Section 1: 10-Q (10-Q)

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 June 30, 2020.

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 of organization)	*(I.R.S. Employer Identification No.)*

One Penn Plaza, Suite 4015, New York, NY 10119-4015
(Address of principal executive offices) (zip code)
(212) 692-7200
(Registrant's telephone number, including area code)

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

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

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, a smaller reporting company, or emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer	☐	Smaller reporting company	☐	Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: 276,780,173 common shares of beneficial interest, par value $0.0001 per share, as of August 4, 2020.

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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.

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)

	June 30, 2020	December 31, 2019
	(unaudited)	
Assets:		
Real estate, at cost	$ 3,586,861	$ 3,320,574
Real estate - intangible assets	420,583	409,756
Investments in real estate under construction	26,426	13,313
Real estate, gross	4,033,870	3,743,643
Less: accumulated depreciation and amortization	928,334	887,629
Real estate, net	3,105,536	2,856,014
Assets held for sale	9,817	—
Operating right-of-use assets, net	36,633	38,133
Cash and cash equivalents	67,043	122,666
Restricted cash	16,791	6,644
Investments in non-consolidated entities	56,040	57,168
Deferred expenses, net	18,256	18,404
Rent receivable – current	1,841	3,229
Rent receivable – deferred	70,258	66,294
Other assets	11,318	11,708
Total assets	$ 3,393,533	$ 3,180,260
Liabilities and Equity:		
Liabilities:		
Mortgages and notes payable, net	$ 373,681	$ 390,272
Revolving credit facility borrowings	40,000	—
Term loan payable, net	297,691	297,439
Senior notes payable, net	497,288	496,870
Trust preferred securities, net	127,445	127,396
Dividends payable	34,161	32,432
Liabilities held for sale	1,716	—
Operating lease liabilities	37,815	39,442
Accounts payable and other liabilities	49,747	29,925
Accrued interest payable	9,548	7,897
Deferred revenue - including below-market leases, net	18,749	20,350
Prepaid rent	13,506	13,518
Total liabilities	1,501,347	1,455,541
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
Common shares, par value $0.0001 per share; authorized 400,000,000 shares, 276,267,259 and 254,770,719 shares issued and outstanding in 2020 and 2019, respectively	28	25
Additional paid-in-capital	3,185,458	2,976,670
Accumulated distributions in excess of net income	(1,386,001)	(1,363,676)
Accumulated other comprehensive loss	(20,730)	(1,928)
Total shareholders’ equity	1,872,771	1,705,107
Noncontrolling interests	19,415	19,612
Total equity	1,892,186	1,724,719
Total liabilities and equity	$ 3,393,533	$ 3,180,260

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

LEXINGTON REALTY TRUST AND CONSOLIDATED SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited and in thousands, except share and per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Gross revenues:				
Rental revenue	$ 81,094	$ 78,758	$ 159,829	$ 158,733
Other revenue	698	1,377	2,790	2,650
Total gross revenues	81,792	80,135	162,619	161,383
Expense applicable to revenues:				
Depreciation and amortization	(39,805)	(36,811)	(80,314)	(74,406)
Property operating	(10,276)	(9,788)	(20,552)	(20,355)
General and administrative	(7,555)	(7,334)	(15,380)	(15,861)
Non-operating income	84	914	274	1,395
Interest and amortization expense	(14,166)	(17,026)	(28,961)	(34,234)
Debt satisfaction gains (charges), net	—	—	1,393	(103)
Impairment charges	(1,617)	(1,094)	(1,617)	(1,682)
Gains on sales of properties	11,193	15,244	20,998	36,201
Income before provision for income taxes and equity in earnings (losses) of non-consolidated entities	19,650	24,240	38,460	52,338
Provision for income taxes	(422)	(430)	(1,075)	(867)
Equity in earnings (losses) of non-consolidated entities	(97)	(41)	166	578
Net income	19,131	23,769	37,551	52,049
Less net income attributable to noncontrolling interests	(265)	(436)	(531)	(689)
Net income attributable to Lexington Realty Trust shareholders	18,866	23,333	37,020	51,360
Dividends attributable to preferred shares – Series C	(1,573)	(1,573)	(3,145)	(3,145)
Allocation to participating securities	(39)	(39)	(85)	(85)
Net income attributable to common shareholders	$ 17,254	$ 21,721	$ 33,790	$ 48,130
Net income attributable to common shareholders - per common share basic	$ 0.07	$ 0.09	$ 0.13	$ 0.21
Weighted-average common shares outstanding – basic	264,785,583	232,635,137	258,911,872	232,587,083
Net income attributable to common shareholders - per common share diluted	$ 0.06	$ 0.09	$ 0.13	$ 0.20
Weighted-average common shares outstanding – diluted	269,088,631	236,299,878	263,217,352	236,221,330

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

LEXINGTON REALTY TRUST AND CONSOLIDATED SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited and in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net income	$ 19,131	$ 23,769	$ 37,551	$ 52,049
Other comprehensive income (loss):				
Change in unrealized loss on interest rate swaps, net	(1,806)	—	(18,802)	(76)
Other comprehensive loss	(1,806)	—	(18,802)	(76)
Comprehensive income	17,325	23,769	18,749	51,973
Comprehensive income attributable to noncontrolling interests	(265)	(436)	(531)	(689)
Comprehensive income attributable to Lexington Realty Trust shareholders	$ 17,060	$ 23,333	$ 18,218	$ 51,284

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

LEXINGTON REALTY TRUST AND CONSOLIDATED SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited and in thousands)

Three Months Ended June 30, 2020		Lexington Realty Trust Shareholders					
	Total	Preferred Shares	Common Shares	Additional Paid-in-Capital	Accumulated Distributions in Excess of Net Income	Accumulated Other Comprehensive Loss	Noncontrolling Interests
Balance March 31, 2020	$ 1,702,670	$ 94,016	$ 26	$ 2,982,363	$ (1,374,286)	$ (18,924)	$ 19,475
Issuance of partnership interest in real estate	466	—	—	—	—	—	466
Redemption of noncontrolling OP units for common shares	—	—	—	54	—	—	(54)
Issuance of common shares and deferred compensation amortization, net	203,043	—	2	203,041	—	—	—
Dividends/distributions	(31,318)	—	—	—	(30,581)	—	(737)
Net income	19,131	—	—	—	18,866	—	265
Other comprehensive loss	(1,806)	—	—	—	—	(1,806)	—
Balance June 30, 2020	$ 1,892,186	$ 94,016	$ 28	$ 3,185,458	$ (1,386,001)	$ (20,730)	$ 19,415

Three Months Ended June 30, 2019		Lexington Realty Trust Shareholders				
	Total	Preferred Shares	Common Shares	Additional Paid-in-Capital	Accumulated Distributions in Excess of Net Income	Noncontrolling Interests
Balance March 31, 2019	$ 1,345,334	$ 94,016	$ 23	$ 2,769,822	$ (1,534,539)	$ 16,012
Redemption of noncontrolling OP units for common shares	—	—	—	5	—	(5)
Issuance of common shares and deferred compensation amortization, net	1,386	—	—	1,386	—	—
Dividends/distributions	(26,315)	—	—	—	(25,546)	(769)
Net income	23,769	—	—	—	23,333	436
Balance June 30, 2019	$ 1,344,174	$ 94,016	$ 23	$ 2,771,213	$ (1,536,752)	$ 15,674

LEXINGTON REALTY TRUST AND CONSOLIDATED SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited and in thousands)

Six Months Ended June 30, 2020		Lexington Realty Trust Shareholders					
	Total	Preferred Shares	Common Shares	Additional Paid-in-Capital	Accumulated Distributions in Excess of Net Income	Accumulated Other Comprehensive Loss	Noncontrolling Interests
Balance December 31, 2019	$ 1,724,719	$ 94,016	$ 25	$ 2,976,670	$ (1,363,676)	$ (1,928)	$ 19,612
Issuance of partnership interest in real estate	887	—	—	—	—	—	887

	Total	Preferred Shares	Common Shares	Additional Paid-in-Capital	Accumulated Distributions in Excess of Net Income	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests
Redemption of noncontrolling OP units for common shares	—	—	—	482	—	—	(482)
Issuance of common shares and deferred compensation amortization, net	221,974	—	3	221,971	—	—	—
Repurchase of common shares	(11,042)	—	—	(11,042)	—	—	—
Repurchase of common shares to settle tax obligations	(2,623)	—	—	(2,623)	—	—	—
Forfeiture of employee common shares	1	—	—	—	1	—	—
Dividends/distributions	(60,479)	—	—	—	(59,346)	—	(1,133)
Net income	37,551	—	—	—	37,020	—	531
Other comprehensive loss	(18,802)	—	—	—	—	(18,802)	—
Balance June 30, 2020	$ 1,892,186	$ 94,016	$ 28	$ 3,185,458	$ (1,386,001)	$ (20,730)	$ 19,415

Six Months Ended June 30, 2019		Lexington Realty Trust Shareholders					
	Total	Preferred Shares	Common Shares	Additional Paid-in-Capital	Accumulated Distributions in Excess of Net Income	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests
Balance December 31, 2018	$ 1,346,678	$ 94,016	$ 24	$ 2,772,855	$ (1,537,100)	$ 76	$ 16,807
Redemption of noncontrolling OP units for common shares	—	—	—	161	—	—	(161)
Issuance of common shares and deferred compensation amortization, net	3,096	—	—	3,096	—	—	—
Repurchase of common shares	(958)	—	—	(958)	—	—	—
Repurchase of common shares to settle tax obligations	(3,942)	—	(1)	(3,941)	—	—	—
Forfeiture of employee common shares	5	—	—	—	5	—	—
Dividends/distributions	(52,678)	—	—	—	(51,017)	—	(1,661)
Net income	52,049	—	—	—	51,360	—	689
Other comprehensive loss	(76)	—	—	—	—	(76)	—
Balance June 30, 2019	$ 1,344,174	$ 94,016	$ 23	$ 2,771,213	$ (1,536,752)	$ —	$ 15,674

LEXINGTON REALTY TRUST AND CONSOLIDATED SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited and in thousands)

	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Net cash provided by operating activities:	$ 93,547	$ 88,557
Cash flows from investing activities:		
Acquisition of real estate, including intangible assets	(359,609)	(259,867)
Investment in real estate under construction	(10,583)	—
Capital expenditures	(9,338)	(8,636)
Net proceeds from sale of properties	66,185	119,406
Investments in non-consolidated entities	(2,764)	(1,120)
Distributions from non-consolidated entities in excess of accumulated earnings	4,043	6,943
Deferred leasing costs	(4,242)	(4,673)
Change in real estate deposits, net	141	766
Net cash provided by (used in) investing activities	(316,167)	(147,181)
Cash flows from financing activities:		
Dividends to common and preferred shareholders	(57,617)	(70,722)
Principal amortization payments	(9,972)	(13,410)
Principal payments on debt, excluding normal amortization	—	(15,462)
Revolving credit facility borrowings	170,000	55,000
Revolving credit facility payments	(130,000)	—
Deferred financing costs	—	(3,678)
Payment of early extinguishment of debt charges	—	(1)
Cash contributions from noncontrolling interests	887	—
Cash distributions to noncontrolling interests	(1,133)	(1,661)
Repurchases to settle tax obligations	(2,623)	(4,135)
Issuance of common shares, net	218,644	—
Repurchase of common shares	(11,042)	(3,598)
Net cash provided by (used in) financing activities	177,144	(57,667)
Change in cash, cash equivalents and restricted cash	(45,476)	(116,291)
Cash, cash equivalents and restricted cash, at beginning of period	129,310	177,247
Cash, cash equivalents and restricted cash, at end of period	$ 83,834	$ 60,956
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents at beginning of period	$ 122,666	$ 168,750
Restricted cash at beginning of period	6,644	8,497
Cash, cash equivalents and restricted cash at beginning of period	$ 129,310	$ 177,247
Cash and cash equivalents at end of period	$ 67,043	$ 43,789
Restricted cash at end of period	16,791	17,167
Cash, cash equivalents and restricted cash at end of period	$ 83,834	$ 60,956

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

LEXINGTON REALTY TRUST AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2020 and 2019
(Unaudited and dollars in thousands, except share/unit and per share/unit data)

(1) The Company and Financial Statement Presentation

Lexington Realty Trust (together with its consolidated subsidiaries, except when the context only applies to the parent entity, the "Company") is a Maryland real estate investment trust ("REIT") that owns a diversified portfolio of equity investments in single-tenant commercial properties.

As of June 30, 2020, the Company had ownership interests in approximately 140 consolidated real estate properties, located in 29 states. The properties in which the Company has an interest are primarily net leased to tenants in various industries.

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, 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) a wholly-owned TRS, Lexington Realty Advisors, Inc. ("LRA"), and (4) investments in joint ventures. References to "OP units" refer to units of limited partner interests in LCIF. 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. Each property owner subsidiary is a separate legal entity that maintains separate books and records. The assets and credit of each property owner subsidiary with a property subject to a mortgage loan are not available to creditors to satisfy the debt and other obligations of any other person, including any other property owner subsidiary or any other affiliate. Consolidated entities that are not property owner subsidiaries do not directly own any of the assets of a property owner subsidiary (or the general partner, member or managing member of such property owner subsidiary), but merely hold partnership, membership or beneficial interests therein, which interests are subordinate to the claims of such property owner subsidiary's (or its general partner's, member's or managing member's) creditors.

The financial statements contained in this Quarterly Report on Form 10-Q (this "Quarterly Report") for the three and six months ended June 30, 2020 have been prepared by the Company in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and the applicable rules and regulations of the Securities and Exchange Commission ("SEC"). Accordingly, they do not include all information and footnotes required by GAAP for complete financial statements. However, in the opinion of management, the interim financial statements include all adjustments, consisting of normal recurring adjustments, necessary for a fair statement of the results of the periods presented. Interim results are not necessarily indicative of the results that may be expected for the full year. These unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2019 filed with the SEC on February 20, 2020 ("Annual Report").

Basis of Presentation and Consolidation. The Company's unaudited condensed consolidated financial statements are prepared on the accrual basis of accounting in accordance with GAAP. The financial statements reflect the accounts of the Company and its consolidated subsidiaries. The Company consolidates the 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 a primary beneficiary are accounted for under appropriate GAAP.

(Unaudited and dollars in thousands, except share/unit and per share/unit data)

The Company is the primary beneficiary of certain VIEs as it has a controlling financial interest in these entities. LCIF, which is consolidated and in which the Company has an approximate 97% interest, is a VIE. The Company has a 90% ownership interest in a joint venture with a developer, which acquired a parcel of land in the Atlanta, Georgia market and plans to develop an industrial property. The joint venture is consolidated and is a VIE.

The assets of each VIE are only available to satisfy such VIE's respective liabilities. As of June 30, 2020 and December 31, 2019, the VIEs' mortgages and notes payable were non-recourse to the Company. Below is a summary of selected financial data of consolidated VIEs for which the Company is the primary beneficiary included in the unaudited condensed consolidated balance sheets as of June 30, 2020 and December 31, 2019:

	June 30, 2020	December 31, 2019
Real estate, net	$ 609,619	$ 592,372
Total assets	$ 659,727	$ 645,623
Mortgages and notes payable, net	$ 76,115	$ 82,978
Total liabilities	$ 98,070	$ 101,901

In addition, the Company acquires, from time to time, properties using a reverse like-kind exchange structure pursuant to Section 1031 of the Internal Revenue Code (a "reverse 1031 exchange") and, as such, the properties are in the possession of an Exchange Accommodation Titleholder ("EAT") until the reverse 1031 exchange is completed. The EAT is classified as a VIE as it is a “thinly capitalized” entity. The Company consolidates the EAT because it is the primary beneficiary as it has the ability to control the activities that most significantly impact the EAT's economic performance and can collapse the 1031 exchange structure at any time. The assets of the EAT primarily consist of leased property (net real estate and intangibles).

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 unaudited condensed 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 economic downturn primarily caused by the recent outbreak of COVID-19. Management adjusts such estimates when facts and circumstances dictate. The most significant estimates made include the recoverability of accounts receivable and deferred rent receivable, the 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 and equity method investments, valuation of derivative financial instruments, valuation of awards granted under compensation plans, the determination of the incremental borrowing rate for leases where the Company is the lessee 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.

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 recent sale contracts (Level 2 inputs) or recent sale offers 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.

New Accounting Standards Adopted in 2020. In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which requires that entities use a new forward-looking “expected loss” model that generally will result in the earlier recognition of an allowance for credit losses. The measurement of expected credit losses is based upon historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amount. ASU No. 2016-13 was effective for fiscal years beginning after December 15, 2019. The Company adopted this guidance on January 1, 2020 on a prospective basis. The Company analyzed its accounts receivable using an aging methodology and determined that there have been no historical credit losses related to its outstanding accounts receivable. As a result, the Company's adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, Intangibles-Goodwill and Other- Internal-Use Software (Subtopic 350-40). This ASU addresses customer’s accounting for implementation costs incurred in a cloud computing arrangement that is a service contract and also adds certain disclosure requirements related to implementation costs incurred for internal-use software and cloud computing arrangements. The amendment aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The standard was effective for fiscal years beginning after December 15, 2019. The Company adopted this guidance on January 1, 2020 on a prospective basis. The Company's adoption of this guidance on January 1, 2020 did not have a material impact on the Company's consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820), Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurements. This ASU includes additional disclosures requirements for recurring Level 3 fair value measurements including disclosure of changes in unrealized gains and losses for the period included in other comprehensive income, disclosure of the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements and a narrative description of measurement uncertainty related to Level 3 measurements. This standard was effective for fiscal years beginning after December 15, 2019. The Company adopted this guidance on January 1, 2020 on a prospective basis. The adoption of this guidance on January 1, 2020 did not have a material impact on the Company's consolidated financial statements.

Recently Issued Accounting Guidance. In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848). ASU 2020-04 contains practical expedients for reference rate reform related activities that impact debt, leases, derivatives and other contracts that reference the London Interbank Offered Rate, or LIBOR, or another reference rate expected to be discontinued because of reference rate reform. The guidance in ASU 2020-04 is optional, applies for a limited period of time to ease the potential burden in accounting for (or recognizing the effect of) reference rate reform on financial reporting, in response to concerns about structural risks of interbank offered rates, and, particularly, the risk of cessation of LIBOR and may be elected over time as reference rate reform activities occur. As of March 31, 2020, the Company has elected to apply the hedge accounting expedients related to probability and the assessments of effectiveness for future LIBOR-indexed cash flows to assume that the index upon which future hedged transactions will be based matches the index on the corresponding derivatives. Application of these expedients preserves the presentation of derivatives consistent with past presentation. The Company continues to evaluate the impact of the guidance and may apply other elections as applicable as additional changes in the market occur.

While the lease modification guidance in ASC Topic 842 ("Topic 842") addresses routine changes to lease terms resulting from negotiations between the lessee and the lessor, this guidance did not contemplate concessions being so rapidly executed to address the sudden liquidity constraints of some lessees arising from the COVID-19 pandemic. In April 2020, the FASB staff issued a question and answer document (the "Lease Modification Q&A") focused on the application of lease accounting guidance to lease concessions provided as a result of the COVID-19 pandemic. Under existing lease guidance, the Company would have to determine, on a lease by lease basis, if a lease concession was the result of a new arrangement reached with the tenant (treated within the lease modification accounting framework) or if a lease concession was under the enforceable rights and obligations within the existing lease agreement (precluded from applying the lease modification accounting framework). The Lease Modification Q&A allows the Company, if certain criteria have been met, to bypass the lease by lease analysis, and instead elect to either apply the lease modification accounting framework or not, with such election applied consistently to leases with similar characteristics and similar circumstances. During the six-month period ended June 30, 2020, the Company did not grant any rent concessions to its tenants that qualify for relief from lease modification accounting under the Lease Modification Q&A.

The Company is evaluating the election to apply such relief to avoid performing a lease by lease analysis for the lease concessions that may be (1) granted as relief due to the COVID-19 pandemic and (2) result in the cash flows remaining substantially the same or less. The Lease Modification Q&A had no impact on the Company's consolidated financial statements as of and for the six months ended June 30, 2020. However, its future impact to the Company is dependent upon the extent of lease concessions granted to tenants as a result of the COVID-19 pandemic in future periods and the elections made by the Company at the time of entering into such concessions.

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(2) Earnings Per Share

A 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 the three and six months ended June 30, 2020 and 2019:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
BASIC				
Net income attributable to common shareholders	$ 17,254	$ 21,721	$ 33,790	$ 48,130
Weighted-average number of common shares outstanding - basic	264,785,583	232,635,137	258,911,872	232,587,083
Net income attributable to common shareholders - per common share basic	$ 0.07	$ 0.09	$ 0.13	$ 0.21
DILUTED				
Net income attributable to common shareholders - basic	$ 17,254	$ 21,721	$ 33,790	$ 48,130
Impact of assumed conversions	77	165	184	166
Net income attributable to common shareholders	$ 17,331	$ 21,886	$ 33,974	$ 48,296
Weighted-average common shares outstanding - basic	264,785,583	232,635,137	258,911,872	232,587,083
Effect of dilutive securities:				
Unvested share-based payment awards and options	1,210,241	129,810	1,185,016	91,637
OP Units	3,092,807	3,534,931	3,120,464	3,542,610
Weighted-average common shares outstanding - diluted	269,088,631	236,299,878	263,217,352	236,221,330
Net income attributable to common shareholders - per common share diluted	$ 0.06	$ 0.09	$ 0.13	$ 0.20

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.

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(3) Investments in Real Estate

The Company completed the following acquisition transactions during the six months ended June 30, 2020:

Property Type	Market	Acquisition Date	Initial Cost Basis	Primary Lease Expiration	Land	Building and Improvements	Lease in-place Value Intangible
Industrial	Chicago, IL	January 2020	$ 53,642	11/2029	$ 3,681	$ 45,817	$ 4,144
Industrial	Phoenix, AZ	January 2020	19,164	12/2025	1,614	16,222	1,328
Industrial	Chicago, IL	January 2020	39,153	12/2029	1,788	34,301	3,064
Industrial	Dallas, TX	February 2020	83,495	8/2029	4,500	71,635	7,360
Industrial	Savannah, GA	April 2020	34,753	7/2027	1,689	30,346	2,718
Industrial	Dallas, TX	May 2020	10,731	6/2030	1,308	8,466	957
Industrial	Savannah, GA	June 2020	30,448	6/2025	2,560	25,697	2,191
Industrial	Savannah, GA	June 2020	9,130	8/2025	1,070	7,448	612
Industrial	Houston, TX	June 2020	20,949	4/2025	2,202	17,101	1,646
Industrial	Ocala, FL	June 2020	58,283	8/2030	4,113	49,904	4,266
			$ 359,748		$ 24,525	$ 306,937	$ 28,286

The Company is engaged in two consolidated development projects. As of June 30, 2020, the Company's aggregate investment in the development arrangements was $26,426, which included capitalized interest of $325 for the six-month period ended June 30, 2020 and is presented as investments in real estate under construction in the accompanying unaudited condensed consolidated balance sheets.

As of June 30, 2020, the details of the development arrangements outstanding are as follows (in $000's, except square feet):

Project (% owned)	Market	Property Type	Estimated Sq. Ft.	Estimated Project Cost	GAAP Investment Balance as of 6/30/2020	Amount Funded as of 6/30/2020	Estimated Completion Date
Fairburn (90%)	Atlanta, GA	Industrial	910,000	$ 53,812	$ 20,535	$ 15,806	1Q 2021
Rickenbacker (100%)	Columbus, OH	Industrial	320,000	20,300	5,891	4,390	1Q 2021
				$ 74,112	$ 26,426	$ 20,196	

(4) Dispositions and Impairment

During the six months ended June 30, 2020 and 2019, the Company disposed of its interests in various properties for an aggregate gross disposition price of $74,064 and $120,328, respectively, and recognized aggregate gains on sales of properties of $20,998 and $36,201, respectively. Included in the 2020 dispositions is an office property in Charleston, South Carolina which was conveyed to the lender in forgiveness of the mortgage loan encumbering the property. The balance of the non-recourse mortgage loan was in excess of the value of the property collateral, resulting in a debt satisfaction gain of $1,393.

As of June 30, 2020, the Company had one property classified as held for sale because the property met the criteria included under the held for sale accounting guidance and a sale to a third party within the next 12 months was deemed probable. As of December 31, 2019, the Company had no properties that met the held for sale criteria.

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Assets and liabilities of the held for sale property as of June 30, 2020 consisted of the following:

		June 30, 2020
Assets:		
Real estate, at cost	$	9,204
Real estate, intangible assets		4,808
Accumulated depreciation and amortization		(6,994)
Rent receivable - deferred		772
Other		2,027
	$	9,817
Liabilities:		
Accounts payable and other liabilities	$	1,716

The Company assesses on a regular basis whether there are any indicators that the carrying value of its real estate assets may be impaired. Potential indicators may include an increase in vacancy at a property, tenant financial instability, change in the estimated holding period of the asset, the potential sale or transfer of the property in the near future and changes in economic conditions such as the recent economic downturn primarily caused by the COVID-19 outbreak. An asset is determined to be impaired if the asset's carrying value is in excess of its estimated fair value and the Company estimates that its cost will not be recovered. During the six months ended June 30, 2020, the Company recognized one impairment charge of $1,617 on a vacant office property located in Houston, Texas.

During the six months ended June 30, 2019, the Company recognized aggregate impairment charges on real estate properties of $1,682. Included in the impairment charges recognized during the six months ended June 30, 2019, are impairment charges of $1,433 and $249 on unencumbered and vacant retail properties in Watertown, New York and Albany, Georgia, respectively. Both of these properties were sold during 2019.

(5) Fair Value Measurements

The following tables present the Company's assets and liabilities measured at fair value on a recurring and non-recurring basis as of June 30, 2020 and December 31, 2019, aggregated by the level in the fair value hierarchy within which those measurements fall:

Description		Balance June 30, 2020	Fair Value Measurements Using (Level 1)	(Level 2)	(Level 3)
Interest rate swap liabilities		$ (20,730)	$ —	$ (20,730)	$ —
Impaired property held for sale	(1)	$ 2,715	—	—	2,715

(1) Represents a non-recurring fair value measurement. The fair value is calculated as of the date of the impairment. The Company measured this impairment based on a discounted cash flow analysis, using a hold period of ten years and residual capitalization rates and discount rates of 8.0% and 12.0%, respectively. As significant inputs to the model are unobservable, the Company determined that the value determined for this property falls within Level 3 of the fair value reporting hierarchy.

Description		Balance December 31, 2019	Fair Value Measurements Using (Level 1)	(Level 2)	(Level 3)
Interest rate swap liabilities		$ (1,928)	$ —	$ (1,928)	$ —
Impaired real estate assets	(1)	$ 4,846	$ —	$ —	$ 4,846

(1) Represents a non-recurring fair value measurement. The fair value is calculated as of the date of the impairment.

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The majority of the inputs used to value the Company's interest rate swaps fell within Level 2 of the fair value hierarchy, such as observable market interest rate curves; however, the credit valuation associated with the interest rate swaps utilized Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by the Company and its counterparties. As of June 30, 2020 and December 31, 2019, the Company determined that the credit valuation adjustment relative to the overall fair value of the interest rate swaps was not significant. As a result, the interest rate swaps were classified in Level 2 of the fair value hierarchy.

The table below sets forth the carrying amounts and estimated fair values of the Company's financial instruments as of June 30, 2020 and December 31, 2019:

	As of June 30, 2020		As of December 31, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Liabilities				
Debt	$ 1,336,105	$ 1,268,171	$ 1,311,977	$ 1,276,589

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, except for the Company's senior notes payable. The Company determines the fair value of its senior notes payable 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.

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(6) Investments in Non-Consolidated Entities

Below is a schedule of the Company's investments in non-consolidated entities:

Investment		Percentage Ownership at June 30, 2020	Investment Balance as of June 30, 2020	Investment Balance as of December 31, 2019
NNN Office JV LP ("NNN JV")	(1)	20%	$ 35,666	$ 39,288
Etna Park 70 LLC	(2)	90%	10,229	8,352
Etna Park East LLC	(3)	90%	5,148	4,310
Other	(4)	25%	4,997	5,218
			$ 56,040	$ 57,168

(1) NNN JV is a joint venture formed in 2018 and owns office properties formerly owned by the Company.

(2) Joint venture formed in 2017 with a developer entity to acquire a 151-acre parcel of developable land and to pursue industrial build-to-suit opportunities. The Company determined that it is not the primary beneficiary. In December 2018, the parcel was subdivided and the Company received a distribution of an ownership interest in a 57-acre parcel with a historical cost of $3,008. The Company acquired control of the 57-acre parcel via the purchase of the Company's joint venture partners' interests.

(3) Joint venture formed in 2019 with a developer entity to acquire a 129.6-acre parcel of land and to pursue industrial build-to-suit opportunities. The Company determined it is not the primary beneficiary.

(4) As of June 30, 2020, represents one joint venture investment, which owns a single-tenant, net-leased asset.

During the six months ended June 30, 2020, NNN JV sold one asset and the Company recognized a gain on the transaction of $550 within equity in earnings (losses) of non-consolidated entities within its unaudited condensed consolidated statement of operations. In conjunction with this property sale, NNN JV received net proceeds of $3,419 after the satisfaction of $12,960 of its non-recourse mortgage indebtedness.

In May 2019, NNN JV sold one asset. The Company recognized a gain on the transaction of $270, which is included in equity in earnings (losses) of non-consolidated entities in its unaudited condensed consolidated statement of operations.

In February 2019, a non-consolidated real estate entity, in which the Company owned a 15% ownership interest, sold its only asset and the Company received $2,317 of proceeds. The Company recognized a gain on the transaction of $803, which is included in equity in earnings (losses) on non-consolidated entities within its unaudited condensed consolidated statement of operations.

(7) Debt

The Company had the following mortgages and notes payable outstanding as of June 30, 2020 and December 31, 2019:

	June 30, 2020	December 31, 2019
Mortgages and notes payable	$ 377,070	$ 393,872
Unamortized debt issuance costs	(3,389)	(3,600)
	$ 373,681	$ 390,272

Interest rates, including imputed rates on mortgages and notes payable, ranged from 3.5% to 6.5%, respectively, at June 30, 2020 and December 31, 2019, and all mortgages and notes payables mature between 2020 and 2036 as of June 30, 2020. The weighted-average interest rate was 4.5% at each of June 30, 2020 and December 31, 2019.

As of June 30, 2020, the Company had two non-recourse mortgage loans that were in default with an outstanding aggregate principal balance of $50,525. Each mortgage loan is secured by a vacant office property (Overland Park, Kansas and Boca Raton, Florida).

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The Company had the following senior notes outstanding as of June 30, 2020 and December 31, 2019:

Issue Date	June 30, 2020	December 31, 2019	Interest Rate	Maturity Date	Issue Price
May 2014	$ 250,000	$ 250,000	4.40 %	June 2024	99.883 %
June 2013	250,000	250,000	4.25 %	June 2023	99.026 %
	500,000	500,000			
Unamortized debt discount	(826)	(963)			
Unamortized debt issuance cost	(1,886)	(2,167)			
	$ 497,288	$ 496,870			

Each series of the senior notes is unsecured and requires payment of 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.

The Company has an unsecured credit agreement with KeyBank National Association, as agent. A summary of the significant terms, as of June 30, 2020, is as follows:

	Maturity Date	Current Interest Rate
$600,000 Revolving Credit Facility(1)	February 2023	LIBOR + 0.90%
$300,000 Term Loan(2)	January 2025	LIBOR + 1.00%

(1) Maturity date of the revolving credit facility can be extended to February 2024 at the Company's option. The interest rate ranges from LIBOR plus 0.775% to 1.45%. At June 30, 2020, the Company had $40,000 borrowings outstanding and availability of $560,000, subject to covenant compliance.

(2) The LIBOR portion of the interest rate was swapped to obtain a current fixed rate of 2.732% per annum. The aggregate unamortized debt issuance costs for the term loan was $2,309 and $2,561 as of June 30, 2020 and December 31, 2019, respectively.

The Company was compliant with all applicable financial covenants contained in its corporate-level debt agreements at June 30, 2020.

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, are open for redemption at the Company's option, bore interest at a fixed rate of 6.804% through April 2017 and bear interest at a variable rate of three month LIBOR plus 170 basis points through maturity. The interest rate at June 30, 2020 was 2.460%. As of June 30, 2020 and December 31, 2019, there was $129,120 original principal amount of Trust Preferred Securities outstanding and $1,675 and $1,724, respectively, of unamortized debt issuance costs.

Capitalized interest recorded during the six months ended June 30, 2020 and 2019 was $648 and $52, respectively.

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(8) 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 did not incur any ineffectiveness during the six months ended June 30, 2020 and 2019.

During July 2019, the Company entered into four interest rate swap agreements with its counterparties. The swaps were designated as cash flow hedges of the risk of variability attributable to changes in the LIBOR swap rates on its $300,000 LIBOR-indexed variable-rate unsecured term loan. Accordingly, changes in fair value of the swaps are recorded in other comprehensive income (loss) and reclassified to earnings as interest becomes receivable or payable. The swaps expire coterminous with the extended maturity of the term loan in January 2025. During the next 12 months ending June 30, 2021, the Company estimates that an additional $4,777 will be reclassified as an increase to interest expense if the swaps remain outstanding.

Interest Rate Derivative	Number of Instruments	Notional
Interest Rate Swaps	4	$300,000

The table below presents the fair value of the Company's derivative financial instruments as well as their classification on the condensed consolidated balance sheets:

	As of June 30, 2020		As of December 31, 2019	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments				
Interest Rate Swaps	Accounts Payable and Other Liabilities	$ (20,730)	Accounts Payable and Other Liabilities	$ (1,928)

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The table below presents the effect of the Company's derivative financial instruments on the unaudited condensed consolidated statements of operations for the six months ended June 30, 2020 and 2019.

Derivatives in Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in OCI on Derivatives June 30, 2020	2019	Amount of (Income) Loss Reclassified from Accumulated OCI into Income June 30, 2020	2019
Interest Rate Swaps	$ (19,773)	$ 1	$ 971	$ (77)

(1) Amounts reclassified from accumulated other comprehensive income (loss) to interest expense within the unaudited condensed consolidated statement of operations.

Total interest expense presented in the unaudited condensed consolidated statements of operations in which the effects of cash flow hedges are recorded was $28,961 and $34,234 for the six months ended June 30, 2020 and 2019, respectively.

The Company's agreements with swap derivatives 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 June 30, 2020, the Company had not posted any collateral related to the agreements.

(9) Lease Accounting

The following is a summary of the Company's accounting for leases as of and during the six-month period ended June 30, 2020 and 2019:

Lessor

Lexington's lease portfolio as a lessor primarily includes general purpose, single-tenant net-leased industrial and office real estate assets. Most of the Company's leases require tenants to pay fixed annual rental payments that escalate on an annual basis and variable payments for other operating expenses, such as real estate taxes, insurance, common area maintenance ("CAM"), and utilities, that are based on the actual expenses incurred.

Certain leases allow for the tenant to renew the lease term upon expiration or earlier. Periods covered by a renewal option are included within the lease term only when renewals are deemed to be reasonably certain. Certain leases allow for the tenant to terminate the lease before the expiration of lease term and certain leases provide the tenant with the right to purchase the leased property at fair market value or a stipulated price upon expiration of the lease term or before.

Accounting guidance under Topic 842 requires the Company to make certain assumptions and judgments in applying the guidance, including determining whether an arrangement includes a lease and determining the lease term when the contract has renewal, purchase or early termination provisions.

From a lessor perspective, the Company concluded that revenue from lease components are primarily recognized on a straight-line basis over the lease term 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 (CPI) with no floor. If the Company funds tenant improvements and the improvements are deemed to be owned by the Company, revenue recognition commences when the improvements are substantially complete and 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 unaudited condensed consolidated balance sheets.

The Company analyzes its accounts receivable, customer creditworthiness and current economic trends when evaluating the adequacy of the collectability of the lessee's total accounts receivable balance on a lease by lease basis. In addition, tenants in bankruptcy are analyzed and considerations are made in connection with the expected pre-petition and post-petition claims. If a lessee's accounts receivable balance is considered uncollectable, the Company will write-off the receivable balances associated with the lease to rental revenue and cease to recognize lease income, including straight-line rent, unless cash is received. If the Company subsequently determines that it is probable it will collect substantially all of the lessee's remaining lease payments under the lease term; the Company will reinstate the straight-line balance adjusting for the amount related to the period when the lease was accounted for on a cash basis. During the six months ended June 30, 2020, the Company wrote off a deferred rent receivable balance of $615, as a reduction of rental revenue, related to a tenant that dissolved and surrendered its leased premises in an industrial property located in the Columbus, Ohio market.

Certain tenants have been experiencing financial difficulties as a result of the COVID-19 pandemic. During the six months ended June 30, 2020, the Company wrote off a deferred rent receivable balance of $117, as a reduction of rental revenue, related to a tenant that vacated its leased premises in an industrial property located in the Nashville, Tennessee market. Also, during the six months ended June 30, 2020, the Company reserved $1,243 of deferred rent receivable, as a reduction of rental revenue, related to the tenant that occupies a distribution facility located in Shreveport, LA, that filed for reorganization under the U.S. Bankruptcy Code. Furthermore, the Company is recognizing rental income on a cash basis related to this tenant because the Company determined that collection of the deferred rent receivable was not probable at this time. As of June 30, 2020, the tenant continues to occupy the Shreveport distribution facility and the Company has received all post-petition rental payments due as of June 30, 2020.

During the six months ended June 30, 2020 and 2019, rental revenue was reduced by $40 and $307, respectively, for accounts receivable deemed uncollectable.

The Company determined that the lease and non-lease components in its leases are a single lease component and is, therefore, being recognized as rental revenue in its unaudited condensed consolidated statements of operations. The primary non-lease service that is included within rental revenue is CAM services provided as part of the Company’s real estate leases. Topic 842 requires that the Company capitalize, as initial direct costs, only those costs that are incurred due to the execution of a lease. As of June 30, 2020 and 2019, the Company incurred $29 and $161, respectively, of costs that were not incremental to the execution of leases, which are included in property operating expenses on its unaudited condensed consolidated statements of operations.

The Company manages the risk associated with the residual value of its leased properties by including contract clauses that make tenants responsible for surrendering the space in good condition upon lease termination, holding a diversified portfolio, and other activities. The Company does not have residual value guarantees on specific properties.

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(Unaudited and dollars in thousands, except share/unit and per share/unit data)

The following table presents the Company's classification of rental revenue for its operating leases for the three and six months ended June 30, 2020 and 2019:

	Three Months Ended		Six Months Ended	
Classification	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Fixed	$ 73,374	$ 72,703	$ 144,639	$ 145,412
Variable[(1)]	7,720	6,055	15,190	13,321
Total	$ 81,094	$ 78,758	$ 159,829	$ 158,733

(1) Primarily comprised of tenant reimbursements.

Future fixed rental receipts for leases, assuming no new or re-negotiated leases as of June 30, 2020 were as follows:

2020 - remainder	$ 141,738
2021	277,438
2022	265,539
2023	264,398
2024	233,935
2025	209,025
Thereafter	1,278,922
Total	$ 2,670,995

Lessee

The Company has ground leases, corporate leases for office space, and office equipment leases. All leases were classified as operating leases as of June 30, 2020. The leases have remaining lease terms of up to 43 years, some of which include options to extend the leases in 5 to 10-year increments for up to 53 years. Renewal periods are included in the lease term only when renewal is deemed to be reasonably certain. The lease term also includes periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise the termination option. The Company measures its lease payments by including fixed rental payments and variable rental payments that tie to an index or a rate, such as CPI. Minimum lease payments for leases that commenced before the date of adoption of ASC 842 were determined based on previous leases guidance under ASC 840. The Company recognizes lease expense for its operating leases on a straight-line basis over the lease term and variable lease expense not included in the lease payment measurement as incurred.

The accounting guidance under Topic 842 requires the Company to make certain assumptions and judgments in applying the guidance, including determining whether an arrangement includes a lease, determining the term of a lease when the contract has renewal or termination provisions and determining the discount rate.

The Company determines whether an arrangement is or includes a lease at contract inception by evaluating whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. If the Company has the right to obtain substantially all of the economic benefits from and can direct the use of, the identified asset for a period of time, the Company accounts for the contract as a lease.

As the Company does not know the rate implicit in the respective leases, the Company used its incremental borrowing rate based on the information available at the transition date for such existing leases. The Company uses the information available at the lease commencement date to determine the discount rate for any new leases. The Company used a portfolio approach to determine its incremental borrowing rate. Lease contracts were grouped based on similar lease terms and economic environments in a manner in which the Company reasonably expects that the outcome from applying a portfolio approach does not differ materially from an individual lease approach. The Company estimated a collateralized discount rate for each portfolio of leases.

(Unaudited and dollars in thousands, except share/unit and per share/unit data)

Supplemental information related to operating leases is as follows:

	Six Months Ended	
	June 30, 2020	June 30, 2019
Weighted-average remaining lease term		
Operating leases (years)	12.4	12.6
Weighted-average discount rate		
Operating leases	4.2 %	4.1 %

The components of lease expense for the six months ended June 30, 2020 and 2019 were as follows:

Income Statement Classification	Fixed	Variable	Total
2020:			
Property operating	$ 1,990	$ —	$ 1,990
General and administrative	677	47	724
Total	$ 2,667	$ 47	$ 2,714
2019:			
Property operating	$ 1,992	$ —	$ 1,992
General and administrative	671	57	728
Total	$ 2,663	$ 57	$ 2,720

The Company recognized sublease income of $1,882 for both the six months ended June 30, 2020 and 2019.

The following table shows the Company's maturity analysis of its operating lease liabilities as of June 30, 2020:

	Operating Leases
2020 - remainder	$ 2,448
2021	5,060
2022	5,135
2023	5,279
2024	5,301
2025	5,301
Thereafter	21,370
Total lease payments	$ 49,894
Less: Imputed interest	(12,079)
Present value of operating lease liabilities	$ 37,815

(10) 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 six months ended June 30, 2020 and 2019, 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.

(Unaudited and dollars in thousands, except share/unit and per share/unit data)

(11) Equity

Shareholders' Equity:

The Company maintains an At-The-Market offering program ("ATM program") under which the Company can issue common shares. Under the ATM program, the Company may enter into forward sales agreements with agents. During the six months ended June 30, 2020, the Company issued 5,321,588 common shares under its ATM program and generated net proceeds of approximately $54,000. As of June 30, 2020, common shares with an aggregate value of $240,932 remain available for issuance under the ATM program. The Company did not issue common shares under its ATM program during the six months ended June 30, 2019.

During 2020, the Company issued 17,250,000 common shares at a public offering price of $9.60 per common share in an underwritten offering and generated net proceeds of approximately $164,000. The proceeds have and will be used for general corporate purposes, including acquisitions, and pending the application of the proceeds were used to pay down all of the then outstanding balance under the Company's revolving credit facility.

In addition, during the six months ended June 30, 2020 and 2019, the Company issued 23,480 and 41,186, respectively, of fully vested common shares to non-management members of the Company's Board of Trustees with a fair value of $250 and $345, respectively.

In July 2015, the Company's Board of Trustees authorized the repurchase of up to 10,000,000 common shares and increased this authorization by 10,000,000 in 2018. This share repurchase program has no expiration date. During the six months ended June 30, 2020 and 2019, the Company repurchased and retired 1,329,940 and 441,581 common shares, respectively, at an average price of $8.28 and $8.13, respectively, per common share under the share repurchase program. As of June 30, 2020, 8,976,315 common shares remain available for repurchase under this authorization. The Company records a liability for repurchases that have not yet been settled as of period end. There were no unsettled repurchases as of June 30, 2020.

A summary of the changes in accumulated other comprehensive income (loss) related to the Company's cash flow hedges is as follows:

	Six Months Ended June 30,	
	2020	2019
Balance at beginning of period	$ (1,928)	$ 76
Other comprehensive income (loss) before reclassifications	(19,773)	1
Amounts of (income) loss reclassified from accumulated other comprehensive income to interest expense	971	(77)
Balance at end of period	$ (20,730)	$ —

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 at the holder's option for approximately 1.13 common shares, subject to future adjustments.

As of June 30, 2020, there were approximately 2,740,000 OP units outstanding other than OP units owned by the Company. All OP units receive distributions in accordance with the LCIF partnership agreement. To the extent that the Company's dividend per common share is less than the stated distribution per OP unit per the LCIF 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.

LEXINGTON REALTY TRUST AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2020 and 2019
(Unaudited and dollars in thousands, except share/unit and per share/unit data)

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	
	Six Months Ended June 30,	
	2020	2019
Net income attributable to Lexington Realty Trust shareholders	$ 37,020	$ 51,360
Transfers from noncontrolling interests:		
Increase in additional paid-in-capital for redemption of noncontrolling OP units	482	161
Change from net income attributable to shareholders and transfers from noncontrolling interests	$ 37,502	$ 51,521

(12) Related Party Transactions

There were no related party transactions other than those disclosed elsewhere in this Quarterly Report and the audited consolidated financial statements in the Annual Report.

(13) Commitments and Contingencies

In addition to the commitments and contingencies disclosed elsewhere and previously disclosed, 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.

The Company and LCIF are parties to a funding agreement under which the Company may be required to fund distributions made on account of LCIF's OP units. Pursuant to the funding agreement, the parties agreed that, if LCIF does not have sufficient cash available to make a quarterly distribution to its limited partners in an amount in accordance with the partnership agreement, Lexington will fund the shortfall. Payments under the agreement will be made in the form of loans to LCIF and will bear interest at prevailing rates as determined by the Company in its discretion, but no less than the applicable federal rate. LCIF's right to receive these loans will expire if no OP units remain outstanding and all such loans are repaid. No amounts have been advanced under this agreement.

From time to time, the Company is, directly and 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.

(14) Supplemental Disclosure of Statement of Cash Flow Information

In addition to disclosures discussed elsewhere, during the six months ended June 30, 2020 and 2019, the Company paid $25,195 and $30,676, respectively, for interest and $920 and $1,330, respectively, for income taxes.

As a result of the foreclosure of an office property in South Carolina, there was a non-cash charge of $6,830 and $5,429 in mortgages and notes payable and real estate, net, respectively.

During the six months ended June 30, 2020, the Company exercised multiple extension options in a ground lease related to a parcel of land located in Owensboro, Kentucky. The extension of the ground lease term resulted in a non-cash increase of $373 to the related operating lease liability and right of use asset.

(15) Subsequent Events

Subsequent to June 30, 2020, the Company:

- disposed of three properties for an aggregate gross disposition price of approximately $67,000; and
- sold 471,576 shares under the ATM program for gross proceeds of $4,928.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Introduction

When we use the terms "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 Lexington Realty Trust. References herein to ''this Quarterly Report" are to this Quarterly Report on Form 10-Q for the three and six months ended June 30, 2020. The results of operations contained herein for the three and six months ended June 30, 2020 and 2019 are not necessarily indicative of the results that may be expected for a full year.

The following is a discussion and analysis of the unaudited condensed consolidated financial condition and results of operations of Lexington Realty Trust for the three and six months ended June 30, 2020 and 2019, and significant factors that could affect its prospective financial condition and results of operations. This discussion should be read together with the accompanying unaudited condensed consolidated financial statements of the Company included herein and notes thereto and with the consolidated financial statements and notes thereto included in the Company's most recent Annual Report on Form 10-K, which was filed with the Securities and Exchange Commission, or SEC, on February 20, 2020, which we refer to as the Annual Report. Historical results may not be indicative of future performance.

Forward-Looking Statements. This Quarterly Report, together with other statements and information publicly disseminated by us, contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which we refer to as 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, the factors that could cause actual results, performances or achievements to differ materially from current expectations, strategies or plans include, among others, any risks discussed below in "Management's Discussion and Analysis of Financial Condition and Results of Operations," and under the headings "Risk Factors" in this Quarterly Report and "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Annual Report and other periodic reports filed by the Company with the SEC. Except as required by law, we undertake no obligation to publicly release 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.

Overview

General. We are a Maryland real estate investment trust, or REIT, that owns a diversified portfolio of equity investments in single-tenant commercial properties.

As of June 30, 2020, we had ownership interests in approximately 140 consolidated real estate properties, located in 29 states and containing an aggregate of approximately 56.6 million square feet of space, approximately 97.3% of which was leased. The properties in which we have an interest are primarily net leased to tenants in various industries.

Our revenues and cash flows are generated predominantly from property rent receipts. As a result, growth in revenues and cash flows is directly correlated to our ability to (1) acquire income producing real estate investments and (2) re-lease properties that are vacant, or may become vacant, at favorable rental rates.

Our current business strategy is focused on enhancing our cash flow stability, growing our portfolio with attractive leased industrial investments, reducing lease rollover risk and maintaining a strong and flexible balance sheet to allow us to act on opportunities as they arise. To that end, during 2020, we continue to strive to be an active seller of non-core assets such as office properties, retail properties and vacant properties. In addition, we continue our efforts to increase the percentage of industrial assets in our portfolio, including through limited speculative development. Our non-core asset sales efforts and acquisitions of ten industrial assets during the six months ended June 30, 2020, have resulted in our percentage of gross book value from industrial assets, excluding held for sale assets, to increase to 84.5% as of June 30, 2020.

COVID-19 Impact. On March 11, 2020, the World Health Organization declared COVID-19 a pandemic, and on March 13, 2020 the United States declared a national emergency with respect to COVID-19. As federal, state and local governments begin to ease restrictions, our management continues to monitor events and is taking steps to mitigate the potential impact and risks to us.

We have received, and expect to continue to receive, limited rent relief requests from our tenants. However, we do not believe that these rent relief requests will have a material impact to our rental revenues. During the six months ended June 30, 2020, we granted rent relief of $0.1 million in exchange for a two-year lease extension to one tenant. In addition, during the six months ended June 30, 2020, we wrote off or reserved an aggregate of $1.4 million of deferred rent receivables as we determined that the future collection of the full contractual lease payments is no longer probable. A limited number of other tenants, particularly retail tenants and those with businesses tied to the aviation industry, continue to be impacted by COVID-19 and related government restrictions and social distancing requirements. We continue to believe that the impacts of COVID-19 on our portfolio are mitigated due to our focus on warehouse and distribution industrial properties and the diversity of our tenant base, both geographically and by industry exposure.

We believe acquisition and disposition activity levels are beginning to increase from the reduced levels we experienced in April 2020. However, we believe that there continues to be limited financing opportunities for potential purchasers of our properties.

We remain unable to estimate the long-term impacts COVID-19 will have on our financial condition.

Second Quarter 2020 Transaction Summary.

The following summarizes our significant transactions during the three months ended June 30, 2020.

Leasing Activity:

During the second quarter of 2020, we entered into new leases and lease extensions encompassing 3.0 million square feet. The average fixed rent on these extended leases was $3.33 per square foot compared to the average fixed rent on these leases before extension of $2.81 per square foot. The weighted-average cost of tenant improvements and lease commissions was $3.15 per square foot for new leases and $0.05 per square foot for extended leases.

Investments/Capital Recycling:

- Acquired six industrial properties for an aggregate cost of $164.3 million.
- Disposed of our interests in three consolidated properties for an aggregate gross disposition price of $44.4 million.

Debt:

- Repaid $90.0 million outstanding on our revolving credit facility, net.

Equity:

- Issued 17.3 million common shares in an underwritten offering and generated net proceeds of approximately $164.0 million.
- Issued 3.8 million common shares under our At-the-Market offering program and generated net proceeds of approximately $37.0 million.

Acquisition/Disposition Activity:

During the six months ended June 30, 2020, we completed the following industrial transactions, inclusive of the acquisitions above:

Market	Square Feet	Capitalized Cost (millions)	Date Acquired	Approximate Lease Term (years)
Chicago, IL	705,661	$ 53.6	January 2020	9.9
Phoenix, AZ	160,140	19.2	January 2020	6.0
Chicago, IL	473,280	39.2	January 2020	10.0
Dallas, TX	1,214,526	83.5	February 2020	9.5
Savannah, GA	499,500	34.8	April 2020	7.3
Dallas, TX	120,960	10.7	May 2020	10.1
Savannah, GA	355,527	30.4	June 2020	5.0
Savannah, GA	88,503	9.1	June 2020	5.2
Houston, TX	248,240	20.9	June 2020	4.9
Ocala, FL	617,055	58.3	June 2020	10.1
	4,483,392	$ 359.7		

During the six months ended June 30, 2020, we disposed of five properties and a land parcel, inclusive of the dispositions above, for an aggregate gross disposition price of $74.1 million.

Critical Accounting Policies

Management's discussion and analysis of financial condition and results of operations is based upon our unaudited condensed consolidated financial statements, which have been prepared in accordance with GAAP. In preparing our unaudited condensed consolidated financial statements in accordance with GAAP and pursuant to the rules and regulations of the SEC, we make assumptions, judgments and estimates that affect the reported amounts of assets, liabilities, revenue, and expenses, and related disclosures of contingent assets and liabilities. We base our assumptions, judgments and estimates on historical experience and various other factors that we believe to be reasonable under the circumstances, including the recent economic downturn primarily caused by COVID-19. Actual results could differ materially from these estimates under different assumptions or conditions. On a regular basis, we evaluate our assumptions, judgments and estimates. Certain of our accounting policies are discussed under (1) Item 7, “Management's Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report, (2) note 2 to our consolidated financial statements contained in our Annual Report and (3) note 1 to our unaudited condensed consolidated financial statements contained in this Quarterly Report. We believe there have been no material changes to the items that we disclosed as our critical accounting policies under Item 7, “Management's Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report.

Liquidity and Capital Resources

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 applicable REIT requirements in both the short-term and long-term. However, we anticipate that our cash flow from operations may be negatively affected in the near term if we grant tenant rent relief packages or experience tenant defaults as a result of the effects of COVID-19. In addition, we anticipate that cash on hand, borrowings under our unsecured revolving credit facility, capital recycling proceeds, issuances of equity, mortgage proceeds and other debt, as well as other available alternatives, will provide the necessary capital required by our business.

At June 30, 2020, we had $50.5 million and $10.4 million of property-specific mortgage balloon debt due in 2020 and 2021, respectively. All of the 2020 balloon debt relates to mortgages that are in default. We believe we have sufficient sources of liquidity to meet obligations we are required to meet through cash on hand ($67.0 million at June 30, 2020), property sale proceeds, borrowing capacity under our unsecured revolving credit facility ($560 million at June 30, 2020), which expires in 2023, but can be extended by us to 2024, and future cash flows from operations.

The mortgages encumbering the properties in which we have an interest are generally non-recourse to us, such that in situations where we believe it is beneficial to satisfy a mortgage obligation by transferring title of the property to the lender, including through a foreclosure, we may do so.

Cash flows from operations were $93.5 million for the six months ended June 30, 2020 as compared to $88.6 million for the six months ended June 30, 2019. The increase was primarily related to the impact of cash flow generated from acquiring properties, partially offset by property sales and vacancies. The underlying drivers that impact our working capital, and therefore cash flows from operations, are the timing of collection of rents, including reimbursements from tenants, payment of interest on mortgage debt and payment of 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 are closely monitored by management as part of our cash management program.

Net cash used in investing activities totaled $316.2 million and $147.2 million during the six months ended June 30, 2020 and 2019, respectively. Cash used in investing activities related primarily to acquisitions of real estate, investments in real estate under construction, capital expenditures, lease costs, investments in non-consolidated entities and changes in real estate deposits, net. Cash provided by investing activities related primarily to proceeds from the sale of properties, distributions from non-consolidated entities and changes in real estate deposits, net.

Net cash provided by (used in) financing activities totaled $177.1 million and $(57.7) million during the six months ended June 30, 2020 and 2019, respectively. Cash provided by financing activities related primarily to revolving credit facility borrowings and issuances of common shares. Cash used in financing activities was primarily attributable to dividend and distribution payments, repayment of debt obligations and repurchases of common shares.

Common Share Issuances:

We maintain an At-The-Market offering program ("ATM program") under which we can issue common shares. Under the ATM program, we may enter into forward sales agreements with agents. As of June 30, 2020, we have not entered into any forward sale agreements. During the six months ended June 30, 2020, we issued approximately 5.3 million common shares under the ATM program and generated net proceeds of approximately $54.0 million. As of June 30, 2020, common shares having an aggregate value of $240.9 million remain available for issuance under the ATM program.

During 2020, we issued 17.3 million common shares at a public offering price of $9.60 per common share in an underwritten offering and generated net proceeds of approximately $164.0 million. The proceeds have and will be used for general corporate purposes, including acquisitions, and, pending the application of the proceeds, were used to pay down all of the then outstanding balance under our revolving credit facility.

The volatility caused by the current economic downturn resulting from the effects of the COVID-19 pandemic may negatively affected our ability to access the capital markets through our ATM program and other offerings.

Dividends. Dividends paid to our common and preferred shareholders were $57.6 million and $70.7 million in the six months ended June 30, 2020 and 2019, respectively.

We declared a quarterly dividend of $0.105 per common share during the three months ended June 30, 2020, which is an increase from the $0.1025 per common share quarterly dividend declared during the three months ended June 30, 2019.

UPREIT Structure. As of June 30, 2020, 2,740,000 units of limited partner interests, or OP units, in our operating partnership, LCIF, were outstanding not including OP units held by us. Assuming all outstanding OP units not held by us were redeemed on such date, the estimated fair value of such OP units was $32.5 million based on our closing price of $10.55 per common share as of June 30, 2020 and a redemption factor of approximately 1.13 common shares per OP unit.

Financings. The following senior notes were outstanding as of June 30, 2020:

Issue Date	Face Amount ($000)	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			

The senior notes are unsecured and pay interest semi-annually in arrears. We may redeem the senior notes at our option at any time prior to maturity in whole or in part by paying the principal amount of the senior notes being redeemed plus a premium.

We have an unsecured credit agreement with KeyBank National Association, as agent. A summary of the significant terms, as of June 30, 2020, is as follows:

	Maturity Date	Current Interest Rate
$600.0 Million Revolving Credit Facility[(1)]	February 2023	LIBOR + 0.90%
$300.0 Million Term Loan[(2)]	January 2025	LIBOR + 1.00%

(1) Maturity date of the revolving credit facility can be extended to February 2024 at our option. The interest rate ranges from LIBOR plus 0.775% to 1.45%. At June 30, 2020, we had $40.0 million borrowings outstanding and availability of $560.0 million, subject to covenant compliance.

(2) The LIBOR portion of the interest rate was swapped to obtain a current fixed rate of 2.732% per annum.

As of June 30, 2020, we were compliant with all applicable financial covenants contained in our corporate-level debt agreements.

Results of Operations

Three months ended June 30, 2020 compared with three months ended June 30, 2019.

The decrease in net income attributable to common shareholders of $4.5 million was primarily due to the items discussed below.

The increase in total gross revenues of $1.7 million was primarily a result of an increase in rental revenue. Rental revenue increased $2.3 million primarily as a result of an increase in rental revenue from asset acquisitions that occurred subsequent to the second quarter of 2019, partially offset by a decrease in rental revenue due to property sales. The increase in total gross revenues was partially offset by a decrease in other revenue of $0.7 million primarily due to a decrease in fee income and parking revenue.

The increase in depreciation and amortization expense of $3.0 million was primarily due to acquisition activity.

The increase in property operating expense of $0.5 million was primarily due to an increase in our operating expense responsibilities at certain properties.

The decrease in non-operating income of $0.8 million was primarily due to funds received to settle a tenant's deferred maintenance obligation in 2019 with no comparable income in 2020.

The decrease in interest and amortization expense $2.9 million related primarily to a decrease in the amount of our mortgage debt outstanding and a decrease in our overall borrowing rate.

The increase in impairment charges of $0.5 million related to the timing of impairment charges recognized on certain properties. The impairments were primarily due to potential sales, vacancies and lack of leasing prospects.

The decrease in gains on sales of properties of $4.1 million related to the timing of property dispositions.

Six months ended June 30, 2020 compared with six months ended June 30, 2019.

The decrease in net income attributable to common shareholders of $14.3 million was primarily due to the items discussed below.

The increase in total gross revenues of $1.2 million was primarily a result of an increase in rental revenue. Rental revenue increased $1.1 million primarily as a result of an increase in rental revenue from asset acquisitions that occurred subsequent to the second quarter of 2019, partially offset by a decrease in rental revenue due to property sales.

The increase in depreciation and amortization expense of $5.9 million was primarily due to acquisition activity.

The decrease in general and administrative expenses of $0.5 million was primarily due to a decrease in professional fees and travel expenses, as a result of COVID-19.

The decrease in non-operating income of $1.1 million was primarily related to funds received in 2019 related to a bankruptcy claim and funds received to settle a tenant's deferred maintenance obligation, with no comparable income in 2020.

The decrease in interest and amortization expense of $5.3 million related primarily to a decrease in the amount of our mortgage debt outstanding and a decrease in our overall borrowing rate.

The increase in debt satisfaction gains (charges), net, of $1.5 million was primarily related to the foreclosure of our Charleston, South Carolina property in 2020, with no comparable transactions in 2019.

The decrease in gains on sales of properties of $15.2 million related to the timing of property dispositions.

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 adjustments (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, changes in economic conditions such as the recent economic downturn primarily caused by the COVID-19 pandemic, increased interest rates and tenant monetary defaults and the other risks described in this Quarterly Report. Furthermore, our ability to complete acquisitions may be limited due to travel restrictions and social distancing measures during the COVID-19 pandemic.

Same-Store Results

Same-store net operating income, or NOI, which is a non-GAAP measure, represents the NOI for consolidated properties that were owned and included in our portfolio for two comparable reporting periods, excluding properties encumbered by mortgage loans in default, as applicable. We define NOI as operating revenues (rental income (less GAAP rent adjustments and lease termination income), and other property income) less property operating expenses. As same-store NOI excludes the change in NOI from acquired and disposed of properties, it highlights operating trends such as occupancy levels, rental rates and operating costs on properties. Other REITs may use different methodologies for calculating same-store NOI, and accordingly same-store NOI may not be comparable to other REITs. Management believes that same-store NOI is a useful supplemental measure of our operating performance. However, same-store NOI should not be viewed as an alternative measure of our financial performance since it does not reflect the operations of our entire portfolio, nor does it reflect the impact of general and administrative expenses, acquisition-related expenses, interest expense, depreciation and amortization costs, other nonproperty income and losses, the level of capital expenditures and leasing costs necessary to maintain the operating performance of our properties, or trends in development and construction activities which are significant economic costs and activities that could materially impact our results from operations. We believe that net income is the most directly comparable GAAP measure to same-store NOI.

The following presents our consolidated same-store NOI, for the six months ended June 30, 2020 and 2019 ($000's):

	Six Months Ended June 30,	
	2020	2019
Total cash base rent	$ 112,371	$ 112,210
Tenant reimbursements	12,102	11,737
Property operating expenses	(15,911)	(14,743)
Same-store NOI	$ 108,562	$ 109,204

Our reported same-store NOI decreased from the first six months of 2019 to the first six months of 2020 by 0.6%.

The decrease in same-store NOI between periods primarily related to an increase in non-reimbursed operating expenses, which was primarily attributable to property vacancies and an increase in operating expense responsibilities at certain properties. Our same-store results could be further impacted in the future due to COVID-19 related rent deferrals, rent forgiveness or tenant defaults (in the short-term and/or long-term).

Below is a reconciliation of net income to same-store NOI for periods presented ($000's):

	Six Months Ended June 30,	
	2020	2019
Net income	$ 37,551	$ 52,049
Interest and amortization expense	28,961	34,234
Provision for income taxes	1,075	867
Depreciation and amortization	80,314	74,406
General and administrative	15,380	15,861
Transaction costs	80	—
Non-operating and fee income	(2,593)	(3,247)
Gains on sales of properties	(20,998)	(36,201)
Impairment charges	1,617	1,682
Debt satisfaction (gains) charges, net	(1,393)	103
Equity in (earnings) of non-consolidated entities	(166)	(578)
Lease termination income	(439)	(1,378)
Straight-line adjustments	(6,229)	(6,685)
Lease incentives	518	580
Amortization of above/below market leases	(675)	(32)
NOI	133,003	131,661
Less NOI:		
Acquisitions and dispositions	(24,759)	(21,787)
Properties in default	318	(670)
Same-Store NOI	$ 108,562	$ 109,204

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 (calculated in accordance with GAAP), excluding depreciation and amortization related to real estate, gains and losses from the sales of certain real estate assets, gains and losses from change in control and impairment write-downs of certain real estate assets and investments in entities when the impairment is directly attributable to decreases in the value of depreciable real estate held by the entity. The reconciling items include amounts to adjust earnings from consolidated partially-owned entities and equity in earnings of unconsolidated affiliates to FFO." 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 and also present FFO available to all equityholders 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 at the beginning of the period. We also present Adjusted Company FFO available to all equityholders and unitholders - diluted which adjusts FFO available to all equityholders 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 these measures in a similar fashion, these measures may not be comparable to similarly titled measures as reported by others. These measures 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.

The following presents a reconciliation of net income attributable to common shareholders to FFO available to common shareholders and unitholders and Adjusted Company FFO available to all equityholders and unitholders for the three and six months ended June 30, 2020 and 2019 (unaudited and dollars in thousands, except share and per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
FUNDS FROM OPERATIONS:				
Basic and Diluted:				
Net income attributable to common shareholders	$ 17,254	$ 21,721	$ 33,790	$ 48,130
Adjustments:				
Depreciation and amortization	39,030	36,065	78,747	72,932
Impairment charges - real estate	1,617	1,094	1,617	1,682
Noncontrolling interests - OP units	77	165	184	166
Amortization of leasing commissions	775	746	1,567	1,474
Joint venture and noncontrolling interest adjustment	2,155	2,400	4,369	4,933
Gains on sales of properties, including non-consolidated entities	(11,193)	(15,513)	(21,547)	(37,118)
FFO available to common shareholders and unitholders - basic	49,715	46,678	98,727	92,199
Preferred dividends	1,573	1,573	3,145	3,145
Amount allocated to participating securities	39	39	85	85
FFO available to all equityholders and unitholders - diluted	51,327	48,290	101,957	95,429
Transaction costs	59	—	80	—
Debt satisfaction (gains) charges, net, including non-consolidated entities	—	—	(1,372)	103
Adjusted Company FFO available to all equityholders and unitholders - diluted	$ 51,386	$ 48,290	$ 100,665	$ 95,532
Per Common Share and Unit Amounts				
Basic:				
FFO	$ 0.19	$ 0.20	$ 0.38	$ 0.39
Diluted:				
FFO	$ 0.19	$ 0.20	$ 0.38	$ 0.40
Adjusted Company FFO	$ 0.19	$ 0.20	$ 0.38	$ 0.40
Weighted-Average Common Shares:				
Basic:				
Weighted-average common shares outstanding - basic EPS	264,785,583	232,635,137	258,911,872	232,587,083
Operating partnership units(1)	3,092,807	3,534,931	3,120,464	3,542,610
Weighted-average common shares outstanding - basic FFO	267,878,390	236,170,068	262,032,336	236,129,693
Diluted:				
Weighted-average common shares outstanding - diluted EPS	269,088,631	236,299,878	263,217,352	236,221,330
Unvested share-based payment awards	14,028	15,927	19,272	16,280
Preferred shares - Series C	4,710,570	4,710,570	4,710,570	4,710,570
Weighted-average common shares outstanding - diluted FFO	273,813,229	241,026,375	267,947,194	240,948,180

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

Off-Balance Sheet Arrangements

As of June 30, 2020, we had investments in various real estate entities with varying structures. The real estate investments owned by these entities are generally financed with non-recourse debt. Non-recourse debt is generally defined as debt whereby the lenders' sole recourse with respect to borrower defaults is limited to the value of the assets collateralized by the debt. The lender generally does not have recourse against any other assets owned by the borrower or any of the members or partners of the borrower, except for certain specified exceptions listed in the particular loan documents. These exceptions generally relate to "bad boy" acts, including fraud and breaches of material representations. We have guaranteed such obligations for certain of our non-consolidated entities.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our exposure to market risk relates primarily to our variable-rate indebtedness not subject to interest rate swaps and our fixed-rate debt. Our consolidated aggregate principal variable-rate indebtedness not subject to interest rate swaps was $169.1 million and $484.1 million at June 30, 2020 and 2019, respectively, which represented 12.6% and 31.6%, respectively, of our aggregate principal consolidated indebtedness. During the three-month periods ended June 30, 2020 and 2019, our variable-rate indebtedness had a weighted-average interest rate of 2.4% and 3.7%, respectively. Had the weighted-average interest rate been 100 basis points higher, our interest expense for the three months ended June 30, 2020 and 2019 would have increased by $0.5 million and $1.1 million, respectively. During the six-month periods ended June 30, 2020 and 2019, our variable-rate interest rate was 2.7% and 3.8%, respectively. Had the weighted-average interest rate been 100 basis points higher, our interest expense for the six months ended June 30, 2020 and 2019 would have increased by $1.0 million and $2.1 million, respectively. As of June 30, 2020 and 2019, our aggregate principal consolidated fixed-rate debt was $1.2 billion and $1.0 billion, respectively, which represented 87.4% and 68.4%, respectively, of our aggregate principal indebtedness.

For certain of our financial instruments, fair values are not readily available since there are no active trading markets as characterized by current exchanges between willing parties. Accordingly, we derive or estimate fair values using various valuation techniques, such as computing the present value of estimated future cash flows using discount rates commensurate with the risks involved. However, the determination of estimated cash flows may be subjective and imprecise. Changes in assumptions or estimation methodologies can have a material effect on these estimated fair values, especially given the volatility of the current economic environment. The following fair value was determined using the interest rates that we believe our outstanding fixed-rate indebtedness would warrant as of June 30, 2020. We believe the fair value is indicative of the interest rate environment as of June 30, 2020, but this amount does not take into consideration the effects of subsequent interest rate fluctuations. Accordingly, we estimate that the fair value of our fixed-rate indebtedness was $1.1 billion as of June 30, 2020.

Our interest rate risk objectives are to limit the impact of interest rate fluctuations on earnings and cash flows and to lower our overall borrowing costs. To achieve these objectives, we manage our exposure to fluctuations in market interest rates through the use of fixed-rate debt instruments to the extent that reasonably favorable rates are obtainable with such arrangements. We may enter into derivative financial instruments such as interest rate swaps or caps to mitigate our interest rate risk on a related financial instrument or to effectively lock the interest rate on a portion of our variable-rate debt. As of June 30, 2020, we had four interest rate swap agreements (see note 8 to our unaudited condensed consolidated financial statements contained in this Quarterly Report).

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures. Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as such terms are defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report to determine if such controls and procedures were effective to ensure that information required to be disclosed by us in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and 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 Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Management, including each of our Chief Executive Officer and Chief Financial Officer, has concluded that our disclosure controls and procedures were effective as of June 30, 2020.

Changes in Internal Control Over Financial Reporting. There were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this Quarterly Report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Controls. Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

PART II - OTHER INFORMATION

ITEM 1. Legal Proceedings.

From time to time, we are directly and indirectly involved in legal proceedings arising in the ordinary course of our business, including claims by lenders under non-recourse carve-out guarantees. 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.

ITEM 1A. Risk Factors.

There have been no material changes in our risk factors from those disclosed in the Annual Report and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds.

The following table summarizes repurchases of our common shares/OP units during the three months ended June 30, 2020 pursuant to publicly announced repurchase plans[(1)]:

Issuer Purchases of Equity Securities

Period	(a) Total Number of Shares/Units Purchased	(b) Average Price Paid Per Share/ Unit	(c) Total Number of Shares/Units Purchased as Part of Publicly Announced Plans or Programs[(1)]	(d) Maximum Number of Shares/Units That May Yet Be Purchased Under the Plans or Programs[(1)]
April 1 - 30, 2020	—	$ —	—	8,976,315
May 1 - 31, 2020	—	—	—	8,976,315
June 1 - 30, 2020	—	—	—	8,976,315
Second quarter 2020	—	$ —	—	8,976,315

(1) Share repurchase authorization most recently announced November 2, 2018, which has no expiration date.

ITEM 3. Defaults Upon Senior Securities - not applicable.

ITEM 4. Mine Safety Disclosures - not applicable.

ITEM 5. Other Information - not applicable.

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ITEM 6. Exhibits.

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	—	Second 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 April 3, 2017) (1)
3.6	—	Third 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 April 9, 2020)(1)
3.7	—	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 filed February 26, 2014)(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 (filed as Exhibit 4.1 to the Company’s Current Report on Form 8-K filed January 29, 2007 (the “01/29/07 8-K”))(1)
4.4	—	Amended and Restated Trust Agreement, dated March 21, 2007, among the Company, The Bank of New York Trust Company, National Association, 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 March 27, 2007 (the “03/27/2007 8-K”))(1)
4.5	—	Junior Subordinated Indenture, dated as of March 21, 2007, between Lexington Realty Trust and The Bank of New York Trust Company, National Association (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 National Association, as trustee (filed as Exhibit 4.1 to the Company’s Current Report on Form 8-K filed January 2, 2009)(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 National Association, as trustee (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed 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 National Association, 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)
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 October 3, 2012)(1)
4.10	—	Eighth Supplemental Indenture, dated as of February 13, 2013, 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 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 National Association, as trustee (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed May 8, 2013)(1)
4.12	—	Tenth Supplemental Indenture, dated as of June 13, 2013, among the Company, certain subsidiaries of the Company signatories thereto, and U.S. Bank National Association, 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 National Association, as trustee (filed as Exhibit 4.1 to the Company’s Current Report on Form 8-K filed on October 3, 2013 (the “10/03/2013 8-K”))(1)

4.14	—	Indenture, dated as of June 10, 2013, among the Company, the subsidiary guarantors named therein, and U.S. Bank National Association, as trustee (filed as Exhibit 4.1 to the 06/13/2013 8-K))(1)
4.15	—	First Supplemental Indenture, dated as of September 30, 2013, among the Company, the subsidiary guarantors named therein, and U.S. Bank National Association, as trustee (filed as Exhibit 4.2 to the 10/03/2013 8-K)(1)
4.16	—	Indenture dated as of May 9, 2014, among the Company, LCIF and U.S. Bank National Association, 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 National Association, as trustee (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed May 20, 2014)(1)
10.1	—	Form of Executive Severance Policy Agreement under the Executive Severance Plan adopted January 18, 2018 (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed May 7, 2020) (1,4)
31.1	—	Certification 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 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 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 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 - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document (2, 5)
101.SCH	—	Inline XBRL Taxonomy Extension Schema (2, 5)
101.CAL	—	Inline XBRL Taxonomy Extension Calculation Linkbase (2, 5)
101.DEF	—	Inline XBRL Taxonomy Extension Definition Linkbase Document (2, 5)
101.LAB	—	Inline XBRL Taxonomy Extension Label Linkbase Document (2, 5)
101.PRE	—	Inline XBRL Taxonomy Extension Presentation Linkbase Document (2, 5)

(1) Incorporated by reference.

(2) Filed herewith.

(3) Furnished 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 Exchanges Act of 1934, as amended (the "Exchange Act"), or 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.

(5) The following materials from this Quarterly Report on Form 10-Q for the period ended June 30, 2020 are formatted in Inline XBRL (Extensible Business Reporting Language): (i) Unaudited Condensed Consolidated Balance Sheets of the Company; (ii) Unaudited Condensed Consolidated Statements of Operations of the Company; (iii) Unaudited Condensed Consolidated Statements of Comprehensive Income (Loss) of the Company; (iv) Unaudited Condensed Consolidated Statements of Changes in Equity of the Company; (v) Unaudited Condensed Consolidated Statements of Cash Flows of the Company; and (vi) Notes to Unaudited Condensed Consolidated Financial Statements of the Company, detailed tagged.

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SIGNATURES

Pursuant to the requirements 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

Date: August 6, 2020	By: /s/ T. Wilson Eglin T. Wilson Eglin Chief Executive Officer and President *(principal executive officer)*
Date: August 6, 2020	By: /s/ Beth Boulerice Beth Boulerice Chief Financial Officer, Executive Vice President and Treasurer *(principal financial officer)*

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Section 2: EX-31.1 (EX-31.1)

Exhibit 31.1

CERTIFICATION
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, T. Wilson Eglin, certify that:

1. I have reviewed this report on Form 10-Q of Lexington Realty Trust;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 6, 2020

/s/ T. Wilson Eglin

T. Wilson Eglin
Chief Executive Officer

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Section 3: EX-31.2 (EX-31.2)

Exhibit 31.2

CERTIFICATION
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Beth Boulerice, certify that:

1. I have reviewed this report on Form 10-Q of Lexington Realty Trust;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

    c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 6, 2020

/s/ Beth Boulerice

Beth Boulerice
Chief Financial Officer

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Section 4: EX-32.1 (EX-32.1)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Lexington Realty Trust (“the Company”) on Form 10-Q for the period ended June 30, 2020 as filed with the Securities and Exchange Commission on the date hereof, I, T. Wilson Eglin, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Quarterly Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ T. Wilson Eglin

T. Wilson Eglin
Chief Executive Officer
August 6, 2020

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Section 5: EX-32.2 (EX-32.2)

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Lexington Realty Trust (“the Company”) on Form 10-Q for the period ended June 30, 2020 as filed with the Securities and Exchange Commission on the date hereof, I, Beth Boulerice, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Quarterly Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of

the Company.

/s/ Beth Boulerice

Beth Boulerice
Chief Financial Officer
August 6, 2020

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