

LEXINGTON REALTY TRUST
Form 8-K
December 26, 2007

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

Current Report Pursuant
to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): December 18, 2007

LEXINGTON REALTY TRUST
(Exact Name of Registrant as Specified in Its Charter)

| | | |
|---|-------------------------------------|--|
| Maryland (State or Other Jurisdiction of Incorporation) | 1-12386 (Commission File Number) | 13-3717318 (IRS Employer Identification Number) |
|---|-------------------------------------|--|

THE LEXINGTON MASTER LIMITED PARTNERSHIP
(Exact Name of Registrant as Specified in Its Charter)

| | | |
|---|-------------------------------------|---|
| Delaware (State or Other Jurisdiction of Incorporation) | 0-50268 (Commission File Number) | 11-3636084 (IRS Employer Identification Number) |
|---|-------------------------------------|---|

| | | |
|--|------------|------------|
| One Penn Plaza, Suite 4015, New York, New York (Address of Principal Executive Offices) | 10119-4015 | (Zip Code) |
|--|------------|------------|

(212) 692-7200
(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions

- Written communications pursuant to Rule 425 under the Securities Act (17 CFTIR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: This Current Report on Form 8-K contains forward-looking statements within the meaning of federal securities laws. These forward-looking statements reflect the current views of Lexington Realty Trust and The Lexington Master Limited Partnership with respect to the future events or financial performance discussed in this report, based on management's beliefs and assumptions and information currently available. When used, the words "believe", "anticipate", "estimate", "project", "should", "expect", "plan", "assume" and similar expressions that do not relate solely to historical matters identify forward-looking statements. Forward-looking statements in this report include, without limitation, statements relating to the Trust's operating partnerships' ability to make distributions sufficient for the Trust to pay dividends under its current dividend policy.

Forward-looking statements are subject to risks, uncertainties and assumptions and are not guarantees of future events or performance, which may be affected by known and unknown risks, trends and uncertainties. Should one or more of these risks or uncertainties materialize, or should the Trust's or the Partnership's assumptions prove incorrect, actual results may vary materially from those anticipated, projected or implied. Factors that could cause or contribute to such differences include, but are not limited to, those discussed under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" in The Trust's and the Partnership's most recent annual reports on Form 10-K filed with the SEC on March 1, 2007 and March 30, 2007, respectively and other periodic reports filed with the SEC, including risks related to, (i) the failure to successfully complete the strategic restructuring plan, (ii) the failure to complete the sale of any of the 53 assets to the newly formed co-investment program, (iii) the failure to complete the previously announced expected fourth quarter disposition activity, (iv) the failure to obtain board approval of any special distribution related to the estimated taxable gain to shareholders for 2007, (v) the failure to integrate our operations and properties with those of Newkirk Realty Trust, (vi) the failure to continue to qualify as a real estate investment trust, (vii) changes in general business and economic conditions, (viii) competition, (ix) increases in real estate construction costs, (x) changes in interest rates, or (xi) changes in accessibility of debt and equity capital markets. Copies of the Form 10-K and the other periodic reports Lexington files with the SEC are available on Lexington's website at <http://www.lxp.com>. The Trust and the Partnership expressly disclaim any responsibility to update forward-looking statements to reflect changes in underlying assumptions or factors, new information, future events or otherwise.

Item 1.01. Entry into a Material Definitive Agreement.

Amendment to Credit Agreement

On December 18, 2007, Lexington Realty Trust (the "Trust") entered into the Third Amendment to Credit Agreement, which we refer to as the Credit Facility, among the Trust, Lepercq Corporate Income Fund L.P., Lepercq Corporate Income Fund II L.P., and Net 3 Acquisition L.P., collectively as borrowers, each of Lenders party thereto, and Wachovia Bank, National Association, as agent, as amended by the First Amendment to Credit Agreement, dated as of June 1, 2006 and by the Second Amendment to the Credit Agreement, dated as of December 27, 2006. The Third Amendment amends the definition of Minimum Net Worth by clarifying that net proceeds from equity issuances that are used to repurchase equity interests of the Trust within 12 months are excluded from the calculation of Minimum Net Worth.

The foregoing description of the Third Amendment is qualified in its entirety by reference to the Third Amendment attached as Exhibit 10.1 to this Current Report on Form 8-K.

Amendment to Partnership Agreement

On December 20, 2007, Lexington Realty Trust (the "Trust"), through The Lexington Master Limited Partnership (the "Partnership") and LMLP GP LLC, a wholly-owned subsidiary of the Partnership ("LMLP GP"), entered into an amendment (the "Amendment") to the Amended and Restated Limited Partnership Agreement of Net Lease Strategic

Assets Fund L.P. (the “Co-Investment Program”), dated as of November 5, 2007 (as amended, the “Partnership Agreement”), among LMLP GP, as the general partner, the Partnership, as a limited partner, and Inland American (Net Lease) Sub, LLC (“Inland”), a wholly-owned subsidiary of Inland American Real Estate Trust, Inc, as a limited partner. The amendment (1) clarifies the distributions to be made by the Co-Investment Program upon a sale or refinancing of an asset owned by the Co-Investment Program and (2) sets March 31, 2008 as the outside closing date for 18 of the assets, and June 30, 2008 as the outside closing date for 5 of the assets, that the Co-Investment Program is under contract to by from the Trust and its subsidiaries.

The acquisition of each of the additional 23 assets by the Co-Investment Program is subject to satisfaction of conditions precedent to closing, including obtaining lender consents, obtaining certain consents and waivers, the continuing financial solvency of the tenants, and certain other customary conditions. Accordingly, neither the Trust nor the Partnership can provide any assurance that the acquisition by the Co-Investment Program will be completed.

The foregoing description is qualified in its entirety by reference to the Amendment, which is attached as Exhibit 10.2 to this Current Report on Form 8-K.

Amendments to Contribution Agreement and Purchase Agreement

On December 20, 2007, the Partnership and the Co-Investment Program entered into amendments (the “Amendments to the Contribution and Purchase Agreements”) to the Contribution Agreement and the Purchase Agreement, both dated August 10, 2007, which

govern the acquisition of 30 assets, which closed on December 20, 2007, and up to an additional 23 assets, which are expected to close during the first and second quarter of 2008, by the Co-Investment Program from the Trust and its subsidiaries. The Amendments to the Purchase and Contribution Agreements reflect a modification to the structure whereby certain assets that were previously to be sold under the Purchase Agreement, were contributed under the Contribution Agreement.

The foregoing description is qualified in its entirety by reference to the Amendments to the Contribution and Purchase Agreements, which are attached as Exhibits 10.3 and 10.4 to this Current Report on Form 8-K.

Contribution Agreement

On December 20, 2007, Lex LP-1 Trust, a subsidiary of the Trust entered into contribution agreement (the “MLP Contribution Agreement”) whereby Lex LP-1 Trust contributed to the Partnership its interest in certain assets, which were ultimately contributed by the Partnership to the Co-Investment Program, in exchange for approximately 5,078,080 units of limited partnership in the Partnership. The number of units was determined in accordance with the Second Amended and Restated Agreement of Limited Partnership of the Partnership. The contribution agreements contained limited representations and warranties and closing conditions.

The foregoing description of the MLP Contribution Agreement is qualified in its entirety by reference to the form of contribution agreement attached as Exhibit 10.5 to this Current Report on Form 8-K.

Amendment to Outperformance Program

On December 20, 2007, the Compensation Committee (the “Committee”) of the Trust’s Board of Trustees, approved a clarifying modification (the “OPP Amendment”) to the Lexington Realty Trust 2007 Outperformance Program (the “Program”), a long-term incentive program. The modification consisted of revising the definition of Market Price Return, which is used to calculate the Total Shareholder Return under the Program.

The foregoing description of the OPP Amendment is qualified in its entirety by reference to the OPP Amendment attached as Exhibit 10.6 to this Current Report on Form 8-K.

Item 2.01 Completion of Acquisition or Disposition of Assets.

On December 20, 2007, the Trust and the Partnership completed the disposition of 30 assets to the Co-Investment Program pursuant to the Purchase Agreement and Contribution Agreement. The aggregate purchase price of the 30 assets was approximately \$408.5 million, including the assumption of approximately \$177.5 million of non-recourse first mortgage financing secured by certain of the assets and a preferred equity investment by the Partnership of approximately \$87.6 million. The Partnership made an additional equity investment of \$21.5 million, with Inland funding an equity investment of \$121.9 million. The table below contains selected information about the 30 assets.

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| Property Location | Tenant/(Guarantor) | Net Rentable Square Feet | Current Term Lease Expiration | Estimated 2008 Base Cash Rent \$(000's) | Mortgage Balance at Acquisition \$(000's) |
|--|--|--------------------------|-------------------------------|---|---|
| 5201 W. Barraque Street Pine Bluff, Arkansas | Entergy Services, Inc. | 27,189 | 10/31/2010 | \$ 192 | \$ -- |
| 265 Lehigh Street Allentown, Pennsylvania | Wachovia | 71,230 | 10/31/2010 | 249 | -- |
| 101 Creger Drive Ft. Collins, Colorado | Lithia Motors | 10,000 | 05/31/2012 | 275 | -- |
| 420 Riverport Road Kingsport, Tennessee | American Electric Power | 42,770 | 06/30/2013 | 390 | -- |
| 324 Industrial Park Road Franklin, North Carolina | SKF USA, Inc. | 72,868 | 12/31/2014 | 395 | 1,473 |
| 1440 East 15th Street Tucson, Arizona | Cox Communications, Inc. | 28,591 | 09/30/2016 | 465 | 2,258 |
| 11411 N. Kelly Avenue Oklahoma City, Oklahoma | American Golf Corporation | 13,924 | 12/31/2017 | 475 | -- |
| 1901 49th Avenue Minneapolis, Minnesota | Owens Corning Roofing and Asphalt, LLC | 18,620 | 06/30/2015 | 583 | -- |
| 109 Stevens Street Jacksonville, Florida | Unisource Worldwide, Inc. | 168,800 | 09/30/2009 | 624 | -- |
| 3943 Denny Avenue Pascagoula, Mississippi | Northrop Grumman Systems Corporation | 94,841 | 10/31/2013 | 681 | -- |
| 3201 Quail Springs Pkwy. Oklahoma City, Oklahoma (1) | AT&T Wireless Services, Inc./ Jordan Associates | 103,500/ 25,000 | 11/30/2010/ 12/31/2008 | 549/ 133 | 5,900 |
| 26410 McDonald Road The Woodlands, Texas | Montgomery County Management Company LLC | 41,000 | 10/31/2019 | 718 | 7,500 |
| 2935 Van Vactor Drive Plymouth, Indiana | Bay Valley Foods, LLC | 300,500 | 06/30/2015 | 777 | 6,585 |
| 2401 Cherahala Boulevard Knoxville, Tennessee | Advance PCS, Inc. | 59,748 | 05/31/2013 | 900 | 5,023 |
| 3711 San Gabirel | | 75,016 | 06/30/2015 | 900 | 6,251 |

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Mission, Texas

Voicestream PCS II
Corporation
(T-Mobile USA, Inc.)

2424 Alpine Road
Eau Claire, Wisconsin

Silver Spring Gardens, Inc.
(Huntsinger Farms, Inc.)

159,000 04/30/2027

930

--

6455 State Hwy 303 NE
Bremerton, Washington

Nextel West Corporation

60,200 05/14/2016

1,085

6,473

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| | | | | | |
|---|--|-----------------|------------|-----------|---------|
| 736 Addison Road Erwin, New York | Corning, Inc. | 408,000 | 11/30/2016 | 1,122 | 9,299 |
| Westbridge Business Park McDonough, Georgia | Litton Loan Servicing LP (Credit—Based Asset Servicing and Securitization LLC) | 62,000 | 08/31/2017 | 1,100 | -- |
| 359 Gateway Drive Lavonia, Georgia | TI Group Automotive Systems, LLC | 133,221 | 05/31/2020 | 1,200 | 9,715 |
| 3265 East Goldstone Drive Meridian, Idaho | Voicestream PCS II Corporation (T-Mobile USA, Inc.) | 77,484 | 06/28/2019 | 1,227 | 10,033 |
| First Park Drive Oakland, Maine | Omnipoint Holdings, Inc. (T-Mobile USA, Inc.) | 78,610 | 08/31/2020 | 1,240 | 10,227 |
| 9601 Renner Boulevard Lenexa, Kansas | Voicestream PCS II Corporation (T-Mobile USA, Inc.) | 77,484 | 10/31/2019 | 1,248 | 10,099 |
| 25500 State Hwy 249 Tomball, Texas | Parkway Chevrolet, Inc. | 77,076 | 08/31/2026 | 1,258 | 9,309 |
| 2999 SW 6th Street Redmond, Oregon | Voicestream PCS I LLC (T-Mobile USA, Inc.) | 77,484 | 01/31/2019 | 1,435 | 9,605 |
| 2500 Patrick Henry Parkway McDonough, Georgia | Georgia Power Company | 111,911 | 06/30/2015 | 1,464 | 12,675 |
| 1600 Eberhardt Road Temple, Texas | Nextel of Texas | 108,800 | 01/31/2016 | 1,523 | 8,758 |
| 12000 & 12025 Tech Center Dr. Livonia, Michigan | TRW Automotive Inc. (Kelsey-Hayes Company) | 180,230 | 04/30/2014 | 1,957 | 10,467 |
| 590 Ecology Lane Chester, South Carolina | Owens Corning | 420,597 | 07/14/2025 | 2,185 | 13,056 |
| 3600 Army Post Rd. Des Moines, Iowa | EDS Information Services LLC (Electronic Data Systems Corporation) | 405,000 | 04/30/2012 | 2,825 | 22,761 |
| | | | | | \$ |
| | | Total 3,590,694 | | \$ 30,105 | 177,467 |

(1) 40% tenancy-in-common interest. Estimated 2008 rent and mortgage balance represent proportionate share.

Item 3.02. Unregistered Sales of Equity Securities.

As disclosed under Item 1.01 of this Current Report on Form 8-K under the heading “Contribution Agreement,” the Partnership issued approximately 5,078,080 units of limited partnership in the Partnership to certain subsidiaries of the Trust at a price per unit of \$17.054. The units were issued in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended.

Item 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

The information set forth in Item 1.01 of this Current Report on Form 8-K under the heading “Amendment to Outperformance Program” above is incorporated herein by reference.

Item 8.01. Other Events.

On December 20, 2007, the Trust issued a press release announcing the acquisition of 30 assets by the Co-Investment Program. A copy of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(a) The Trust or the Partnership will file any financial statements required by this item by amendment not later than 71 calendar days after the date that this Current Report on Form 8-K must be filed.

(b) The Trust or the Partnership will file any pro forma financial information required by this item by amendment not later than 71 calendar days after the date that this Current Report on Form 8-K must be filed.

(d) Exhibits

10.1 Third Amendment to Credit Agreement, dated as of December 18, 2007

10.2 Amendment No. 1 to Amended and Restated Limited Partnership Agreement, dated as of December 20, 2007, among LMLP GP LLC, The Lexington Master Limited Partnership and Inland American (Net Lease) Sub, LLC

10.3 Amendment No. 1 to Contribution Agreement, dated as of December 20, 2007, between The Lexington Master Limited Partnership and Net Lease Strategic Assets Fund L.P.

10.4 Amendment No. 1 to Purchase and Sale Agreement, dated as of December 20, 2007, between The Lexington Master Limited Partnership and Net Lease Strategic Assets Fund L.P.

10.5 Form of Contribution Agreement, dated as of December 20, 2007, between The Lexington Master Limited Partnership and each of Lexington Realty Trust and certain of its subsidiaries

10.6 Amendment to Lexington Realty Trust 2007 Outperformance Program

99.1 Press Release issued December 20, 2007

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, each registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Lexington Realty Trust

Date: December 26, 2007

By: /s/ Patrick Carroll
Patrick Carroll
Chief Financial Officer

The Lexington Master Limited Partnership

By: Lex GP-1 Trust, its general partner

Date: December 26, 2007

By: /s/ Patrick Carroll
Patrick Carroll
Chief Financial Officer

Exhibit Index

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-