LEXINGTON REALTY TRUST
Form 424B5
October 11, 2012

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-183645

Title of each class of securities to be registered	Amount to be registered(1)	Proposed maximum offering price per share	Proposed maximum aggregate offering price	Amount of registration fee(2)
Shares of beneficial interest classified as common stock, par value $0.0001 per share	17,250,000	$9.45	$163,012,500	$22,234.91

(1) Includes up to 2,250,000 shares of beneficial interest classified as common stock, par value $0.0001 per share (“common shares”), that may be purchased by the underwriters pursuant to their option to purchase additional common shares to cover over-allotments, if any.

(2) Calculated in accordance with Rule 456(b) and Rule 457(r) of the Securities Act of 1933, as amended. This “Calculation of Registration Fee” table shall be deemed to update the “Calculation of Registration Fee” table in the registrant's registration statement on Form S-3 filed with the Securities and Exchange Commission on August 30, 2012 (File No. 333-183645).

PROSPECTUS SUPPLEMENT
(to prospectus dated August 30, 2012)
15,000,000 Shares
of Beneficial Interest Classified as Common Stock

This is an offering of 15,000,000 shares of beneficial interest classified as common stock, par value $0.0001 per share, of Lexington Realty Trust, which we refer to as common shares.

Our common shares trade on the New York Stock Exchange under the symbol "LXP." On October 9, 2012, the last reported sale price of our common shares as reported on the New York Stock Exchange was $9.81 per share.

Investing in our common shares involves risks. See "Risk Factors" beginning on page S-8 of this prospectus supplement and the sections entitled "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2011 and in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, which are incorporated by reference into this prospectus supplement.

	Per Share	Total
Public offering price	$9.45	$141,750,000
Underwriting discounts and commissions	$0.378	$5,670,000
Proceeds, before expenses, to Lexington Realty Trust	$9.072	$136,080,000

We have granted the underwriters an option to purchase up to an additional 2,250,000 common shares from us, at the public offering price, less the underwriting discount, within 30 days after the date of this prospectus supplement to cover over-allotments, if any.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The common shares will be ready for delivery on or about October 15, 2012.

Joint Book-Running Managers

Wells Fargo Securities   BofA Merrill Lynch   Jefferies   KeyBanc Capital Markets

Lead Manager

Barclays

Co-Managers

RBC Capital Markets   Stifel Nicolaus Weisel

This Prospectus Supplement is dated October 10, 2012.

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ABOUT THIS PROSPECTUS SUPPLEMENT

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

This document consists of two parts. The first part is this prospectus supplement, which describes specific terms of this offering of our common shares and adds to, updates and changes information contained in the accompanying prospectus and the documents incorporated by reference into the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information, some of which may not apply to this offering of common shares. To the extent the information contained in this prospectus supplement differs or varies from the information contained in the accompanying prospectus or any document incorporated by reference, the information in this prospectus supplement shall control. You should read both this prospectus supplement and the accompanying prospectus, as well as the additional materials described under the caption “Where You Can Find More Information” in the accompanying prospectus, before investing in our common shares.

All references to the “Company,” “we,” “our” and “us” in this prospectus supplement means Lexington Realty Trust and all entities owned or controlled by us except where it is made clear that the term means only the parent company. All references to “the operating partnerships” in this prospectus supplement mean, individually and collectively, Lepercq Corporate Income Fund L.P. and Lepercq Corporate Income Fund II L.P., which are our operating partnership subsidiaries. The term “you” refers to a prospective investor.

CAUTIONARY STATEMENTS CONCERNING FORWARD-LOOKING INFORMATION

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

- changes in economic conditions generally and the real estate market specifically;
- adverse developments with respect to our tenants;
- impairments in the value of our real estate investments;
- legislative/regulatory/accounting changes including changes to laws governing the taxation of real estate investment trusts, or REITs;
- any material legal proceedings;
- availability of debt and equity capital;
- increases in real estate construction costs;
- competition;
- interest rates;
- supply and demand for properties in our current and proposed market areas;
- policies and guidelines applicable to REITs; and

- the other factors described and referenced under the heading “Risk Factors” beginning on page S-8 of this prospectus supplement.

These risks and uncertainties should be considered in evaluating any forward-looking statements contained or incorporated by reference in this prospectus supplement. We caution you that any forward-looking statement reflects only our belief at the time the statement is made. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee our future results, levels of activity, performance or achievements. Except as required by law, we undertake no obligation to update any of the forward-looking statements to reflect events or developments after the date of this prospectus supplement.

PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information contained elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus. Because this is a summary, it does not contain all of the information that is important to you. Before making a decision to invest in our common shares, you should read carefully this entire prospectus supplement, the accompanying prospectus, any free writing prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, as provided in "Where You Can Find More Information" beginning on page S-15 of this prospectus supplement, especially the risk factors set forth in (i) our Annual Report on Form 10-K for the year ended December 31, 2011, filed with the Securities and Exchange Commission, or the Commission, on February 28, 2012, which we refer to as our Annual Report, (ii) our Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, filed with the Commission on August 8, 2012, which we refer to as our Second Quarter Quarterly Report, and (iii) the information under the caption "Risk Factors" on page S-8 of this prospectus supplement for a discussion of factors you should consider carefully before making an investment decision to purchase our common shares. Unless otherwise indicated, all financial and property information is presented as of, and for the three months ended, June 30, 2012.

The Company

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

As of the date of this prospectus supplement, we had ownership interests in approximately 225 consolidated real estate properties, located in 41 states and containing an aggregate of approximately 41.1 million square feet of space, approximately 97.5% of which was leased. Since 2001, no tenant/guarantor has represented greater than 10% of our annual base rental revenue.

In addition to our common shares, we have the following two outstanding classes of beneficial interests classified as preferred stock, which we refer to as preferred shares: (1) 6.50% Series C Cumulative Convertible Preferred Stock, par value $0.0001 per share, which we refer to as our Series C Preferred Shares and (2) 7.55% Series D Cumulative Redeemable Preferred Stock, par value $0.0001 per share, which we refer to as our Series D Preferred Shares. Our common shares, Series C Preferred Shares and Series D Preferred Shares are traded on the New York Stock Exchange, or NYSE, under the symbols "LXP", "LXPPRC" and "LXPPRD", 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 and 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 shareholders.

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

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

Business Strategy

We continue to implement strategies that we believe will provide our shareholders with dividend growth and capital appreciation. We believe that having a strong balance sheet supports these objectives. Since 2008, we have strengthened our balance sheet primarily by (1) repurchasing and retiring our debt and senior securities or by extending their maturity dates, (2) financing properties at what we believe are favorable rates and using the proceeds to retire higher rate or shorter term debt, (3) issuing equity when market conditions are favorable and (4) selling non-core and underperforming assets. We have used proceeds from non-core and underperforming assets sales and issuances of common shares primarily to repurchase or retire our debt and acquire core single-tenant commercial properties.

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Our core assets consist of general purpose, net-leased commercial assets, in well-located and growing markets or which are critical to the tenant's business, but we also own other asset types subject to long-term net-leases, such as schools and medical facilities. Education and health care are growing sectors of the U.S. economy and we have seen demand for build-to-suit transactions involving charter schools, private schools and medical facilities. A component of our business strategy includes exploring these other asset types when they are subject to long-term leases that will extend the weighted-average lease term of our portfolio. We intend to mitigate residual value risk associated with such assets by acquiring such assets through joint ventures or disposing of such assets when there is sufficient remaining lease term to generate favorable sale prices.

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

Portfolio diversification is central to our investment strategy as we seek to create and maintain an asset base that provides steady growth 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 endeavor to stay focused on enhancing operating results, improving portfolio quality, mitigating risks relating to interest rates and the real estate cycle and implementing strategies where our management skills and real estate expertise can add value. We believe that our business strategy will continue to improve our liquidity, strengthen our overall balance sheet and generate cash flow.

Re-leasing properties that are currently vacant or as leases expire at favorable effective rates is one of our primary asset management focuses. We stay in close contact with our tenants during the lease term in order to assess their current and future occupancy needs and we maintain relationships with local brokers to determine the depth of the rental market. In addition, we monitor the credit of tenants of properties to stay abreast of any material changes in quality. We monitor tenant credit quality by (1) subscribing to Standard & Poor's and Moody's Investor Services, so that we can monitor changes in the ratings of our rated tenants, (2) reviewing financial statements that are publicly available or, for private tenants, 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.

Second Quarter 2012 Transaction Summary

The following summarizes our significant transactions during the three months ended June 30, 2012.

Investments

- Contracted to lend up to $8.0 million to fund the construction of a net-leased charter school in Homestead, Florida.
- Acquired an industrial property in Missouri City, Texas for $23.0 million. The property encompasses 152 acres abutting a Union Pacific Railroad Line and is net-leased for a 20-year term.
- Closed on the acquisition of a build-to-suit industrial property for a capitalized cost of $12.9 million. The property is located in Shreveport, Louisiana and is net-leased for a 10-year term.
- Formed a joint venture, in which we have a 15.0% interest, which acquired the 100% economic interest in an inpatient rehabilitation hospital in Humble, Texas for $27.8 million. The acquisition was partially funded by a $15.3 million non-recourse mortgage with a 4.7% interest rate and maturity date in May 2017.

Dispositions

- Sold a multi-tenant office property in Long Beach, California, in which we had a 55.0% interest, to an unaffiliated third party for $69.0 million.

- Disposed of our interest in three properties and a land parcel to unaffiliated third parties for an aggregate gross sales price of $3.3 million.
- Sold all of our interest in Concord Debt Holdings LLC, which we refer to as Concord, and CDH CDO LLC, which we refer to as CDH CDO, for $7.0 million in cash.

Debt

- Financed the Transamerica Tower in Baltimore, Maryland, together with the adjacent parking garage, with a non-recourse mortgage loan in the original principal amount of $55.0 million, which bears interest at a fixed rate of 4.32% and matures in 2023.

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- Satisfied $23.6 million of non-recourse mortgage debt on two properties, which had a weighted-average interest rate of 5.9%.
- Borrowed $45.0 million on our secured term loan that expires in 2019 and swapped the LIBOR component of the rate for an all-in fixed rate of 3.5% on such borrowing.

Capital

- Redeemed, at its liquidation preference ($25.00 per share in cash) plus all accrued and unpaid dividends, all of our outstanding shares of 8.05% Series B Cumulative Redeemable Preferred Stock for an aggregate redemption cost of $69.5 million.

Leasing

- Executed 14 new and extended leases for 0.7 million square feet.

Subsequent to Quarter End Highlights

The following summarizes our significant transactions subsequent to June 30, 2012:

Investments

- Acquired Inland American (Net Lease) Sub, LLC's interest in Net Lease Strategic Assets Fund L.P., which we refer to as NLS, for $9.4 million. As a result, we now control, including through one of our operating partnership subsidiaries, 100% of NLS. At August 31, 2012, NLS had cash balances of $8.1 million and approximately $258.0 million of consolidated debt (including approximately $57.5 million of debt that is currently prepayable without penalty). As of the date of this prospectus supplement, NLS had 40 properties totaling 5.5 million square feet in 23 states, plus a 40% tenant-in-common interest in an office property.
- Entered into a build-to-suit arrangement with an $8.4 million commitment to construct a 52,000 square foot retail property in Opelika, Alabama, which will be net-leased upon completion for a 15-year term.
- Completed a 150,000 square foot build-to-suit office property in Jessup, Pennsylvania for a project cost of $24.9 million. The property is net-leased for a 15-year term.
- Closed on the acquisition of a 99,000 square foot build-to-suit office property in St. Joseph, Missouri for a capitalized cost of $17.6 million. The property is net-leased for a 15-year term.
- Entered into a build-to-suit arrangement with a $42.6 million commitment to construct a 813,000 square foot industrial property in Rantoul, Illinois, which will be net-leased upon completion for a 20-year term.
- Entered into a contract, through a joint venture in which we have a minority ownership interest, to acquire a 120,000 square foot retail property in Palm Beach Gardens, Florida for $29.8 million, which will be net-leased at closing for an approximately 15-year term. We can give no assurances that this acquisition will be consummated.
- Completed a 52,000 square foot build-to-suit retail property in Valdosta, Georgia for a project cost of approximately $8.7 million. The property is net-leased for a 15-year term.

Dispositions

- Sold our interest in Pemlex LLC for $13.2 million in connection with a restructuring of Pemlex LLC. In addition, we (1) entered into a management agreement with the purchaser that provides for a backstop guaranty to a third party who delivered a letter of credit in the amount of $2.5 million as security for "bad boy" acts under the purchaser's third-party acquisition financing and (2) agreed to deliver a replacement letter of credit, if necessary, in the amount of $2.5 million to the purchaser's lender during the term of the management agreement.
- Sold our interest in three properties to unaffiliated third parties for an aggregate gross sales price of $54.9 million.

Debt

- Borrowed an additional $58.0 million on our secured credit facility and $9.0 million on our secured term loan.
- Satisfied $88.8 million of non-recourse mortgage debt on seven properties, which had a weighted-average interest rate of 6.28%.

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Capital

- Declared a regular quarterly dividend/distribution for the quarter ended September 30, 2012, of $0.15 per common share/unit, a 20% increase from the prior quarterly rate of $0.125 per common share/unit. The dividend is payable on October 15, 2012, to common shareholders/unitholders of record as of September 28, 2012. The increase in the dividend caused a corresponding increase in the conversion rate on our 6.00% Convertible Guaranteed Notes due 2030. In addition, we declared dividends of $0.8125 per share of our Series C Preferred Shares and $0.471875 per share of our Series D Preferred Shares. The Series C Preferred Share dividend is payable on November 15, 2012 to shareholders of record as of October 31, 2012. The Series D Preferred Share dividend is payable on October 15, 2012 to shareholders of record as of September 28, 2012.

Leasing

- Executed 17 new and extended leases for 1.4 million square feet. First year cash rents on the extended leases are approximately $14.4 million compared to final year cash rents of approximately $11.0 million on such leases before extension.

Acquisition and Development Activity

Our acquisition and development activity for 2012 has consisted primarily of build-to-suit transactions whereby we (1) engage in build-to-suit transactions by hiring a developer, or providing funding to a tenant, to develop a property, or (2) provide capital to developers who are engaged in build-to-suit transactions and commit to purchase the property from developers upon completion.

During the six months ended June 30, 2012, we completed the following acquisitions and build-to-suit transactions:

Location	Property Type	Square Feet (000's)	Capitalized Cost (millions)	Date Acquired	Approximate Lease Term (Years)	Capitalized Cost per Square Foot[4]
Huntington, WV[1]	Office	69	$12.6	1Q 2012	15	$182.81
Florence, SC[2]	Office	32	5.1	1Q 2012	12	$159.18
Missouri City, TX[3]	Industrial	—	23.0	2Q 2012	20	$—
Shreveport, LA[1]	Industrial	258	12.9	2Q 2012	10	$50.19
		359	$53.6			

(1) We provided capital to the developer and committed to purchase upon completion.
(2) We hired a developer to develop this property.
(3) We acquired 152 acres from an unaffiliated third party.
(4) No leasing costs were incurred.

Subsequent to June 30, 2012, we completed the following build-to-suit transactions:

Location	Property Type	Square Feet (000's)	Capitalized Cost (millions)	Approximate Lease Term (Years)	Capitalized Cost per Square Foot
Saint Joseph, MO[1]	Office	99	$		