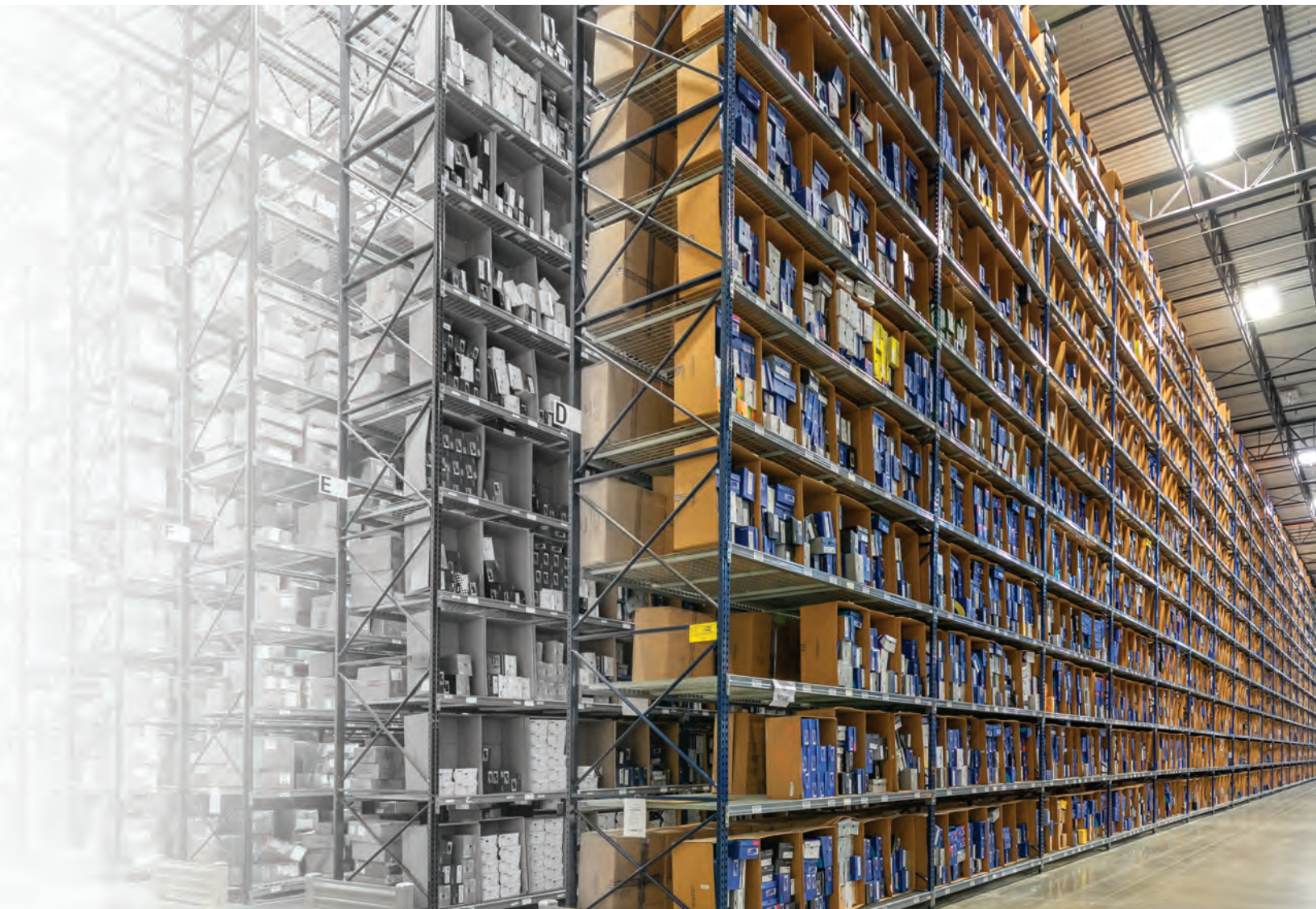


LEXINGTON REALTY TRUST





LEXINGTON REALTY TRUST

2019 ANNUAL LETTER TO SHAREHOLDERS

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COMPANY OVERVIEW

Since 1973, Lexington Realty Trust (NYSE: LXP) and its predecessors have been market leaders in the financing, development, and ownership of single-tenant commercial real estate assets across the United States. Our investment strategy is focused on owning well-located industrial assets occupied by corporate tenants.



DEAR FELLOW SHAREHOLDERS

Lexington Realty Trust (“Lexington”) has much to be proud of as we move closer to our goal of becoming a 100% single-tenant industrial REIT. We have remained purposeful and prudent during this transition, with the patient accumulation of successes rewarding our shareholders. Our efforts are focused on growing our portfolio by adding assets that we believe provide for preservation of capital, capital appreciation, income growth, consistent cash flows, and low operating costs over the long-term. We demonstrated strong execution of our business plan in 2019, with notable highlights along the way, including:

- **Enhanced Portfolio Composition** – Increased industrial exposure to 82% of overall portfolio¹
- **Strong Industrial Growth Opportunities** – Acquired \$700 million of high-quality industrial assets and invested \$18 million in development projects
- **Robust Repositioning Efforts** – Disposed of \$600 million of consolidated real estate assets
- **Proactive Asset Management** – Leased 6 million square feet and raised Base Rents by more than 7%
- **Positive Capital Markets Activity** – Raised more than \$200 million of equity
- **Flexible Balance Sheet** – Maintained low leverage of 4.9x net debt to Adjusted EBITDA
- **Purposeful Dividend Growth** – Increased annualized dividend/distribution 2.4% to \$0.42 per diluted common share
- **Focused Environmental, Social, and Governance (ESG) Initiatives** – Initiated an ESG Platform to grow with our business

¹Based on gross book value of consolidated real estate assets as of 12/31/2019.

2019 NOTABLE HIGHLIGHTS

\$704 MILLION

INDUSTRIAL PROPERTIES ACQUIRED

\$622 MILLION

PROPERTIES SOLD

\$203 MILLION

EQUITY RAISED

82%

INDUSTRIAL EXPOSURE

4.9X

NET DEBT TO ADJUSTED EBITDA

6 MILLION

SQUARE FEET LEASED

2.4%

ANNUALIZED DIVIDEND INCREASE



ENHANCED PORTFOLIO COMPOSITION

Over the last few years, we have focused entirely on the industrial sector, preferring this asset class over other property types. In just two years, we have grown our industrial assets by 65% to end 2019 with industrial exposure at approximately 82% of our total gross book value. This progression also resulted in a reclassification to an industrial REIT by the MSCI and NAREIT indices.

Our focus and hard work has enhanced the quality of our portfolio. As we have continued to add high-quality, primarily warehouse/distribution properties to our portfolio, we have increased our industrial investment grade tenancy to 46%, lowered the average industrial portfolio age to 12.6 years, and boosted our exposure in the top 50 industrial markets to 80%.

INDUSTRIAL ATTRIBUTES¹

102

NUMBER OF PROPERTIES

48.7 MILLION

TOTAL SQUARE FOOTAGE

\$182.8 MILLION

NET OPERATING INCOME²

98%

LEASED

8.3

WEIGHTED-AVERAGE LEASE TERM (YEARS)³

46%

INVESTMENT GRADE TENANCY⁴

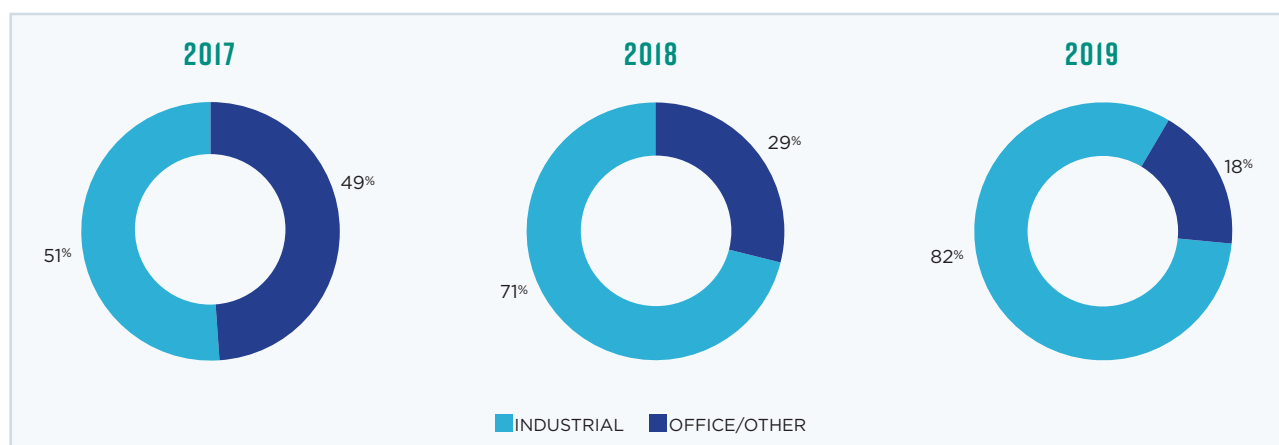
12.6 YEARS

AVERAGE AGE OF PORTFOLIO⁵

82%

OF GROSS BOOK VALUE⁶

PORTFOLIO EVOLUTION



Note: Based on gross book value of real estate assets; excludes held for sale assets.

¹ As of 12/31/2019.

² 12 month 2019 NOI for consolidated industrial properties owned as of 12/31/2019.

³ Cash basis for consolidated industrial properties owned as of 12/31/2019.

⁴ As a % of Base Rent for consolidated industrial properties owned as of 12/31/2019. Credit ratings are based upon either tenant, guarantor, or parent/ultimate parent.

⁵ As a % of square footage for all industrial properties owned as of 12/31/2019.

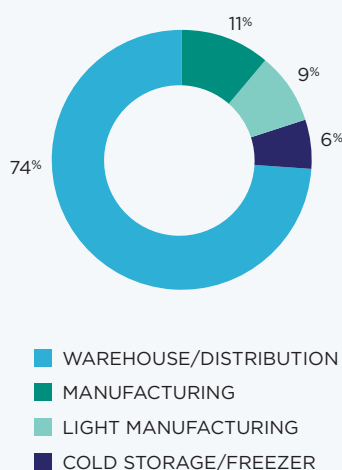
⁶ Based on gross book value of real estate assets as of 12/31/2019.

COMPELLING INDUSTRIAL OPPORTUNITIES

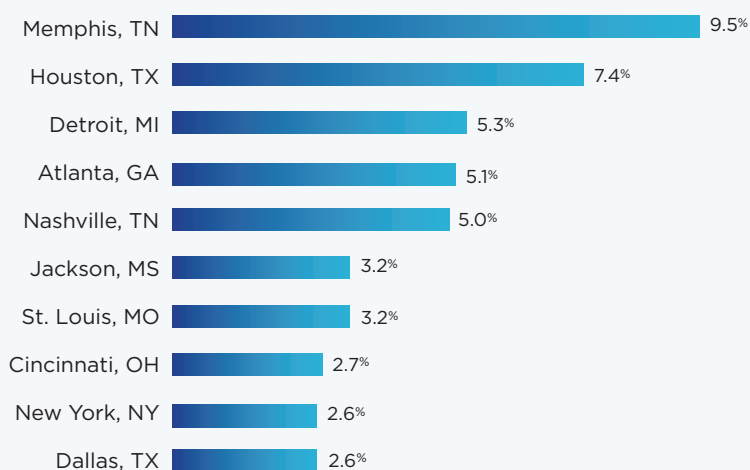
We had an active 2019, in which we purchased over \$700 million of high-quality warehouse/distribution facilities. Comprising over 10 million square feet, these assets contained a mix of large bulk distribution centers and smaller warehouse facilities. Our multi-faceted industrial strategy considers investments across various channels of growth, including

purchases, build-to-suit transactions, and more recently, development projects. We invested \$18 million in select development projects during the year, which we believe are valuable as a means to enhance returns, further diversify growth opportunities, and build a deeper presence in certain key markets.

PROPERTY TYPE¹



MARKET CONCENTRATION (BY BASE RENT%)²



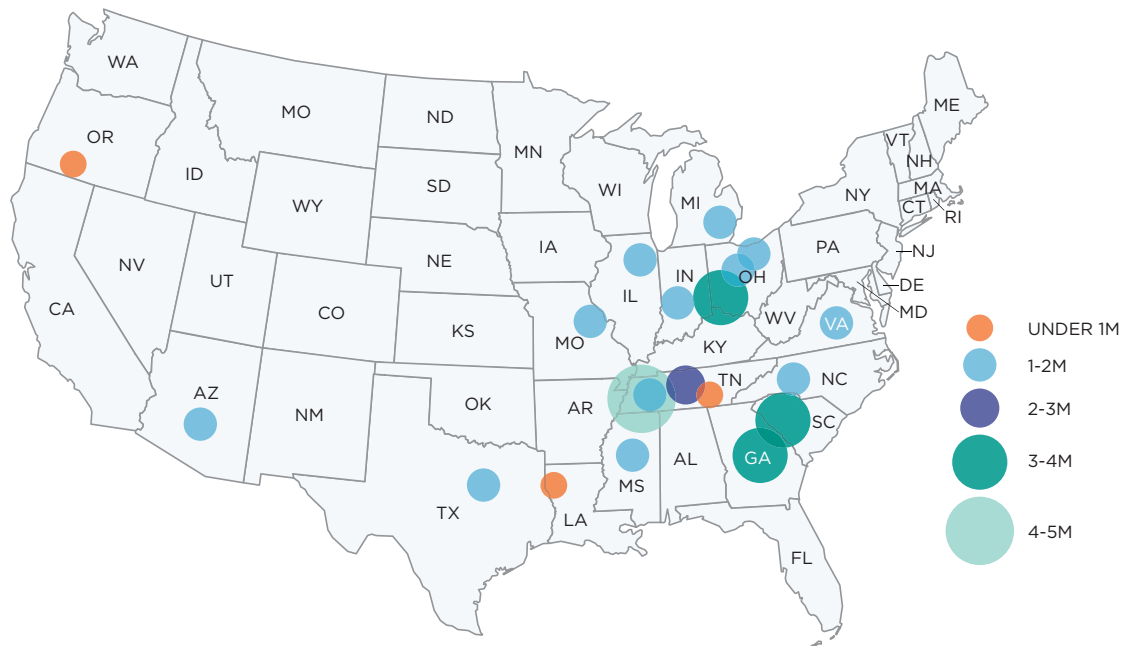
¹ As a % of Base Rent for consolidated industrial properties owned as of 12/31/2019.

² Markets based on a Core Based Statistical Area, according to the Office of Management and Budget. As a % of Base Rent for consolidated industrial properties owned as of 12/31/2019.

While the investment landscape has remained competitive, we have been pleased with our Class A industrial purchases that are well-located in strong primary and secondary submarkets. Much of our industrial portfolio is located in the South and Midwest, including submarkets of Memphis, Houston, Dallas, Detroit, Nashville, and Atlanta. We have also

added properties in certain Phoenix and Greenville/Spartanburg submarkets due to positive demand drivers, including population growth, attractive labor, and freeway access. Additional markets we've invested in include Cincinnati, Indianapolis, and Columbus, which are popular choices for e-commerce tenants.

LXP TOP 20 INDUSTRIAL MARKETS (BY SQUARE FOOTAGE)¹



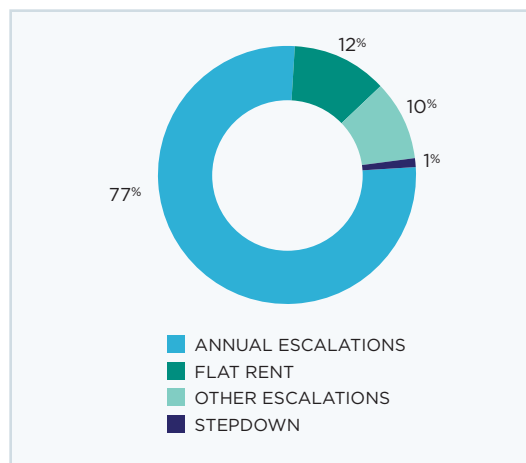
¹ Based on square footage, according to CoStar Analytics.



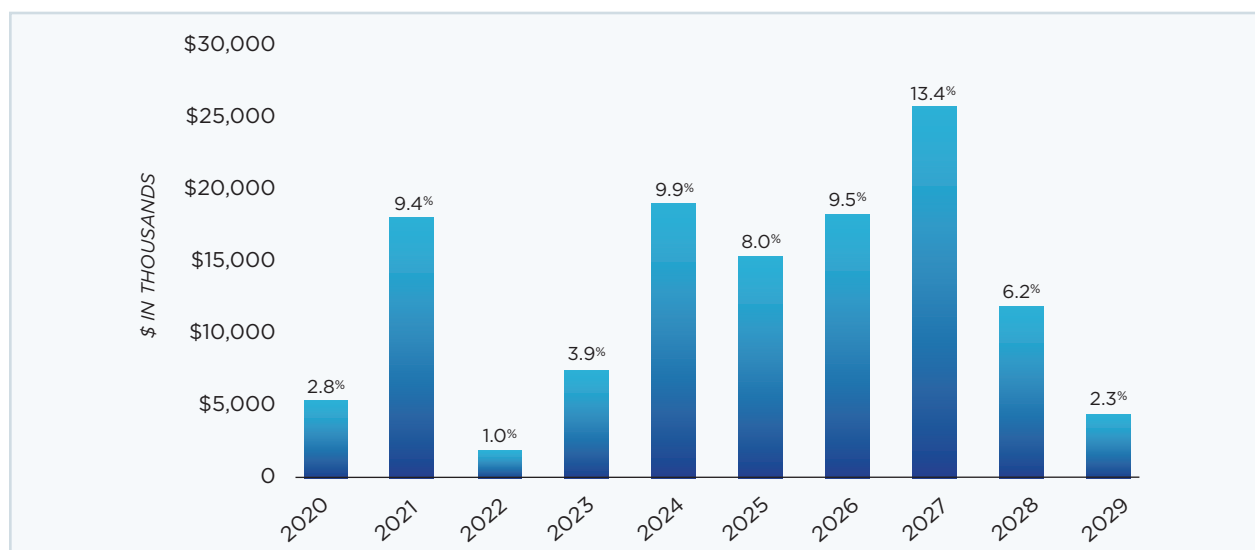
INDUSTRIAL LEASED PORTFOLIO

Our industrial portfolio was well leased at almost 98% as of year-end 2019. Additionally, industrial Base and Cash Base Rents in 2019 grew approximately 11% and 2%, respectively. Approximately 87% of our industrial portfolio has rental escalations, which we believe should ultimately lead to positive same store growth as we continue to reduce our office holdings.

INDUSTRIAL LEASE ESCALATIONS¹



INDUSTRIAL LEASE ROLLOVER SCHEDULE²



¹ Based on 12 months consolidated Cash Base Rent for single-tenant industrial leases (properties greater than 50% leased to a single tenant) owned as of 12/31/2019. Excludes rents from prior tenants.

² As a % of Base Rent for consolidated industrial properties owned as of 12/31/2019.

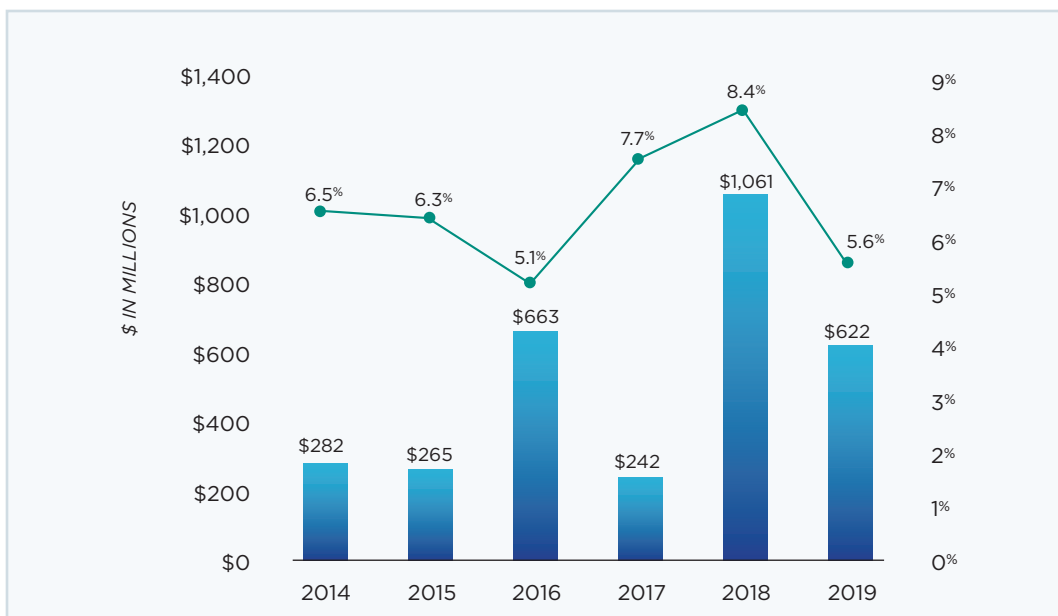


ROBUST REPOSITIONING EFFORTS

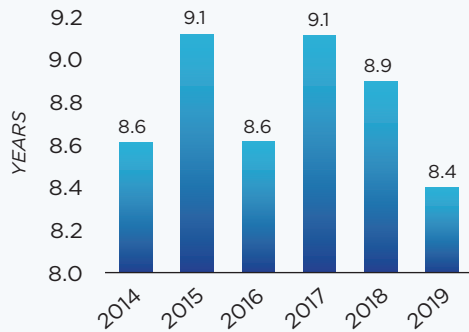
Our capital recycling efforts were productive in 2019, and we ended the year strong, disposing of more than \$600 million of consolidated properties at extremely attractive valuations. While many sales consisted of non-core office and retail properties, we had the opportunity to sell select industrial assets that yielded particularly favorable returns. Additionally, we disposed of approximately \$180 million of properties held in joint ventures during the year.

Our accelerated sales efforts over these last few years have reduced our office and other non-industrial assets to less than 20% of our total gross book value. We will continue to move toward our portfolio composition objectives in 2020 as we plan to dispose of up to an additional \$500 million of properties during the year. Following a successful 2019, we expect to maintain our steady execution in 2020 as we work diligently to complete the plan and advance our broader objective for our portfolio to be 100% industrial.

PROPERTY DISPOSITION VOLUME AND CASH CAPITALIZATION RATES



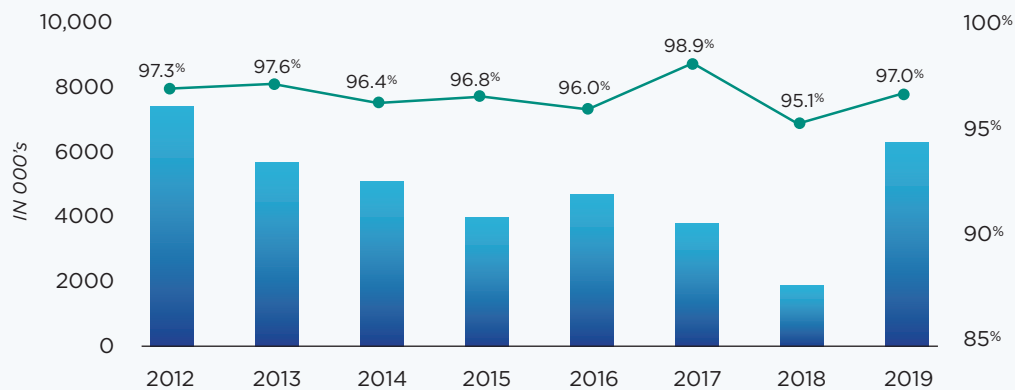
WEIGHTED-AVERAGE LEASE TERM¹



PROACTIVE ASSET MANAGEMENT

We were heavily focused on executing new and extended leases over the course of the year, and our efforts paid off. We leased over six million square feet in 2019, and raised Base Rental rates more than 7%. Our overall consolidated portfolio was 97% leased at year end with a weighted-average lease term of 8.4 years. The majority of our 2020 leasing expirations have already been addressed, and our focus is on 2021 and beyond, particularly as we work to extend leases early to maximize the value of future office dispositions.

HISTORICAL LEASING VOLUME AND PORTFOLIO OCCUPANCY



¹ Cash basis for consolidated properties owned as of the end of each year. Years 2014 and 2015 adjusted to reflect New York City land leases to the first purchase option date. Decrease in 2016 weighted-average lease term is primarily the result of the sale of the New York City land leases in 2016.



POSITIVE CAPITAL MARKETS ACTIVITY

We took the opportunity to raise over \$200 million in 2019 through an equity offering and our At-the-Market (ATM) program, with the proceeds primarily used for our growth initiatives. Our capital markets activities are evidence that we will raise modest amounts of equity for industrial property investments from time to time to support these initiatives. Looking ahead to 2020, we expect to fund our industrial investments primarily through disposition proceeds and we will emphasize growth if capital markets are favorable.

STRONG AND FLEXIBLE BALANCE SHEET

Our balance sheet remains exceptionally strong. We ended 2019 with leverage at 4.9x Net Debt to Adjusted EBITDA, positioning us well for 2020. Also during the year, we extended the maturity dates of our revolving credit facility and our term loan, while lowering the applicable margin rates, and satisfied a great deal of secured debt. We believe our conservative balance sheet position provides for additional flexibility should we need capital as 2020 progresses.

ATTRACTIVE ANNUALIZED DIVIDEND

Our transition has allowed us to generate excess cash flow to retain and grow our business, with an attractive payout ratio of 51.6% at year-end 2019. Positive financial and operational performance in 2019 positioned the company to increase the annualized dividend by 2.4%. Moving forward, we expect to grow the dividend modestly each year, pending Board approval.

ATTRACTIVE CREDIT METRICS¹

51.6%

ADJUSTED COMPANY FUNDS FROM OPERATIONS (FFO)
PAYOUT RATIO

\$3.3 BILLION

UNENCUMBERED ASSETS

84.1%

UNENCUMBERED NET OPERATIONAL INCOME (NOI)

32.1%

DEBT/GROSS ASSETS

9.6%

SECURED DEBT/GROSS ASSETS

4.9x

NET DEBT TO ADJUSTED EBITDA

\$600 MILLION

CREDIT FACILITY AVAILABILITY²

¹ As of 12/31/2019.

² Subject to covenant compliance.



FOCUSED ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) INITIATIVES

We set forth in 2019 to create a sustainable environmental, social, and governance (“ESG”) platform that we believe will enhance both our company and shareholder value over the long-term. As we execute on our ESG objectives and initiatives, we remain committed to supporting our shareholders, employees, tenants, suppliers, creditors, and communities.



ENVIRONMENTAL

Many of our industrial properties have energy efficient features, such as energy management systems, LED lighting and solar arrays. In many instances, we are not responsible for the day-to-day operations of our properties, given their net-lease structure. That said, we are exploring ways to work hand in hand with our current tenants to collaborate on green initiatives.

SOCIAL

We strive to make a positive impact on those we work with and those in our communities on a daily basis. Our employees volunteer and participate in various food and clothing drives, in which they are able to give back to the communities that also support them. We also understand the importance of our employees' physical, emotional, and financial health, and provide many opportunities and services to meet these needs.

Our workforce has naturally evolved to be more diverse, and focused efforts continue with respect to diversity and inclusion. Approximately 40% of LXP's Independent Trustees are female members and one-third of its executive management consists of female members.

GOVERNANCE

We strive to implement best governance practices, mindful of the concerns of our shareholders. Various policies and procedures are currently in place to protect and enhance shareholder equity. We provide regular reports and detailed disclosures of our operational and financial health. During 2019, we were recognized and presented with the NAREIT Bronze Investor CARE (Communications & Reporting Excellence) Award in the Small Cap Equity REIT Category for our exemplary communications to our shareholders.



2019 FINANCIAL RESULTS

Financial results were strong in 2019, and we finished the year at the top end of our 2019 Adjusted Company FFO guidance range. Adjusted Company FFO will be somewhat muted in the short-term as we complete our transition to becoming an industrial REIT. That said, our capital expenditure profile is likely to improve as we continue reducing our office exposure, resulting in more funds available for distribution.

2019	TOTAL
Gross Revenues	\$326 Million
Net Income	\$285 Million (\$1.15 per diluted common share)
Adjusted Company FFO	\$197 Million (\$0.80 per diluted common share)
Funds Available for Distribution	\$165 Million
Common Dividends Declared Per Share	\$0.41

SUMMARY

We are all facing an unprecedented challenge in the form of a global pandemic. We have taken steps to ensure the safety of our employees, including transitioning to a complete work-from-home arrangement. The health and safety of our employees, shareholders and tenants are our primary concern. This recent global challenge has also resulted in unusual volatility in the capital markets and economic prospects have become far less certain than they were when 2020 began. Our portfolio has been positioned to focus on assets that we believe provide for preservation of capital, income growth, consistent cash flows, and capital appreciation over the long-term. We believe that we are positioned to navigate changing market conditions and to deliver value to our shareholders as we work towards completing our transition to a 100% single-tenant industrial REIT.



T. WILSON EGLIN
Chairman, Chief Executive Officer, and President



CORPORATE INFORMATION



LEFT TO RIGHT: **Nabil Andrawis** (Taxation), **Brendan Mullinix** (Investments), **Lara Johnson** (Investments), **Will Eglin** (Chairman and Chief Executive Officer), **Beth Boulterice** (Chief Financial Officer), **Joe Bonventre** (General Counsel), **Natasha Roberts** (Investments), and **James Dudley** (Asset Management).

INDEPENDENT TRUSTEES

Richard S. Frary^{1,2,4}

Founding Partner
Tallwood Associates, Inc.

Lawrence L. Gray^{2,4}

Chief Executive Officer
GrayCo, Inc.

Jamie Handwerker^{1,3}

Partner
KSH Capital

Claire A. Koeneman^{2,3}

Partner
Bully Pulpit Interactive

Howard S. Roth^{1,3}

Principal
HSR Advisors

EXECUTIVE OFFICERS

T. Wilson Eglin⁴

Chairman
Chief Executive Officer
President

Joseph S. Bonventre

Executive Vice President
General Counsel
Secretary

Beth Boulterice

Chief Financial Officer
Executive Vice President
Treasurer

Patrick Carroll

Chief Risk Officer
Executive Vice President

James Dudley

Executive Vice President

Lara Johnson

Executive Vice President

Brendan Mullinix

Executive Vice President

CORPORATE HEADQUARTERS

One Penn Plaza, Suite 4015
New York, NY 10119
Tel: (212) 692-7200

REGIONAL OFFICE

12400 Coit Road, Suite 970
Dallas, TX 75251
Tel : (214) 210-3770

WEB SITE

www.lxp.com

INVESTOR RELATIONS

Lexington Realty Trust
One Penn Plaza, Suite 4015
New York, NY 10119-4015
Attn: Investor Relations
Telephone: (212) 692-7200
E-mail: ir@lxp.com

NYSE SYMBOLS

LXP (Common)
LXPPRC (Preferred)

TRANSFER AGENT AND REGISTRAR

Computershare
PO Box 50500
Louisville, KY 40233
Tel: (800) 850-3948 (toll-free)
(201) 680-6578 (outside of U.S.)
www-us.computershare.com/investor

Overnight correspondence:
Computershare
462 South 4th Street, Suite 1600
Louisville, KY 40202

DIRECT SHARE PURCHASE PLAN

Information regarding our Direct Share Purchase Plan, including the dividend reinvestment component, may be obtained from our transfer agent and registrar, Computershare. Answers to many of your shareholder questions and requests for forms are available by visiting www-us.computershare.com/investor.

- 1 Audit Committee Member
- 2 Compensation Committee Member
- 3 Nominating and Corporate Governance Committee Member

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Deloitte & Touche LLP, U.S.
New York, NY

FORWARD-LOOKING STATEMENTS

Reference is made to "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2019, which is included herein, for discussion of certain factors that might cause actual results to differ materially from those set forth in any forth in any forward-looking statements included herein.

NON-GAAP FINANCIAL MEASURES AND DEFINED TERMS

See our Quarterly Supplemental Information, Fourth Quarter 2019, on our website for reconciliations of non-GAAP financial measures and the definitions of certain defined terms.

- 4 Executive Committee Member
- 5 Lead Trustee

