

LEXINGTON REALTY TRUST
Form 10-Q
May 09, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended March 31, 2014.

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 (State or other jurisdiction of incorporation or organization)	13-3717318 (I.R.S. Employer Identification No.)
One Penn Plaza – Suite 4015 New York, NY (Address of principal executive offices)	10119 (Zip Code)
(212) 692-7200 (Registrant's telephone number, including area code)	

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 Web site, 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 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 Exchange Act).
Yes No

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Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: 230,331,406 common shares of beneficial interest, par value \$0.0001 per share, as of May 6, 2014.

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WHERE YOU CAN FIND MORE INFORMATION:

We file and furnish annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission, which we refer to as the SEC. You may read and copy any materials that we file or furnish with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. We file and furnish information electronically with the SEC. The SEC maintains an Internet site that contains reports, proxy and information statements and other information regarding issuers that file or furnish electronically with the SEC. The address of the SEC's Internet site is <http://www.sec.gov>. We also maintain a web site at <http://www.lxp.com> through which you can obtain copies of documents that we file or furnish with the SEC. The contents of that web site are not incorporated by reference in or otherwise a part of this Quarterly Report on Form 10-Q or any other document that we file or furnish with the SEC.

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PART I. - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

LEXINGTON REALTY TRUST AND CONSOLIDATED SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

	March 31, 2014 (unaudited)	December 31, 2013
Assets:		
Real estate, at cost	\$3,805,066	\$3,812,294
Real estate - intangible assets	760,590	762,157
Investments in real estate under construction	79,940	74,350
	4,645,596	4,648,801
Less: accumulated depreciation and amortization	1,229,777	1,223,381
Real estate, net	3,415,819	3,425,420
Assets held for sale	36,878	—
Cash and cash equivalents	46,050	77,261
Restricted cash	20,754	19,953
Investment in and advances to non-consolidated entities	17,896	18,442
Deferred expenses, net	67,515	66,827
Loans receivable, net	120,798	99,443
Rent receivable – current	9,169	10,087
Rent receivable – deferred	28,578	19,473
Other assets	37,718	35,375
Total assets	\$3,801,175	\$3,772,281
Liabilities and Equity:		
Liabilities:		
Mortgages and notes payable	\$1,145,212	\$1,197,489
Credit facility borrowings	42,000	48,000
Term loans payable	505,000	406,000
Senior notes payable	247,768	247,707
Convertible notes payable	24,942	27,491
Trust preferred securities	129,120	129,120
Dividends payable	40,397	40,018
Liabilities held for sale	19,204	—
Accounts payable and other liabilities	33,423	39,642
Accrued interest payable	10,747	9,627
Deferred revenue - including below market leases, net	67,899	69,667
Prepaid rent	27,212	18,037
Total liabilities	2,292,924	2,232,798
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; 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, 229,727,737 and 228,663,022 shares issued and outstanding in 2014 and 2013, respectively

Additional paid-in-capital	2,726,637	2,717,787
Accumulated distributions in excess of net income	(1,339,118)	(1,300,527)
Accumulated other comprehensive income	3,927	4,439
Total shareholders' equity	1,485,485	1,515,738
Noncontrolling interests	22,766	23,745
Total equity	1,508,251	1,539,483
Total liabilities and equity	\$3,801,175	\$3,772,281

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

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

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

	Three months ended March 31,	
	2014	2013
Gross revenues:		
Rental	\$ 103,390	\$ 85,022
Advisory and incentive fees	122	174
Tenant reimbursements	8,687	7,483
Total gross revenues	112,199	92,679
Expense applicable to revenues:		
Depreciation and amortization	(41,330)	(42,337)
Property operating	(17,147)	(14,608)
General and administrative	(8,041)	(7,151)
Non-operating income	2,951	1,860
Interest and amortization expense	(24,722)	(23,223)
Debt satisfaction charges, net	(3,304)	(10,703)
Impairment charges	(16,400)	(2,413)
Income (loss) before provision for income taxes, equity in earnings of non-consolidated entities and discontinued operations	4,206	(5,896)
Provision for income taxes	(608)	(397)
Equity in earnings of non-consolidated entities	281	135
Income (loss) from continuing operations	3,879	(6,158)
Discontinued operations:		
Income from discontinued operations	244	1,133