited	(5,200)	) 7.47
Balance at December 31, 2013	1,955,701	6.95
Exercised	(594,791)	) 6.71
Forfeited	(10,500)	) 7.46
Balance at December 31, 2014 and 2015	1,350,410	\$7.05

As of December 31, 2015, the aggregate intrinsic value of options that were outstanding and exercisable was \$1,277.

Non-vested share activity for the years ended December 31, 2015 and 2014, is as follows:

	Number of Shares	Weighted-Average Value Per Share
Balance at December 31, 2013	2,521,046	\$10.46
Vested	(537,003)	) 9.16
Forfeited	(13,658)	) 9.96
Balance at December 31, 2014	1,970,385	10.82
Granted	812,679	7.70
Vested	(413,714)	) 11.95
Balance at December 31, 2015	2,369,350	\$9.55

During 2015, the Company granted to certain executive officers performance-based shares, which vest based on the Company's total shareholder return growth after a three-year measurement period relative to an index (321,018 shares) and its peers (321,011 shares). Dividends will not be paid on these grants until earned. Once the performance criteria are met and the actual number of shares earned is determined, such shares vest immediately. The fair value of the grants was determined at the grant date using a multifactor Monte Carlo simulation model. In addition, during 2015, the Company granted 170,650 non-vested common shares to certain employees which vest ratably over a three-year service period. Compensation expense is recognized over the requisite service period for all grants.

As of December 31, 2015, of the remaining 2,369,350 non-vested shares, 1,720,824 are subject to time-based vesting and 648,526 are subject to performance-based vesting. At December 31, 2015, there are 3,320,961 awards available for grant. The Company has \$13,707 in unrecognized compensation costs relating to the non-vested shares that will be charged to compensation expense over an average of approximately 3.3 years.

The Company has established a trust for certain officers in which vested common shares granted for the benefit of the officers are deposited. The officers exert no control over the common shares in the trust and the common shares are available to the general creditors of the Company. As of December 31, 2015 and 2014, there were 427,531 common shares in the trust.



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(\$000, except share/unit data)

The Company sponsors a 401(k) retirement savings plan covering all eligible employees. The Company makes a discretionary matching contribution on a portion of employee participant salaries and, based on its profitability, may make an additional discretionary contribution at each fiscal year end to all eligible employees. These discretionary contributions are subject to vesting under a schedule providing for 25% annual vesting starting with the first year of employment and 100% vesting after four years of employment. Approximately \$333, \$299 and \$298 of contributions are applicable to 2015, 2014 and 2013, respectively.

During 2015, 2014 and 2013, the Company recognized \$8,201, \$7,550 and \$7,145, respectively, in expense relating to scheduled vesting and issuance of common share grants.

(17) Related Party Transactions

The Company has an indemnity obligation to Vornado Realty Trust, one of its significant shareholders, with respect to actions by the Company that affect Vornado Realty Trust's status as a REIT.

All related party acquisitions, sales and loans were approved by the independent members of the Company's Board of Trustees or the Audit Committee.

The Company leases certain properties to entities in which Vornado Realty Trust, a significant shareholder, has an interest. During 2015, 2014 and 2013, the Company recognized \$255, \$255 and \$744, respectively, in rental revenue, including discontinued operations, from these properties. The Company leases its corporate office from an affiliate of Vornado Realty Trust. Rent expense for this property was \$1,323, \$1,252 and \$1,225 in 2015, 2014 and 2013, respectively.

In connection with efforts, on a non-binding basis, to procure non-recourse mezzanine financing from an affiliate of the Company's Chairman, pursuant to the terms of the EB-5 visa program administered by the United States Citizenship and Immigration Services ("USCIS"), for a joint venture investment in Houston, Texas, in which the Company has an investment, the Company executed a guaranty in favor of an affiliate of its Chairman. The guaranty provides that the Company will reimburse investors providing the funds for such financing if the following occurs: (1) the joint venture receives such funds, (2) the USCIS denies the financing solely because the project is not permitted under the EB-5 visa program, and (3) the joint venture fails to return such funds. As of December 31, 2015, the joint venture has not received any such funds and the Company has not recorded any liability as it relates to this guaranty. The maximum amount of funds that would be subject to the guaranty obligation is \$18,000.

In addition, in connection with efforts, on a non-binding basis, to procure non-recourse mezzanine financing from an affiliate of the Company's Chairman, pursuant to the terms of the EB-5 visa program administered by the USCIS, for an investment in Charlotte, North Carolina, the Company agreed to reimburse the Chairman's affiliate up to approximately \$7 for its expenses.

(18) Income Taxes

The provision for income taxes relates primarily to the taxable income of the Company's taxable REIT subsidiaries. The earnings, other than in taxable REIT subsidiaries, of the Company are not generally subject to federal income taxes at the Company level due to the REIT election made by the Company.

Income taxes have been provided for on the asset and liability method. Under the asset and liability method, deferred income taxes are recognized for the temporary differences between the financial reporting basis and the tax basis of assets and liabilities.



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## LEXINGTON REALTY TRUST AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(\$000, except share/unit data)

The Company's provision for income taxes for the years ended December 31, 2015, 2014 and 2013 is summarized as follows:

	2015	2014	2013
Current:			
Federal	\$—	\$145	\$(1,445)
State and local	(645)	) (1,130)	) (1,593)
NOL utilized	—	—	586
Deferred:			
Federal	59	(91)	) (595)
State and local	18	(33)	) (130)
	\$(568)	) \$(1,109)	) \$(3,177)

Net deferred tax assets (liabilities) of \$59 and \$(19) are included in other assets (liabilities) on the accompanying Consolidated Balance Sheets at December 31, 2015 and 2014, respectively. These net deferred tax assets (liabilities) relate primarily to differences in the timing of the recognition of income (loss) between GAAP and tax and net operating loss carry forwards.

The income tax provision differs from the amount computed by applying the statutory federal income tax rate to pre-tax operating income as follows:

	2015	2014	2013
Federal provision at statutory tax rate (34%)	\$65	\$(43)	) \$164
State and local taxes, net of federal benefit	12	(9)	) 22
Other	(645)	) (1,057)	) (3,363)
	\$(568)	) \$(1,109)	) \$(3,177)

For the years ended December 31, 2015, 2014 and 2013, the "other" amount is comprised primarily of state franchise taxes of \$679, \$1,183 and \$1,280, respectively, the write-off of deferred tax liabilities (asset) of \$0, \$0 and \$(150), respectively, and permanent differences of \$0, \$0, and \$1,936, respectively, relating to the transfer of certain assets of the Company's taxable subsidiaries.

As of December 31, 2015 and 2014, the Company had estimated net operating loss carry forwards for income tax reporting purposes of \$146 and \$0, respectively, which will begin to expire in tax year 2035.

A summary of the average taxable nature of the Company's common dividends for each of the years in the three-year period ended December 31, 2015, is as follows:

	2015	2014	2013
Total dividends per share	\$0.68	\$0.67	\$0.60
Ordinary income	63.07	% 49.44	% 35.53
Qualifying dividend	—	0.05	% 4.11
Capital gain	—	—	2.09
Return of capital	36.93	% 50.51	% 58.27
	100.00	% 100.00	% 100.00

A summary of the average taxable nature of the Company's dividend on shares of its Series C Preferred for each of the years in the three-year period ended December 31, 2015, is as follows:

2015	2014	2013
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Total dividends per share	\$3.25		\$3.25		\$3.25	
Ordinary income	100.00	%	99.90	%	85.14	%
Qualifying dividend	—		0.10	%	9.85	%
Capital gain	—		—		5.01	%
Return of capital	—		—		—	%
	100.00	%	100.00	%	100.00	%

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## LEXINGTON REALTY TRUST AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(\$000, except share/unit data)

A summary of the average taxable nature of the Company's dividend on shares of its Series D Cumulative Redeemable Preferred Stock for the years in the three-year period ended December 31, 2015, is as follows:

	2015	2014	2013	
Total dividends per share	\$—	\$—	\$1.043368	
Ordinary income	—	—	85.14	%
Qualifying dividend	—	—	9.85	%
Capital gain	—	—	5.01	%
Return of capital	—	—	—	%
	—	—	100.00	%

## (19) Commitments and Contingencies

In addition to the commitments and contingencies disclosed elsewhere, the Company has the following commitments and contingencies.

The Company is obligated under certain tenant leases, including its proportionate share for leases for non-consolidated entities, to fund the expansion of the underlying leased properties. The Company, under certain circumstances, may guarantee to tenants the completion of base building improvements and the payment of tenant improvement allowances and lease commissions on behalf of its subsidiaries.

From time to time, the Company is directly or indirectly involved in legal proceedings arising in the ordinary course of business. Management believes, based on currently available information, and after consultation with legal counsel, that although the outcomes of those normal course proceedings are uncertain, the results of such proceedings, in the aggregate, will not have a material adverse effect on the Company's business, financial condition and results of operations.

GSMSC II 2006-GG6 Bridgewater Hills Corporate Center, LLC v. Lexington Realty Trust (Supreme Court of the State of New York, County of New York-Index No. 653117/2015)

On September 16, 2015, GSMSC II 2006-GG6 Bridgewater Hills Corporate Center, LLC commenced an action as lender against the Company based on a limited guaranty of recourse obligations executed by a predecessor entity of the Company in connection with a mortgage loan secured by a property owner subsidiary's commercial property in Bridgewater, New Jersey. The property owner subsidiary defaulted due to non-payment after the sole tenant vacated at the end of the lease term. The lender seeks approximately \$15,500 in order to satisfy the outstanding amount of the loan, plus reasonable attorney's fees and other costs and disbursements related thereto.

The lender claims that the Company's limited guaranty was triggered due to the merger of Newkirk Realty Trust, Inc. and Lexington Corporate Properties Trust on December 31, 2006, arguing that it constituted an event of default because it was a transfer that was not permitted by the loan agreement. The Company intends to vigorously defend the lender's claim. The Company filed a motion to dismiss on October 19, 2015 and a hearing is scheduled for March 16, 2016.

Other. Four of our executive officers have employment contracts and are entitled to severance benefits upon termination by the Company without cause or termination by the executive officer with good reason, in each case, as defined in the employment contract.

## (20) Supplemental Disclosure of Statement of Cash Flow Information

In addition to disclosures discussed elsewhere, during 2015, 2014 and 2013, the Company paid \$88,725, \$100,080 and \$92,788, respectively, for interest and \$741, \$859 and \$4,666, respectively, for income taxes.

During 2015, 2014 and 2013, the Company sold its interests in certain properties, which included the assumption of the related non-recourse mortgage debt in the aggregate amount of \$55,000, \$30,140 and \$40,356, respectively. In addition, during 2015, 2014 and 2013, the Company conveyed its interests in certain properties to its lenders in full satisfaction of the \$47,528, \$9,900 and \$49,510, respectively, non-recourse mortgage notes payable.

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## LEXINGTON REALTY TRUST AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(\$000, except share/unit data)

## (21) Unaudited Quarterly Financial Data

	2015			
	3/31/2015	6/30/2015	9/30/2015	12/31/2015
Total gross revenues	\$108,442	\$110,333	\$105,438	\$106,626
Net income (loss)	\$34,371	\$50,207	\$(5,200)	) \$35,513
Net income (loss) attributable to common shareholders	\$31,829	\$47,654	\$(7,629)	) \$33,229
Net income (loss) attributable to common shareholders - basic per share	\$0.14	\$0.20	\$(0.03)	) \$0.14
Net income (loss) attributable to common shareholders - diluted per share	\$0.14	\$0.20	\$(0.03)	) \$0.14
	2014			
	3/31/2014	6/30/2014	9/30/2014	12/31/2014
Total gross revenues(1)	\$104,016	\$105,447	\$106,572	\$107,783
Net income	\$1,814	\$15,287	\$42,177	\$38,185
Net income (loss) attributable to common shareholders	\$(839)	) \$12,743	\$38,720	\$35,700
Net income (loss) attributable to common shareholders - basic per share	\$—	\$0.05	\$0.17	\$0.15
Net income (loss) attributable to common shareholders - diluted per share	\$—	\$0.05	\$0.17	\$0.15

(1) All periods have been adjusted to reflect the impact of properties sold during the years ended December 31, 2014, and properties classified as held for sale as of December 31, 2014, which are reflected in discontinued operations in the Consolidated Statements of Operations.

The sum of the quarterly income (loss) attributable to common shareholders and per common share amounts may not equal the full year amounts primarily because the computations of amounts allocated to participating securities and the weighted-average number of common shares of the Company outstanding for each quarter and the full year are made independently.

## (22) Subsequent Events

Subsequent to December 31, 2015 and in addition to disclosures elsewhere in the financial statements, the Company: acquired an industrial property in Detroit, Michigan for \$29,680. The property is net leased for a 20-year term; repurchased 951,792 common shares at an average price of \$7.48 per share; received \$6,681 in connection with the sale of a non-consolidated office property in Russellville, Arkansas; and obtained \$57,500 15-year non-recourse financing, which bears interest at a 5.2% fixed interest rate and is secured by the Richmond, Virginia property.

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## LEXINGTON REALTY TRUST AND CONSOLIDATED SUBSIDIARIES

## Real Estate and Accumulated Depreciation and Amortization

## Schedule III (\$000)

Description	Location	Encumbrances	Land and Estates	Buildings and Improvements	Total	Accumulated Depreciation and Amortization	Date Acquired	Date Constructed	Useful life computing depreciation in latest income statement (years)
Office	Little Rock, AR	\$ —	\$ 1,353	\$ 2,260	\$ 3,613	\$ 545	Dec-06	1980	40
Office	Pine Bluff, AR	—	271	603	874	228	Sep-12	1964/1972/ 1988	3, 4 & 13
Office	Glendale, AZ	—	9,418	8,394	17,812	2,202	Sep-12	1986/1997/ 2000	7, 10, 20 & 24
Office	Phoenix, AZ	—	5,585	36,923	42,508	3,278	Dec-12	1986/2007	10, 15, 17, & 40
Office	Phoenix, AZ	—	4,666	24,856	29,522	9,515	May-00	1997	6, 9 & 40
Office	Tempe, AZ	—	—	13,086	13,086	1,505	Sep-12	1998	5, 7, 10, 11, 15 & 36
Office	Tempe, AZ	7,185	—	9,442	9,442	2,884	Dec-05	1998	30 & 40
Office	Tucson, AZ	—	681	4,037	4,718	580	Sep-12	1988	7, 10 & 30
Office	Lake Forest, CA	—	3,442	13,769	17,211	4,747	Mar-02	2001	40
Office	Los Angeles, CA	—	5,110	12,158	17,268	7,250	Dec-04	2000	10, 13 & 40
Office	Palo Alto, CA	48,512	12,398	16,977	29,375	19,420	Dec-06	1973/1982	40
Office	Centennial, CO	—	4,851	15,239	20,090	5,889	May-07	2001	10 & 40
Office	Englewood, CO	—	2,207	27,851	30,058	2,857	Apr-13	2013	15, 19 & 40
Office	Lakewood, CO	—	1,569	10,286	11,855	6,102	Apr-05	2002	2, 3, 12, 15 & 40
Office	Louisville, CO	—	3,657	11,217	14,874	3,069	Sep-08	1987/2007	8, 9, 12 & 40
Office	Parachute, CO	—	1,400	10,751	12,151	581	Jan-14	2012	19, 24 & 40
Office	Wallingford, CT	—	1,049	4,773	5,822	1,652	Dec-03	1977/1993	8 & 40
Office	Boca Raton, FL	19,624	4,290	17,160	21,450	5,524	Feb-03	1983/2002	40
Office	Lake Mary, FL	—	4,438	15,271	19,709	5,302	Jun-07	1999	3, 4, 7, 10, 15 & 40
Office	Lake Mary, FL	—	4,535	14,939	19,474	5,298	Jun-07	1996	3, 4, 7, 10, 18 & 40
Office	Orlando, FL	9,471	3,538	9,844	13,382	5,361	Jan-07	2003	

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									5, 6, 12, 15 & 40
Office	Palm Beach Gardens, FL	—	787	3,732	4,519	1,502	May-98	1996	5 - 40
Office	Tampa, FL	—	146	559	705	36	Dec-13	1999	20 & 35
Office	Tampa, FL	—	895	5,496	6,391	322	Dec-13	1999	20 & 38
Office	Tampa, FL	—	2,018	7,993	10,011	1,327	Sep-12	1986	8, 25 & 27
Office	Tampa, FL	—	398	1,571	1,969	100	Dec-13	2014	14, 20 & 40
Office	McDonough, GA	—	1,443	11,433	12,876	1,443	Sep-12	1999	3, 10, 11 & 38
Office	McDonough, GA	—	693	6,405	7,098	858	Sep-12	2007	6, 11 & 40
Office	Meridian, ID	9,322	2,255	7,797	10,052	1,339	Sep-12	2004	7 & 37
Office	Lisle, IL	9,449	3,236	13,854	17,090	4,124	Dec-06	1984	2, 3, 5, 20 & 40
Office	Schaumburg, IL	—	5,007	22,340	27,347	3,247	Oct-13	1979/1989/ 2010	7, 9, 20 & 30
Office	Columbus, IN	20,986	235	45,729	45,964	17,497	Dec-06	1980/2006	40
Office	Fishers, IN	—	2,808	19,373	22,181	5,831	Jun-07	1999	3 - 40
Office	Indianapolis, IN	—	1,700	18,491	20,191	12,977	Apr-05	1999	5, 6 - 40
Office	Lenexa, KS	9,463	2,828	6,075	8,903	961	Sep-12	2004	7, 12 & 37
Office	Lenexa, KS	36,666	6,909	41,684	48,593	11,083	Jul-08	2007	5, 12, 13,14, 15 & 40
Office	Overland Park, KS	34,134	4,769	41,956	46,725	12,979	Jun-07	1980/2005	12 & 40
Office	Baton Rouge, LA	—	1,252	11,085	12,337	3,889	May-07	1997	3, 4, 6 & 40
Office	Boston, MA	12,302	3,814	16,040	19,854	3,653	Mar-07	1910	10 & 40
Office	Oakland, ME	8,850	551	8,774	9,325	1,201	Sep-12	2005	8, 12 & 40
Office	Auburn Hills, MI	—	4,416	30,012	34,428	1,211	Mar-15	2014	6, 14 & 25
Office	Livonia, MI	—	935	13,714	14,649	2,256	Sep-12	1987/1988/ 1990	2 - 34
Office	Kansas City, MO	16,271	2,433	20,154	22,587	6,215	Jun-07	1963/2003	12 & 40
Office	St Joseph, MO	—	607	14,004	14,611	1,472	Sep-12	2012	15 & 40
Office	Pascagoula, MS	—	618	3,677	4,295	587	Sep-12	1995	1, 9 & 31
Office	Omaha, NE	7,608	2,566	8,324	10,890	2,564	Nov-05	1995	30 & 40
Office	Omaha, NE	—	2,058	32,343	34,401	1,928	Dec-13	2013	20 & 40
Office	Rockaway, NJ	—	4,646	23,143	27,789	5,695	Dec-06	2002/2004/ 2015	12, 20 & 40
Office	Wall, NJ	17,536	8,985	26,961	35,946	12,569	Jan-04	1983	22 & 40

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## LEXINGTON REALTY TRUST AND CONSOLIDATED SUBSIDIARIES

## Real Estate and Accumulated Depreciation and Amortization

## Schedule III (\$000) - continued

Description	Location	Encumbrances	Land and Land Estates	Buildings and Improvements	Total	Accumulated Depreciation and Amortization	Date Acquired	Date Constructed	Useful life computing depreciation in latest income statement (years)
Office	Whippany, NJ	13,700	4,063	19,711	23,774	7,397	Nov-06	2006/2008	20 & 40
Office	Las Vegas, NV	—	12,099	53,164	65,263	12,229	Dec-06	1983/1994	40
Office	Columbus, OH	—	1,594	10,481	12,075	1,310	Dec-10	2005	40
Office	Columbus, OH	—	432	2,773	3,205	312	Jul-11	1999/2006	40
Office	Milford, OH	—	3,124	16,140	19,264	5,755	Jun-07	1991	5 - 40
Office	Westerville, OH	—	2,085	9,411	11,496	2,853	May-07	2000	5 & 40
Office	Eugene, OR	—	1,541	13,098	14,639	1,374	Dec-12	2012	7, 12, 15, 25 & 40
Office	Redmond, OR	—	2,064	8,316	10,380	1,196	Sep-12	2004	6, 13 & 40
Office	Harrisburg, PA	—	900	11,310	12,210	7,924	Apr-05	1998	2, 5, 9,10, 15, 20 & 40
Office	Jessup, PA	—	2,520	17,678	20,198	2,391	Aug-12	2012	13, 15 & 40
Office	Philadelphia, PA	—	13,209	56,520	69,729	32,966	Jun-05	1957/1997	4 - 40
Office	Charleston, SC	7,185	1,189	8,724	9,913	3,467	Nov-06	2006	40
Office	Florence, SC	—	774	3,629	4,403	412	Feb-12	2012	12 & 40
Office	Fort Mill, SC	—	3,601	15,340	18,941	4,953	Dec-02	2002	5, 11, 20 & 40
Office	Fort Mill, SC	—	1,798	26,038	27,836	15,322	Nov-04	2004	11, 15 & 40
Office	Rock Hill, SC	—	551	4,313	4,864	503	May-11	2006	40
Office	Rock Hill, SC	—	1,601	21,000	22,601	1,053	Mar-14	2013/2015	18, 20 & 40
Office	Kingsport, TN	—	513	403	916	155	Sep-12	1981	5, 6 & 14
Office	Knoxville, TN	—	1,079	11,351	12,430	6,248	Mar-05	1997	9, 10, 11, 14 & 40
Office	Knoxville, TN	—	621	6,282	6,903	925	Sep-12	2002	1, 5, 7 & 40
Office	Memphis, TN	3,555	467	4,467	4,934	1,681	Nov-06	1871/1999	20 & 40

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Office	Memphis, TN	—	5,291	97,032	102,323	22,742	Dec-06	1985/2007	13 & 40
Office	Allen, TX	—	5,591	25,421	31,012	7,195	May-11	1981/1983	6, 7, 11 & 25
Office	Arlington, TX	—	1,274	15,309	16,583	1,961	Sep-12	2003	1, 10, 12 & 40
Office	Carrollton, TX	—	1,789	18,157	19,946	8,645	Jun-04	2003	19 & 40
Office	Carrollton, TX	—	2,599	22,050	24,649	7,893	Jun-07	2003	8 & 40
Office	Carrollton, TX	—	828	—	828	—	Jun-07	N/A	N/A
Office	Farmers Branch, TX	18,380	3,984	27,308	31,292	10,137	Jun-07	2000	40
Office	Garland, TX	—	1,161	833	1,994	—	Sep-12	1980	1
Office	Houston, TX	—	1,875	10,675	12,550	6,745	Apr-05	2000	5, 10, 13 & 40
Office	Houston, TX	—	1,875	10,959	12,834	6,824	Apr-05	2000	4, 13, 20 & 40
Office	Houston, TX	—	16,613	63,770	80,383	15,753	Mar-04	1976/1984	10 & 40
Office	Houston, TX	—	800	26,962	27,762	18,618	Apr-05	2000	1, 10, 11 & 40
Office	Houston, TX	—	481	2,352	2,833	187	Dec-13	2002	11, 20 & 31
Office	Irving, TX	—	4,889	29,738	34,627	10,532	Jun-07	1999	10, 12 & 40
Office	Irving, TX	—	7,476	45,985	53,461	17,532	May-07	2003	6 - 40
Office	Mission, TX	—	2,556	2,911	5,467	635	Sep-12	2003	3, 8 & 35
Office	San Antonio, TX	—	2,800	15,619	18,419	11,534	Apr-05	2000	6, 10, 11 & 40
Office	Temple, TX	7,463	227	8,181	8,408	1,462	Sep-12	2001	3, 10, 12 & 40
Office	Westlake, TX	—	2,361	23,572	25,933	9,510	May-07	2001	4 - 40
Office	Hampton, VA	—	2,333	11,354	13,687	4,463	Mar-00	1999	2, 5, 10, 15 & 40
Office	Herndon, VA	—	5,127	24,640	29,767	9,215	Dec-99	1987	9 - 40
Office	Herndon, VA	—	9,409	14,477	23,886	5,056	Jun-07	1985/1999	10, 25 & 40
Office	Midlothian, VA	—	1,100	12,685	13,785	7,073	Apr-05	2000	6, 7, 15 & 40
Office	Richmond, VA	—	7,331	88,021	95,352	345	Dec-15	2015	10, 13 & 25
Office	Bremerton, WA	5,534	1,655	5,445	7,100	917	Sep-12	2002	4, 13 & 40
Office	Huntington, WV	6,500	1,368	9,527	10,895	1,270	Jan-12	2011	14 & 40
Industrial	Anniston, AL	—	1,201	16,771	17,972	790	Dec-14	2,014	8, 15 & 24
Industrial	Moody, AL	—	654	9,943	10,597	6,205	Feb-04	2004	15 & 40
Industrial	Orlando, FL	—	1,030	10,869	11,899	2,758	Dec-06	1980	40
Industrial	Tampa, FL	—	2,160	8,431	10,591	5,905	Jul-88	1986	9 - 40
Industrial	Lavonia, GA	7,676	171	7,657	7,828	722	Sep-12	2005	8, 12 & 40

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Industrial	McDonough, GA	22,224	2,463	24,291	26,754	5,859	Dec-06	2000/2007	40
Industrial	Thomson, GA	—	909	7,746	8,655	249	May-15	2015	8, 15 & 25

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## LEXINGTON REALTY TRUST AND CONSOLIDATED SUBSIDIARIES

## Real Estate and Accumulated Depreciation and Amortization

## Schedule III (\$000) - continued

Description	Location	Encumbrances	Land and Land Estates	Buildings and Improvements	Total	Accumulated Depreciation and Amortization	Date Acquired	Date Constructed	Useful life computing depreciation in latest income statement (years)
Industrial	Des Moines, IA	—	1,528	14,247	15,775	1,953	Sep-12	2000	5, 11 & 34
Industrial	Dubuque, IA	9,055	2,052	8,443	10,495	2,755	Jul-03	2001	11, 12 & 40
Industrial	Rantoul, IL	—	1,304	32,562	33,866	1,789	Jan-14	2013	20, 21 & 40
Industrial	Rockford, IL	—	371	2,573	2,944	666	Dec-06	1998	40
Industrial	Rockford, IL	—	509	5,289	5,798	1,305	Dec-06	1992	40
Industrial	Plymouth, IN	5,807	254	8,110	8,364	971	Sep-12	2000/2003	3, 6, 12, 15 & 34
Industrial	Dry Ridge, KY	—	560	12,553	13,113	4,580	Jun-05	1988/1992	22 & 40
Industrial	Elizabethtown, KY	—	352	4,862	5,214	1,774	Jun-05	2001	25 & 40
Industrial	Elizabethtown, KY	—	890	26,868	27,758	9,804	Jun-05	1995/2001	25 & 40
Industrial	Hopkinsville, KY	—	631	16,154	16,785	6,234	Jun-05	Various	25 & 40
Industrial	Owensboro, KY	—	393	11,956	12,349	4,984	Jun-05	1998/2000	25 & 40
Industrial	Owensboro, KY	—	819	2,439	3,258	860	Dec-06	1975/1995	40
Industrial	Shreveport, LA	19,000	860	21,840	22,700	4,800	Mar-07	2006	40
Industrial	Shreveport, LA	—	1,078	10,134	11,212	1,305	Jun-12	2012	8, 10 & 40
Industrial	North Berwick, ME	4,810	1,383	35,659	37,042	7,713	Dec-06	1965/1980/2015	10, 25 & 40
Industrial	Kalamazoo, MI	—	1,942	14,169	16,111	1,898	Sep-12	1999/2004	8, 9 & 40
Industrial	Marshall, MI	—	40	2,236	2,276	854	Aug-87	1979	9, 10, 12, 15, 20 & 40
Industrial	Marshall, MI	—	143	4,302	4,445	1,575	Sep-12	1968/1972/2008	4, 6 & 10
Industrial	Plymouth, MI	—	2,296	13,608	15,904	5,124	Jun-07	1996/1998	30 & 40
Industrial	Temperance, MI	—	3,040	14,924	17,964	4,139	Jun-07	1978/1993	2, 5, & 40
Industrial	Minneapolis, MN	—	1,886	1,922	3,808	204	Sep-12	2003	3, 29 & 40
Industrial	Byhalia, MS	15,000	1,006	35,825	36,831	2,912	May-11	2011/2015	25 & 40
Industrial	Canton, MS	—	5,077	71,289	76,366	2,590	Mar-15	2015	

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									8, 12, 25 & 51
Industrial	Olive Branch, MS	—	198	10,276	10,474	6,771	Dec-04	1989	8, 15 & 40
Industrial	Franklin, NC	—	296	1,320	1,616	211	Sep-12	1996	2, 8 & 29
Industrial	Henderson, NC	—	1,488	5,953	7,441	2,102	Nov-01	1998/2006	40
Industrial	High Point, NC	—	1,330	11,183	12,513	5,688	Jul-04	2002	18 & 40
Industrial	Lumberton, NC	—	405	12,049	12,454	3,488	Dec-06	1998/2006	40
Industrial	Shelby, NC	—	1,421	18,862	20,283	3,180	Jun-11	2011	11, 20 & 40
Industrial	Statesville, NC	—	891	16,771	17,662	4,561	Dec-06	1999/2002	3, 15 & 40
Industrial	Durham, NH	—	3,464	18,094	21,558	5,320	Jun-07	1986/2003	40
Industrial	Erwin, NY	7,887	1,648	12,355	14,003	1,371	Sep-12	2006	4, 8, 10 & 34
Industrial	Long Island City, NY	49,144	—	42,624	42,624	8,042	Mar-13	2013	15
Industrial	North Las Vegas, NV	—	3,244	21,732	24,976	1,053	Jul-13	2014	19, 20 & 40
Industrial	Chillicothe, OH	—	735	9,021	9,756	1,886	Oct-11	1995/1998	6, 15 & 26
Industrial	Cincinnati, OH	—	1,049	8,784	9,833	2,174	Dec-06	1991	10, 14 & 40
Industrial	Columbus, OH	—	1,990	10,580	12,570	3,131	Dec-06	1973	40
Industrial	Glenwillow, OH	15,326	2,228	24,530	26,758	5,979	Dec-06	1996	40
Industrial	Hebron, OH	—	1,063	4,581	5,644	1,516	Dec-97	1999	10, 15 & 40
Industrial	Hebron, OH	—	1,681	7,854	9,535	2,857	Dec-01	2000	1, 2, 3, 5, 10, 15 & 40
Industrial	Streetsboro, OH	17,626	2,441	25,092	27,533	7,238	Jun-07	2004	12, 20, 25 & 40
Industrial	Bristol, PA	—	2,508	15,863	18,371	6,020	Mar-98	1982/1997	10, 16, 30 & 40
Industrial	Chester, SC	8,738	1,629	8,470	10,099	1,031	Sep-12	2001/2005	9, 13 & 34
Industrial	Duncan, SC	—	884	8,626	9,510	1,945	Jun-07	2005/2008	40
Industrial	Laurens, SC	—	5,552	21,559	27,111	5,980	Jun-07	1991/1993	2, 4, 5, 20 & 40
Industrial	Collierville, TN	—	714	4,783	5,497	1,951	Dec-05	2005/2012	9, 14, 21 & 40
Industrial	Crossville, TN	—	545	6,999	7,544	3,512	Jan-06	1989/2006	17 & 40
Industrial	Franklin, TN	—	—	5,673	5,673	1,659	Sep-12	1970/1983	1, 4 & 12
Industrial	Lewisburg, TN	—	173	10,865	11,038	565	May-14	2014	12, 18 & 34
Industrial	Memphis, TN	—	1,054	11,538	12,592	11,414	Feb-88	1987	8 & 15
Industrial	Memphis, TN	—	1,553	12,326	13,879	3,412	Dec-06	1973	40
Industrial	Millington, TN	—	723	19,383	20,106	10,163	Apr-05	1997	9, 10, 16 & 40
Industrial	Brookshire, TX	—	2,388	16,614	19,002	583	Mar-15	1999/2001	5, 20 & 25



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LEXINGTON REALTY TRUST AND CONSOLIDATED SUBSIDIARIES

Real Estate and Accumulated Depreciation and Amortization

Schedule III (\$000) - continued

Description	Location	Encumbrances	Land and Land Estates	Buildings and Improvements	Total	Accumulated Depreciation and Amortization	Date Acquired	Date Constructed	Useful life computing depreciation in latest income statement (years)
Industrial	Houston, TX	—	4,674	19,540	24,214	1,603	Mar-15	1962	5, 10 & 20
Industrial	Waxahachie, TX	—	652	13,045	13,697	9,926	Dec-03	1996/2001	10, 16 & 40
Industrial	Winchester, VA	—	3,823	12,276	16,099	3,396	Jun-07	2001	4 & 40
Industrial	Bingen, WA	—	—	18,075	18,075	1,475	May-14	2014	10, 13 & 40
Industrial	Richland, WA	110,000	1,293	126,947	128,240	876	Nov-15	2015	10, 20 & 25
Industrial	Oak Creek, WI	—	3,015	15,300	18,315	287	Jul-15	2015	10,20, & 25
Land/Infrastructure	Venice, FL	—	4,696	11,753	16,449	2,123	Jan-15	1995	5 & 12
Land/Infrastructure	Clive, IA	—	371	—	371	—	Jun-04	N/A	N/A
Land/Infrastructure	Baltimore, MD	—	4,605	—	4,605	—	Dec-06	N/A	N/A
Land/Infrastructure	Baltimore, MD	—	5,000	—	5,000	—	Dec-15	N/A	N/A
Land/Infrastructure	New York, NY	(1) —	65,218	—	65,218	—	Oct-13	N/A	N/A
Land/Infrastructure	New York, NY	(1) 213,301	73,148	—	73,148	—	Oct-13	N/A	N/A
Land/Infrastructure	New York, NY	(1) —	86,569	—	86,569	—	Oct-13	N/A	N/A
Land/Infrastructure	New York, NY	29,193	22,000	—	22,000	—	Oct-14	N/A	N/A
Land/Infrastructure	Houston, TX	—	15,055	57,949	73,004	4,960	Mar-13	Various	11, 12, 16 & 35
Land/Infrastructure	Missouri City, TX	—	14,555	5,895	20,450	3,088	Apr-12	N/A	7
Land/Infrastructure	Danville, VA	—	3,454	—	3,454	—	Oct-13	N/A	N/A
Multi-tenanted	Phoenix, AZ	—	1,831	15,211	17,042	3,502	Nov-01	1981/2009	5 - 40
Multi-tenanted	Palm Beach Gardens, FL	—	4,066	21,638	25,704	7,527	May-98	1996	5 - 40
Multi-tenanted	Honolulu, HI	—	8,259	7,363	15,622	1,759	Dec-06	1979/2002	2, 5 & 40
Multi-tenanted	Westmont, IL	—	7,812	1,178	8,990	24	Jul-15	1988	25
Multi-tenanted	Foxboro, MA	—	2,231	25,662	27,893	14,355	Dec-04	1982/1987	1, 16 & 40

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Multi-tenanted	Southfield, MI	—	—	15,434	15,434	7,840	Jul-04	1966/1982	7, 16, 25 & 40
Multi-tenanted	Bridgeton, MO	—	603	1,271	1,874	51	Dec-06	1981	3 & 32
Multi-tenanted	Bridgewater, NJ	(2) 14,118	1,415	6,802	8,217	438	Dec-06	1985/2004	8, 15 & 40
Multi-tenanted	Canonsburg, PA	—	1,705	10,910	12,615	4,189	May-07	1996	8 & 40
Multi-tenanted	Florence, SC	—	3,235	13,141	16,376	4,540	May-04	1998	10, 15, 20 & 40
Multi-tenanted	Antioch, TN	—	3,847	12,569	16,416	1,840	May-07	1999	5 - 40
Multi-tenanted	Arlington, TX	—	589	6,382	6,971	830	Sep-12	2003	1, 12 & 40
Retail/Specialty	Manteca, CA	834	2,082	6,464	8,546	1,680	May-07	1993	23 & 40
Retail/Specialty	San Diego, CA	532	—	13,310	13,310	2,961	May-07	1993	23 & 40
Retail/Specialty	Albany, GA	—	1,468	5,137	6,605	344	Oct-13	2013	15 & 40
Retail/Specialty	Atlanta, GA	—	1,014	269	1,283	297	Dec-06	1972	40
Retail/Specialty	Atlanta, GA	—	870	187	1,057	242	Dec-06	1975	40
Retail/Specialty	Chamblee, GA	—	770	186	956	237	Dec-06	1972	40
Retail/Specialty	Cumming, GA	—	1,558	1,368	2,926	666	Dec-06	1968/1982	40
Retail/Specialty	Forest Park, GA	—	668	1,242	1,910	446	Dec-06	1969	40
Retail/Specialty	Jonesboro, GA	—	778	146	924	213	Dec-06	1971	40
Retail/Specialty	Stone Mountain, GA	—	672	276	948	219	Dec-06	1973	40
Retail/Specialty	Galesburg, IL	468	560	2,366	2,926	714	May-07	1992	12 & 40
Retail/Specialty	Lawrence, IN	—	404	1,737	2,141	399	Dec-06	1983	40
Retail/Specialty	Jefferson, NC	—	71	884	955	230	Dec-06	1981	40
Retail/Specialty	Lexington, NC	—	832	1,429	2,261	322	Dec-06	1981	40
Retail/Specialty	Thomasville, NC	—	208	561	769	73	Dec-06	1993	40
Retail/Specialty	Vineland, NJ	—	2,698	12,790	15,488	505	Oct-14	2003	3, 28 & 40
Retail/Specialty	Portchester, NY	—	3,841	5,246	9,087	869	Dec-06	1982	40
Retail/Specialty	Watertown, NY	785	386	5,162	5,548	1,414	May-07	1993	23 & 40
Retail/Specialty	Canton, OH	—	884	3,534	4,418	1,248	Nov-01	1995	40
Retail/Specialty	Franklin, OH	—	213	262	475	6	Dec-06	1961/1978	24 & 32
Retail/Specialty	Lorain, OH	1,181	1,893	7,024	8,917	1,827	May-07	1993	23 & 40
Retail/Specialty	Lawton, OK	—	663	1,288	1,951	441	Dec-06	1984	40

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Retail/Specialty	Oklahoma City, OK	—	1,782	912	2,694	448	Sep-12	1991/1996	5 & 13
Retail/Specialty	Tulsa, OK	—	445	2,433	2,878	2,405	Dec-96	1981	14 & 24
Retail/Specialty	Chattanooga, TN	—	487	956	1,443	121	Dec-06	1983/1995	40
Retail/Specialty	Paris, TN	—	247	547	794	180	Dec-06	1982	40
Retail/Specialty	Staunton, VA	—	1,028	326	1,354	97	Dec-06	1971	40

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## LEXINGTON REALTY TRUST AND CONSOLIDATED SUBSIDIARIES

## Real Estate and Accumulated Depreciation and Amortization

## Schedule III (\$000) - continued

Description	Location	Encumbrances	Land and Estates	Buildings and Improvements	Total	Accumulated Depreciation and Amortization	Date Acquired	Date Constructed	Useful life computing depreciation in latest income statement (years)
Retail/Specialty	Edmonds, WA	—	—	3,947	3,947	1,079	Dec-06	1981	40
Retail/Specialty	Fairlea, WV	551	501	1,985	2,486	490	May-07	1993/1999	12 & 40
Construction in progress		—	—	—	8,552	—			
		\$ 882,952	\$ 743,125	\$ 3,038,034	\$ 3,789,711	\$ 812,207			

(1) Properties are cross-collateralized.

(2) Loan is in default as of December 31, 2015.

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## LEXINGTON REALTY TRUST AND CONSOLIDATED SUBSIDIARIES

## Real Estate and Accumulated Depreciation and Amortization

## Schedule III (\$000) - continued

(A) The initial cost includes the purchase price paid directly or indirectly by the Company. The total cost basis of the Company's properties at December 31, 2015 for federal income tax purposes was approximately \$4.6 billion.

	2015	2014	2013
Reconciliation of real estate, at cost:			
Balance at the beginning of year	\$3,671,560	\$3,812,294	\$3,564,466
Additions during year	478,717	210,143	492,437
Properties sold during year	(332,670)	) (282,143	) (212,771
Properties impaired during the year	(11,306)	) (65,426	) (31,741
Other reclassifications	(16,590)	) (3,308	) (97
Balance at end of year	\$3,789,711	\$3,671,560	\$3,812,294
Reconciliation of accumulated depreciation and amortization:			
Balance at the beginning of year	\$795,486	\$775,617	\$738,068
Depreciation and amortization expense	124,618	119,156	122,057
Accumulated depreciation and amortization of properties sold and impaired during year	(106,268)	) (98,698	) (84,508
Other reclassifications	(1,629)	) (589	) —
Balance at end of year	\$812,207	\$795,486	\$775,617

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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

An evaluation of the effectiveness of the design and operation of our “disclosure controls and procedures” (as defined in Rule 13a-15(e) or 15d-15(e) under the Exchange Act), as of the end of the period covered by this Annual Report, was made under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer who are our Principal Executive Officer and our Principal Financial Officer, respectively. Based upon this evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that our disclosure controls and procedures (a) are effective to ensure that information required to be disclosed by us in reports filed or submitted under the Exchange Act is timely recorded, processed, summarized and reported and (b) include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting and for performing an assessment of the effectiveness of internal control over financial reporting as of December 31, 2015. Our system of internal control over financial reporting was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of published financial statements in accordance with U.S. generally accepted accounting principles. Our system of internal control over financial reporting includes policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of our management and the members of our Board of Trustees; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance that financial statements are fairly presented in accordance with U.S. generally accepted accounting principles.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2015. In assessing the effectiveness of our internal control over financial reporting, management used as guidance the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based upon the assessment performed, management has concluded that our internal control over financial reporting is effective as of December 31, 2015.

Attestation Report of our Independent Registered Public Accounting Firm

Our independent registered public accounting firm, KPMG LLP, which audited the financial statements included in this Annual Report on Form 10-K that contain the disclosure required by this Item, independently assessed the effectiveness of our internal control over financial reporting. KPMG LLP has issued an attestation report on our internal control over financial reporting, which is included in “Financial Statements and Supplementary Data” in Part II, Item 8 of this Annual Report.

Changes in Internal Control Over Financial Reporting

Management's assessment of the overall effectiveness of our internal controls over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) has historically been based on the framework set forth in the Internal Control-Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In May 2013 an updated framework was issued. We have integrated the changes prescribed by the Internal Control-Integrated Framework (2013) into our internal controls over financial reporting during fiscal year

2014. There were no other changes to our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the fourth quarter ended December 31, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

Not applicable.

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PART III.

Item 10. Directors, Executive Officers and Corporate Governance

Executive Officers of the Registrant

The following sets forth certain information relating to our executive officers:

Name	Business Experience
<p>E. Robert Roskind Age 70</p>	<p>Mr. Roskind has served as our Chairman since March 2008 and previously served as Co-Vice Chairman from December 2006 to March 2008, Chairman from October 1993 to December 2006 and Co-Chief Executive Officer from October 1993 to January 2003. He founded The LCP Group, L.P., a real estate advisory firm, in 1973 and has been its Chairman since 1976. Mr. Roskind also serves as Chairman of Crescent Hotels and Resorts and Live In America Financial Services LLC.</p>
<p>Richard J. Rouse Age 70</p>	<p>Mr. Rouse has served as our Vice Chairman since March 2008 and as our Chief Investment Officer since January 2003, and he previously served as one of our trustees from October 1993 to May 2010, our Co-Vice Chairman from December 2006 to March 2008, our President from October 1993 to April 1996 and our Co-Chief Executive Officer from October 1993 to January 2003.</p>
<p>T. Wilson Eglin Age 51</p>	<p>Mr. Eglin has served as our Chief Executive Officer since January 2003, our President since April 1996 and as a trustee since May 1994. He served as one of our Executive Vice Presidents from October 1993 to April 1996 and our Chief Operating Officer from October 1993 to December 2010.</p>
<p>Patrick Carroll Age 52</p>	<p>Mr. Carroll has served as our Chief Financial Officer since May 1998, our Treasurer since January 1999 and one of our Executive Vice Presidents since January 2003. Prior to joining us, Mr. Carroll was, from 1986 to 1998, in the real estate practice of Coopers &amp; Lybrand L.L.P., a public accounting firm that was one of the predecessors of PricewaterhouseCoopers LLP.</p>
<p>Joseph S. Bonventre Age 40</p>	<p>Mr. Bonventre has served as our General Counsel since 2004, one of our Executive Vice Presidents since 2008 and our Secretary since 2014. Prior to joining us in September 2004, Mr. Bonventre was an associate in the corporate department of the law firm now known as Paul Hastings LLP. Mr. Bonventre is admitted to practice law in the State of New York.</p>
<p>Beth Boulерice Age 51</p>	<p>Ms. Boulерice has served as our Chief Accounting Officer since January 2011 and one of our Executive Vice Presidents since January 2013. Prior to joining us in January 2007, Ms. Boulерice was employed by First Winthrop Corporation and was the Chief Accounting Officer of Newkirk Realty Trust. Ms. Boulерice is a Certified Public Accountant.</p>

The information relating to our Code of Business Conduct and Ethics, is included in Part I, Item 1 of this Annual Report. The information relating to our trustees, including the audit committee of our Board of Trustees and our Audit Committee financial expert, and certain information relating to our executive officers, trustees and trustee independence will be in our Definitive Proxy Statement for our 2016 Annual Meeting of Shareholders, which we refer to as our Proxy Statement, and is incorporated herein by reference.

Item 11. Executive Compensation

The information required to be furnished pursuant to this item will be set forth under the appropriate captions in the Proxy Statement, and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required to be furnished pursuant to this item will be set forth under the appropriate captions in the Proxy Statement, and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required to be furnished pursuant to this item will be set forth under the appropriate captions in the Proxy Statement, and is incorporated herein by reference. In addition, certain information regarding related party transactions is set forth in note 17 to the Consolidated Financial Statements in “Financial Statements and Supplementary Data” in Part II, Item 8 of this Annual Report.

Item 14. Principal Accounting Fees and Services

The information required to be furnished pursuant to this item will be set forth under the appropriate captions in the Proxy Statement, and is incorporated herein by reference.

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## Item 15. Exhibits, Financial Statement Schedules

		Page
(a)(1) Financial Statements		<u>58</u>
(2) Financial Statement Schedule		<u>93</u>
(3) Exhibits		<u>102</u>
Exhibit No.	Description	
3.1	— Articles of Merger and Amended and Restated Declaration of Trust of the Company, dated December 31, 2006 (filed as Exhibit 3.1 to the Company’s Current Report on Form 8-K filed January 8, 2007 (the “01/08/07 8-K”))(1)	
3.2	— Articles Supplementary Relating to the Reclassification of 8.05% Series B Cumulative Redeemable Preferred Stock, par value \$0.0001 per share, and 7.55% Series D Cumulative Redeemable Preferred Stock, par value \$0.0001 per share (filed as Exhibit 3.4 to the Company's Current Report on Form 8-K filed November 21, 2013)(1)	
3.3	— Amended and Restated By-laws of the Company (filed as Exhibit 3.2 to the 01/08/07 8-K)(1)	
3.4	— First Amendment to Amended and Restated By-laws of the Company (filed as Exhibit 3.1 to the Company’s Current Report on Form 8-K filed November 20, 2009)(1)	
3.5	— Agreement and Plan of Merger dated as of December 23, 2013, by and among Lepercq Corporate Income Fund L.P. (“LCIF”) and Lepercq Corporate Income Fund II L.P. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 24, 2013)(1)	
3.6	— Sixth Amended and Restated Agreement of Limited Partnership of LCIF, dated as of December 30, 2013 (filed as Exhibit 3.25 to the Company's Annual Report on Form 10-K for the year ended December 31, 2013)(1)	
4.1	— Specimen of Common Shares Certificate of the Company (filed as Exhibit 4.1 to the Company’s Annual Report on Form 10-K for the year ended December 31, 2006)(1)	
4.2	— Form of 6.50% Series C Cumulative Convertible Preferred Stock certificate (filed as Exhibit 4.1 to the Company’s Registration Statement on Form 8A filed December 8, 2004)(1)	
4.3	— Indenture, dated as of January 29, 2007, among the Company (as successor by merger), the other guarantors named therein and U.S. Bank National Association, as trustee (“U.S. Bank”) (filed as Exhibit 4.1 to the Company’s Current Report on Form 8-K filed January 29, 2007)(1)	
4.4	— Amended and Restated Trust Agreement, dated March 21, 2007, among the Company, The Bank of New York Trust Company, National Association (“BONY”), The Bank of New York (Delaware), the Administrative Trustees (as named therein) and the several holders of the Preferred Securities from time to time (filed as Exhibit 4.1 to the Company’s Current Report on Form 8-K filed on March 27, 2007 (the “03/27/07 8-K”))(1)	
4.5	— Junior Subordinated Indenture, dated as of March 21, 2007, between the Company and BONY (filed as Exhibit 4.2 to the 03/27/07 8-K)(1)	
4.6	— Fourth Supplemental Indenture, dated as of December 31, 2008, among the Company, the other guarantors named therein and U.S. Bank, as trustee (filed as Exhibit 4.1 to the Company’s Current Report on Form 8-K filed on January 2, 2009 (the “01/02/09 8-K”))(1)	
4.7	— Fifth Supplemental Indenture, dated as of June 9, 2009, among the Company (as successor to the MLP), the other guarantors named therein and U.S. Bank, as trustee (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on June 15, 2009)(1)	
4.8	— Sixth Supplemental Indenture, dated as of January 26, 2010 among the Company, the guarantors named therein and U.S. Bank, as trustee, including the Form of 6.00% Convertible Guaranteed Notes due 2030 (filed as Exhibit 4.1 to the Company’s Current Report on Form 8-K filed January 26, 2010)(1)	

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- 4.9 — Seventh Supplemental Indenture, dated as of September 28, 2012, among the Company, certain subsidiaries of the Company signatories thereto, and U.S. Bank National Association, as trustee (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on October 3, 2012)(1)
- 4.10 — Eight Supplemental Indenture, dated as of February 13, 2013, among the Company, certain subsidiaries of the Company signatories thereto, and U.S. Bank, as trustee (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on February 13, 2013 (the "02/13/13 8-K"))(1)
- 4.11 — Ninth Supplemental Indenture, dated as of May 6, 2013, among the Company, certain subsidiaries of the Company signatories thereto, and U.S. Bank, as trustee (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on May 8, 2013)(1)

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4.12	—	Tenth Supplemental Indenture, dated as of June 10, 2013, among the Company, certain subsidiaries of the Company signatories thereto, and U.S. Bank, as trustee (filed as Exhibit 4.3 to the Company's Current Report on Form 8-K filed on June 13, 2013 (the "06/13/13 8-K"))(1)
4.13	—	Tenth Supplemental Indenture, dated as of September 30, 2013, among the Company, certain subsidiaries of the Company signatories thereto, and U.S. Bank, as trustee (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on October 3, 2013)(the "10/3/13 8-K"))(1)
4.14	—	Indenture, dated as of June 10, 2013, among the Company, certain subsidiaries of the Company signatories thereto, and U.S. Bank, as trustee (filed as Exhibit 4.1 to the 06/13/13 8-K)(1)
4.15	—	First Supplemental Indenture, dated as of September 30, 2013, among the Company, certain subsidiaries of the Company signatories thereto, and U.S. Bank, as trustee (filed as Exhibit 4.2 to the 10/3/13 8-K)(1)
4.16	—	Indenture, dated as of May 9, 2014, among the Company, LCIF and U.S. Bank, as trustee (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed May 13, 2014)(1)
4.17	—	First Supplemental Indenture, dated as of May 20, 2014 among the Company, LCIF and U.S. Bank, as trustee (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed May 20, 2014)(1)
10.1	—	1994 Employee Stock Purchase Plan (filed as Exhibit D to the Company's Definitive Proxy Statement dated April 12, 1994)(1, 4)
10.2	—	The Company's 2011 Equity-Based Award Plan (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K/A filed June 22, 2011)(1, 4)
10.3	—	Form of Compensation Agreement (Long-Term Compensation) between the Company and each of the following officers: Richard J. Rouse and Patrick Carroll (filed as Exhibit 10.15 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004, filed on March 16, 2005 (the "2004 10-K"))(1, 4)
10.4	—	Form of Compensation Agreement (Bonus and Long-Term Compensation) between the Company and each of the following officers: E. Robert Roskind and T. Wilson Eglin (filed as Exhibit 10.16 to the 2004 10-K)(1, 4)
10.5	—	Form of Share Option Award Agreement (filed as Exhibit 10.3 to the Company's Current Report on Form 8-K/A filed on November 24, 2010 (the "11/24/10 8-K/A"))(1, 4)
10.6	—	Form of 2010 Share Option Award Agreement (filed as Exhibit 10.2 to the 11/24/10 8-K/A)(1, 4)
10.7	—	Form of December 2010 Share Option Award Agreement (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed January 6, 2011)(1, 4)
10.8	—	Amended and Restated Rabbi Trust Agreement, originally dated January 26, 1999 (filed as Exhibit 10.2 to the 01/02/09 8-K)(1, 4)
10.9	—	Form of 2011 Nonvested Share Agreement (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 6, 2012)(1, 4)
10.10	—	Form of Nonvested Share Agreement (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 26, 2012)(1, 4)
10.11	—	Employment Agreement, dated as of January 15, 2012, between the Company and E. Robert Roskind (filed as Exhibit 10.10 to the Company's Annual Report on Form 10-K for the year ended December 31, 2011 (the "2011 10-K"))(1, 4)
10.12	—	Employment Agreement, dated as of January 15, 2012, between the Company and T. Wilson Eglin (filed as Exhibit 10.11 to the 2011 10-K)(1, 4)
10.13	—	Employment Agreement, dated as of January 15, 2012, between the Company and Richard J. Rouse (filed as Exhibit 10.12 to the 2011 10-K)(1, 4)
10.14	—	Employment Agreement, dated as of January 15, 2012, between the Company and Patrick Carroll (filed as Exhibit 10.13 to the 2011 10-K)(1, 4)
10.15	—	

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Employment Agreement, dated as of September 11, 2014 and effective as of January 15, 2015, between the Company and T. Wilson Eglin (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014 filed November 7, 2014 (the "09/30/14 10-Q"))(1, 4)

10.16 — Employment Agreement, dated as of September 11, 2014 and effective as of January 15, 2015, between the Company and E. Robert Roskind (filed as Exhibit 10.2 to the 09/30/14 10-Q)(1, 4)

10.17 — Employment Agreement, dated as of September 11, 2014 and effective as of January 15, 2015, between the Company and Richard J. Rouse (filed as Exhibit 10.3 to the 09/30/14 10-Q)(1, 4)

10.18 — Employment Agreement, dated as of September 11, 2014 and effective as of January 15, 2015, between the Company and Patrick Carroll (filed as Exhibit 10.4 to the 09/30/14 10-Q)(1, 4)

10.19 — Long-Term Nonvested Share Agreement dated as of January 12, 2012, between the Company and T. Wilson Eglin (filed as Exhibit 10.14 to the 2011 10-K)(1, 4)

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10.20	—	Form of Long-Term Retention Nonvested Share Agreement (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 11, 2013)(1, 4))
10.21	—	Form of 2015 Nonvested Share Agreement (Performance and Service) (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed January 9, 2015)(1, 4)
10.22	—	Form of Amended and Restated Indemnification Agreement between the Company and certain officers and trustees (filed as Exhibit 10.20 to the Company's Quarterly Report Form 10-Q for the quarter ended September 30, 2008)(1)
10.23	—	Second Amended and Restated Credit Agreement, dated as of February 12, 2013 among the Company and LCIF as borrowers, KeyBank National Association ("Key"), as agent, and each of the financial institutions initially a signatory thereto (filed as Exhibit 10.1 to the 02/13/13 8-K)(1)
10.24	—	Amended and Restated Term Loan Agreement, dated as of February 13, 2013 among the Company and LCIF, as borrowers, Wells Fargo Bank, National Association ("Wells"), as agent, and each of the financial institutions initially a signatory thereto (filed as Exhibit 10.2 to the 02/13/13 8-K)(1)
10.25	—	Funding Agreement, dated as of July 23, 2006, by and between LCIF and the Company (filed as Exhibit 99.4 to the Company's Current Report on Form 8-K filed on July 24, 2006)(1)
10.26	—	Letter Agreement among the Company (as successor by merger), Apollo Real Estate Investment Fund III, L.P., NKT Advisors LLC, Vornado Realty Trust, VNK Corp., Vornado Newkirk LLC, Vornado MLP GP LLC and WEM-Brynmawr Associates LLC (filed as Exhibit 10.15 to Amendment No. 5 to Newkirk Registration Statement on Form S-11/A filed October 28, 2005 ("Amendment No. 5 to NKT's S-11"))(1)
10.27	—	Amendment to the Letter Agreement among the Company (as successor by merger), Apollo Real Estate Investment Fund III, L.P., NKT Advisors LLC, Vornado Realty Trust, Vornado Realty L.P., VNK Corp., Vornado Newkirk LLC, Vornado MLP GP LLC, and WEM-Brynmawr Associates LLC (filed as Exhibit 10.25 to Amendment No. 5 to NKT's S-11)(1)
10.28	—	Second Amended and Restated Ownership Limit Waiver Agreement (Vornado), dated as of December 6, 2010, between the Company and Vornado Realty, L.P. (together with certain affiliates) (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 6, 2010)(1)
10.29	—	First Amendment to Second Amended and Restated Credit Agreement, dated as of September 30, 2013, among the Company and LCIF, as borrowers, Key, as agent, and each of the financial institutions signatory thereto (filed as Exhibit 10.1 to the 10/3/13 8-K)(1)
10.30	—	First Amendment to Amended and Restated Term Loan Agreement, dated as of September 30, 2013, among the Company and LCIF, as borrowers, Wells, as agent, and each of the financial institutions signatory thereto (filed as Exhibit 10.2 to the 10/3/13 8-K)(1)
10.31	—	Second Amendment to Second Amended and Restated Credit Agreement, dated as of December 30, 2013, among the Company and LCIF, as borrowers, Key, as agent, and each of the financial institutions signatory thereto (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed January 6, 2014 (the "01/06/14" 8-K))(1)
10.32	—	Second Amendment to Amended and Restated Term Loan Agreement, dated as of December 30, 2013, among the Company and LCIF, as borrowers, Wells, as agent, and each of the financial institutions signatory thereto (filed as Exhibit 10.2 to the 01/06/14 8-K)(1)
10.33	—	Third Amendment to Second Amended and Restated Credit Agreement, dated as of March 28, 2014, among the Company and LCIF, as borrowers, Key, as agent, and each of the financial institutions signatory thereto (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed March 28, 2014 (the "03/28/14 8-K"))(1)
10.34	—	Third Amendment to Amended and Restated Term Loan Agreement, dated as of March 28, 2014, among the Company and LCIF, as borrowers, Wells, as agent, and each of the financial

- 10.35 — institutions signatory thereto (filed as Exhibit 10.2 to the 03/28/14 8-K)(1)  
Fourth Amendment to Second Amended and Restated Credit Agreement, dated as of July 2, 2015, among the Company and LCIF, as borrowers, Key, as agent, and each of the financial institutions signatory thereto (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed July 2, 2015 (the "07/02/15 8-K"))(1)
- 10.36 — Fourth Amendment to Amended and Restated Term Loan Agreement, dated as of July 2, 2015, among the Company and LCIF, as borrowers, Wells, as agent, and each of the financial institutions signatory thereto (filed as Exhibit 10.2 to the 07/02/15 8-K)(1)
- 10.37 — Credit Agreement, dated as of September 1, 2015, among the Company and LCIF, as borrowers, each of the financial institutions initially a signatory thereto together with their assignees pursuant to 12.5 therein, and Key, as agent (filed as Exhibit 10.1 to the Company's Current Report of Form 8-K filed on September 1, 2015)(1)

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10.38	—	Ownership Limitation Waiver Agreement (BlackRock), dated as of November 18, 2010 (filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on November 24, 2010 (the “11/24/10 8-K”)(1)
10.39	—	First Amendment to Ownership Limitation Waiver Agreement (BlackRock), dated April 25, 2014 (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 29, 2014)(1)
10.40	—	Ownership Limitation Waiver Agreement (Cohen & Steers), dated as of November 18, 2010 (filed as Exhibit 10.2 to the 11/24/10 8-K)(1)
10.41	—	First Amendment to Ownership Limitation Waiver Agreement (Cohen & Steers), dated as of April 19, 2011 (filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on April 25, 2011)(1)
10.42	—	Amended and Restated Registration Rights Agreement, dated as of November 3, 2008, between the Company and Vornado Realty, L.P. and Vornado LXP LLC (filed as Exhibit 10.3 to the Company's Current Report of Form 8-K filed on November 6, 2008)(1)
10.43	—	Equity Distribution Agreement, dated as of January 11, 2013, among the Company and LCIF, on the one hand, and Jefferies & Company, Inc., on the other hand (filed as Exhibit 1.1 to the Company's Current Report on Form 8-K filed on January 14, 2013 (the “01/14/13 8-K”)(1)
10.44	—	Equity Distribution Agreement, dated as of January 11, 2013, among the Company and LCIF, on the one hand, and KeyBanc Capital Markets Inc., on the other hand (filed as Exhibit 1.2 to the 01/14/13 8-K)(1)
12	—	Statement of Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Dividends (2)
14	—	Amended and Restated Code of Business Conduct and Ethics (filed as Exhibit 14.1 to the Company's Current Report on Form 8-K filed on December 8, 2010)(1)
21	—	List of subsidiaries (2)
23	—	Consent of KPMG LLP (2)
24	—	Power of Attorney (included on signature page)
31.1	—	Certification of Chief Executive Officer pursuant to rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (2)
31.2	—	Certification of Chief Financial Officer pursuant to rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (2)
32.1	—	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (3)
32.2	—	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (3)
101.INS	—	XBRL Instance Document (2, 5)
101.SCH	—	XBRL Taxonomy Extension Schema (2, 5)
101.CAL	—	XBRL Taxonomy Extension Calculation Linkbase (2, 5)
101.DEF	—	XBRL Taxonomy Extension Definition Linkbase Document (2, 5)
101.LAB	—	XBRL Taxonomy Extension Label Linkbase Document (2, 5)
101.PRE	—	XBRL Taxonomy Extension Presentation Linkbase Document (2, 5)

(1) Incorporated by reference.

(2) Filed herewith.

This exhibit shall not be deemed “filed” for purposes of Section 11 or 12 of the Securities Act of 1933, as amended (the “Securities Act”), or Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or (3) otherwise subject to the liabilities of those sections, and shall not be part of any registration statement to which it may relate, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act or the Exchange Act, except as set forth by specific reference in such filing or document.

(4) Management contract or compensatory plan or arrangement.

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Attached as Exhibit 101 to this Annual Report on Form 10-K are the following materials, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Balance Sheets at December 31, 2015 and 2014; (ii) the Consolidated Statements of Operations for the years ended December 31, 2015, 2014 and 2013; (iii) the (5) Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2015, 2014 and 2013; (iv) the Consolidated Statements of Changes in Equity for the years ended December 31, 2015, 2014 and 2013; (v) the Consolidated Statements of Cash Flows for the years ended December 31, 2015, 2014 and 2013; and (vi) Notes to Consolidated Financial Statements, detailed tagged.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Lexington Realty Trust

Dated: February 25, 2016

By: /s/ T. Wilson Eglin  
T. Wilson Eglin  
Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints T. Wilson Eglin and Patrick Carroll, and each of them severally, his true and lawful attorney-in-fact with power of substitution and resubstitution to sign in his name, place and stead, in any and all capacities, to do any and all things and execute any and all instruments that such attorney may deem necessary or advisable under the Securities Exchange Act of 1934 and any rules, regulations and requirements of the U.S. Securities and Exchange Commission in connection with this Annual Report on Form 10-K and any and all amendments hereto, as fully for all intents and purposes as he might or could do in person, and hereby ratifies and confirms all said attorneys-in-fact and agents, each acting alone, and his substitute or substitutes, may lawfully do or cause to be done by virtue hereof. Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature	Title
/s/ E. Robert Roskind E. Robert Roskind	Chairman
/s/ Richard J. Rouse Richard J. Rouse	Vice Chairman, Chief Investment Officer and Trustee
/s/ T. Wilson Eglin T. Wilson Eglin	Chief Executive Officer, President and Trustee (principal executive officer)
/s/ Patrick Carroll Patrick Carroll	Chief Financial Officer, Executive Vice President and Treasurer (principal financial officer)
/s/ Beth Boulerice Beth Boulerice	Executive Vice President and Chief Accounting Officer (principal accounting officer)
/s/ Harold First Harold First	Trustee
/s/ Richard S. Frary Richard S. Frary	Trustee
/s/ Lawrence L. Gray	Trustee

Lawrence L. Gray

/s/ Claire A. Koeneman  
Claire A. Koeneman

Trustee

/s/ Kevin W. Lynch  
Kevin W. Lynch  
Each dated: February 25, 2016

Trustee

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