LEXINGTON CORPORATE PROPERTIES TRUST
Form 10-K
March 14, 2006

Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 10-K

(Mark One)

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2005

or

o **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 CORPORATE PROPERTIES TRUST
(Exact name of Registrant as specified in its charter)

Maryland	**13-3717318**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
One Penn Plaza, Suite 4015 New York, NY	**10119-4015**
(Address of principal executive offices)	**(Zip Code)**

Registrant s telephone number, including area code (212) 692-7200

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

Title of Each Class	Name of Each Exchange on which Registered
Common Shares of beneficial interests, par value $0.0001	New York Stock Exchange
8.05% Series B Cumulative Redeemable Preferred Stock, par value $0.0001	New York Stock Exchange
6.50% Series C Cumulative Convertible Preferred Stock, par value $0.0001	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes þ No o.

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No þ.

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 þ No o ..

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer þ Accelerated filer o Non-accelerated filer o

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

The aggregate market value of the voting shares held by non-affiliates of the Registrant as of June 30, 2005, which was the last business day of the Registrant s most recently completed second fiscal quarter was $1,108,593,588, based on the closing price of common shares as of that date, which was $24.31 per share.

Number of common shares outstanding as of March 8, 2006 was 52,848,907.

Certain information contained in the Definitive Proxy Statement for Registrant s 2006 Annual Meeting of Shareholders, to be held on May 23, 2006 or the Proxy Statement, is incorporated herein by reference into Part III.

TABLE OF CONTENTS

PART I.

Cautionary Statements Concerning Forward-Looking Statements

This annual report on Form 10-K (this Annual Report), together with other statements and information publicly disseminated by Lexington Corporate Properties Trust (the Company) 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. The Company intends 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 the Company s future plans, strategies and expectations, are generally identifiable by use of the words believes, expects, intends, anticipates, estimates, projects, or simila 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 the Company s control and which could materially affect actual results, performances or achievements. In particular, among the factors that could cause actual results to differ materially from current expectations include, but are not limited to, (i) the failure to continue to qualify as a real estate investment trust, (ii) changes in general business and economic conditions, (iii) competition, (iv) increases in real estate construction costs, (v) changes in interest rates, (vi) changes in accessibility of debt and equity capital markets and other risks inherent in the real estate business, including, but not limited to, tenant defaults, potential liability relating to environmental matters, the availability of suitable acquisition opportunities and illiquidity of real estate investments, (vii) changes in governmental laws and regulations, and (viii) increases in operating costs. The Company undertakes no obligation to publicly release the results of any revisions to these forward-looking statements which may be made to reflect events or circumstances after the date hereof or to reflect occurrence of unanticipated events. Accordingly, there is no assurance that the Company s expectations will be realized.

Item 1. *Business*

General

The Company is a self-managed and self-administered Maryland statutory real estate investment trust that acquires, owns and manages a geographically diverse portfolio of net leased office, industrial and retail properties and provides investment advisory and asset management services to institutional investors in the net lease area. Net leases are generally characterized as leases in which the tenant bears all or substantially all of the costs and/or cost increases for real estate taxes, utilities, insurance and ordinary repairs. The Company s predecessor was organized in October 1993 and merged into the Company on December 31, 1997.

As of December 31, 2005, the Company s real property portfolio consisted of 189 properties or interests therein located in 39 states, including warehousing, distribution and manufacturing facilities, office buildings and retail properties containing an aggregate 40.2 million net rentable square feet of space. In addition, Lexington Realty Advisors, Inc. (LRA), a wholly-owned taxable REIT subsidiary, manages two properties for an unaffiliated third party. The Company s properties are generally subject to triple net leases. Of the Company s 189 properties, 16 provide for operating expense stops and one is subject to a modified gross lease. As of December 31, 2005, 98.3% of net rentable square feet were subject to a lease.

The Company manages its real estate and credit risk through geographic, industry, tenant and lease maturity diversification. For the year ended December 31, 2005, the fifteen largest tenants/guarantors, which occupied 48 properties, represented 37.8% of trailing twelve month base rent, including the Company s proportionate share of base rent from non-consolidated entities, properties held for sale and properties sold through the respective date of sale. As of December 31, 2004 and 2003, the fifteen largest tenants/guarantors represented 43.5% and 46.1% of trailing twelve month base rent, respectively, including the Company s proportionate share of base rent from non-consolidated entities, properties held for sale and properties sold through date of sale. In 2005, 2004 and 2003, no tenant/guarantor represented greater than 10% of annual base rent.

Table of Contents

Objectives and Strategy

The Company s primary objectives are to increase funds from operations, cash available for distribution per share to its shareholders, and net asset value per share. The Company believes that funds from operations enhances an investor s understanding of its financial condition, results of operations and cash flows. The Company believes that funds from operations is an appropriate, but limited, measure of the performance of an equity REIT. Funds from operations is defined in the April 2002 White Paper issued by the National Association of Real Estate Investment Trusts, Inc. as net income (or loss) computed in accordance with generally accepted accounting principles (GAAP), excluding gains (or losses) from sales of property, plus real estate depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. The Company includes in the calculation of funds from operations the dilutive effect of the deemed conversion of its outstanding exchangeable notes (in 2001) which were redeemed by the Company in 2001 and the Series C Cumulative Convertible Preferred Shares in 2005 and 2004. Funds from operations should not be considered an alternative to net income as an indicator of operating performance or to cash flows from operating activities as determined in accordance with GAAP, or as a measure of liquidity to other consolidated income or cash flow statement data as determined in accordance with GAAP. In an effort to achieve the Company s primary objectives, management focuses on:

- acquiring portfolios and individual net lease properties from third parties, completing sale/leaseback transactions and acquiring build-to-suit properties;
- entering into strategic co-investment programs which generate higher equity returns than direct investments due to acquisition, asset management and debt placement fees, a promoted interest and in some cases increased leverage levels;
- managing assets through lease extensions, revenue enhancing property expansions, opportunistic property sales and redeployment of assets;
- refinancing existing indebtedness at lower average interest rates and increasing the Company s access to capital to finance property acquisitions and expansions; and
- entering into third party advisory contracts to generate advisory fee revenue.

Acquisition Strategies

The Company seeks to enhance its net lease property portfolio through acquisitions of general purpose, efficient, well-located properties in growing markets. Management has diversified the Company s portfolio by geographical location, tenant industry segment, lease term expiration and property type. Management believes that such diversification should help insulate the Company from regional recession, industry specific downturns and price fluctuations by property type. Prior to effecting any acquisitions, management analyzes the (i) property s design, construction quality, efficiency, functionality and location with respect to the immediate sub-market, city and region; (ii) lease integrity with respect to term, rental rate increases, corporate guarantees and property maintenance provisions; (iii) present and anticipated conditions in the local real estate market; and (iv) prospects for selling or re-leasing the property on favorable terms in the event of a vacancy. Management also evaluates each potential tenant s financial strength, growth prospects, competitive position within its respective industry and a property s strategic location and function within a tenant s operations or distribution systems. Management believes that its comprehensive underwriting process is critical to the assessment of long-term profitability of any investment by the Company.

Acquisitions of Portfolio and Individual Net Lease Properties. The Company seeks to acquire portfolio and individual properties that are leased to creditworthy tenants under long-term net leases. Management believes there is significantly less competition for the acquisition of property portfolios containing a number of net leased properties located in more than one geographic region. Management also believes that the Company s geographical diversification, acquisition experience and access to capital will allow it to compete effectively for the acquisition of such net leased properties.

The Company is structured as an umbrella partnership REIT (UPREIT), and a substantial portion of its business is conducted through its operating partnerships, Lepercq Corporate Income Fund L.P., Lepercq Corporate Income Fund II L.P. and Net 3 Acquisition L.P. The operating partnership structure enables the Company to acquire properties by issuing to a property owner, as a form of consideration in exchange for the property, interests in the Company s operating partnerships (OP Units). Management believes that this structure facilitates the Company s ability to raise capital and to acquire portfolio and individual properties by enabling the Company to structure transactions which may defer tax gains for a contributor of property. During 2005, the Company issued 352,244 OP Units in exchange for all of the outstanding partnership interests in Westport View Corporate Center L.P., a Delaware limited partnership and the beneficiary of an escrow account with a qualified intermediary holding $7.7 million in remaining cash proceeds from the sale of an investment property.

Sale/ Leaseback Transactions. The Company seeks to acquire portfolio and individual net lease properties in sale/leaseback transactions. The Company selectively pursues sale/leaseback transactions with creditworthy sellers/tenants with respect to properties that are integral to the sellers /tenants ongoing operations.

*Build-to-*Suit Properties. The Company seeks to acquire, generally after construction has been completed, build-to-suit properties that are entirely pre-leased to their intended corporate users before construction. As a result, the Company generally does not assume the risk associated with the construction phase of a project.

Competition. Through our predecessor entities the Company has been in the net lease business for over 30 years and has established close relationships with a large number of major corporate tenants and maintains a broad network of contacts including developers, brokers and lenders. In addition, management is associated with and/or participates in many industry organizations. Notwithstanding these relationships, there are numerous commercial developers, real estate companies, financial institutions and other investors with greater financial resources that compete with the Company in seeking properties for acquisition and tenants who will lease space in these properties. The Company s competitors include other REITs, pension funds, private companies and individuals.

Co-Investment Programs

Lexington Acquiport Company, LLC. In 1999, the Company entered into a joint venture agreement with The Comptroller of the State of New York as Trustee of the Common Retirement Fund (CRF). The joint venture entity, Lexington Acquiport Company, LLC (LAC), was created to acquire high quality office and industrial real estate properties net leased to investment and non-investment grade single tenant users. The Company and CRF committed to make equity contributions to LAC of up to $50 million and $100 million, respectively. LAC has completed its acquisition program and no more investments will be made unless to complete a tax-free exchange. In addition, LAC financed a portion of acquisition costs through the use of non-recourse mortgages. As of December 31, 2005, LAC owned 10 properties. LAC also has an investment in an $11.0 million participating note which was used to partially fund the purchase of a 327,325 square foot office property in Houston, Texas for $34.8 million. The Company and CRF also purchased a property for $22.7 million directly as partners and therefore, it is not owned by LAC. The purchase price was partially funded through a $19.2 million non-recourse mortgage maturing in 2021.

LRA has a management agreement with LAC and the separate partnership whereby LRA will perform certain services for a fee relating to the acquisition and management of the investments.

Lexington Acquiport Company II, LLC. In December 2001, the Company and CRF announced the formation of Lexington Acquiport Company II, LLC (LAC II). The Company and CRF have committed to make equity contributions to LAC II of up to $50.0 million and $150.0 million, respectively, to purchase up to $560.0 million in single tenant office and industrial properties net leased to investment and non-investment grade tenants. As of December 31, 2005, $135.1 million has been funded. LRA, in addition to earning acquisition and asset management fees, earns a fee for all mortgage debt directly placed. During 2005, LAC II acquired four properties (two from the Company) for an aggregate capitalized cost of $181.9 million

Table of Contents

($52.1 million for properties transferred from the Company at cost). These acquisitions were partially funded by the use of $124.2 million non-recourse mortgages, which bear interest at fixed rates ranging from 5.2% to 5.9% and mature at various dates ranging from 2013 and 2020.

The Company is required to first offer to LAC II 50% of the Company s opportunities to acquire office and industrial properties generally requiring a minimum investment of $15.0 million, which are net leased primarily to investment grade tenants for a minimum term of ten years, are available for immediate delivery and satisfy other specified investment criteria. Only if CRF elects not to approve LAC II s pursuit of an acquisition opportunity may the Company pursue the opportunity directly.

Lexington/Lion Venture L.P. In October 2003, the Company entered into a joint venture agreement with CLPF-LXP/ Lion Venture GP, LLC (Clarion). The joint venture entity Lexington/ Lion Venture L.P. (LION), was created to acquire high quality single tenant office, industrial and retail properties net leased to investment and non-investment grade tenants. The Company and Clarion initially committed to make equity contributions to LION of up to $30.0 million and $70.0 million, respectively. In 2004, the Company and Clarion increased their equity commitment by $25.7 million and $60.0 million, respectively. As of December 31, 2005, $187.3 million of the commitments had been funded which completed the equity commitment obligations of each partner. In addition, LION finances a portion of the acquisitions through the use of non-recourse mortgages. During 2005, LION made three acquisitions for an aggregate capitalized cost of $92.4 million, of which $54.8 million was funded through non-recourse mortgages, which bear interest at fixed rates, ranging from 5.0% to 5.6% and mature at various dates ranging from 2012 to 2019.

LRA has a management agreement with LION whereby LRA will perform certain services for a fee relating to acquisition, financing and management of the LION investments.

Triple Net Investment Company LLC. In June 2004, the Company entered into a joint venture agreement with the Utah State Retirement Investment Fund (Utah). The joint venture entity, Triple Net Investment Company LLC (TNI), was created to acquire high quality single tenant office and industrial properties net leased to non-investment grade tenants. The Company and Utah initially committed to fund equity contributions to TNI of $15.0 million and $35.0 million, respectively. In December 2004, the Company and Utah increased their equity commitment by $21.4 million and $50.0 million, respectively. As of December 31, 2005, $83.0 million of the commitments has been funded. In addition, TNI finances a portion of acquisition costs through the use of non-recourse mortgages. During 2005, TNI made three acquisitions for an aggregate capitalized cost of $126.8 million, of which $83.3 million was funded through non-recourse mortgages, which bear interest at fixed rates ranging from 5.1% to 5.2% and mature at various dates ranging in 2012 and 2013.

LRA has a management agreement with TNI whereby LRA performs certain services for a fee relating to acquisition, financing and management of the TNI investments.

The Company is required to first offer to Utah all of the Company s opportunities (other than the opportunities it is required to offer LAC II) to acquire office and industrial properties requiring a minimum investment of $8.0 million to $30.0 million, which are net leased to non-investment grade tenants for a minimum term of at least seven years, are generally available for immediate delivery and satisfy other specified investment criteria. Only if Utah elects and any overlapping co-investment program with a similar exclusively right elects, not to approve the joint venture s pursuit of an acquisition opportunity may the Company pursue the opportunity directly.

Lexington Columbia L.L.C. In 1999, the Company also formed a joint venture, Lexington Columbia L.L.C. (Lex Columbia), to own a property net leased to Blue Cross Blue Shield of South Carolina, Inc. The Company has a 40% interest in Lex Columbia and LRA entered into a management agreement with Lex Columbia with similar terms as the management agreement with the above mentioned joint venture programs.

Lexington Florence LLC. In January 2002, the Company sold a 77.3% interest in its Florence, South Carolina property net leased to Washington Mutual Home Loans, Inc., along with the proportionate share of mortgage debt for $4.6 million in proceeds. During 2004, the Company repurchased the entire 77.3% interest it did not own in this property for $6.1 million.

Oklahoma City, Oklahoma TIC. In 2005, the Company sold, at cost, a 60% tenancy in common interest in its Oklahoma City, Oklahoma property net leased primarily to AT&T Wireless Services Inc., which it acquired during 2005, for $4.0 million in cash and the assumption of $8.8 million in non-recourse mortgage debt.

Lexington Strategic Asset Corp. In 2005, the Company contributed four properties (three of which were subject to non-recourse mortgages aggregating $21.3 million) to Lexington Strategic Asset Corp. (LSAC) in exchange for 3,319,600 shares of common stock of LSAC valued at $10.00 per share. In addition, LSAC sold 6,738,000 shares of common stock, at $10.00 per share, generating net proceeds, after offering costs and expenses, of $61.6 million. Due to the Company s ownership percentage (approximately 32% of the fully diluted outstanding common shares) in LSAC, the Company s investment in LSAC is accounted for under the equity method. LRA earns an advisory fee, including a promoted interest, for its management of LSAC. Certain officers of the Company have been granted the right to 40% of all promoted interest earned by LRA. Also, these officers purchased an aggregate of 220,000 shares of common stock of LSAC at its formation for $0.1 million and they purchased an additional 100,000 shares of common stock in the offering for $1.0 million. During 2005, LSAC acquired an additional two properties for an aggregate capitalized cost of $25.0 million. In addition, LSAC obtained a $10.1 million non-recourse mortgage note, secured by one of the properties contributed by the Company, which bears interest at 5.46% and matures in 2020.

The Company adopted a conflicts policy with respect to the Company and LSAC. Under the conflicts policy the Company is required to first offer to LSAC, subject to the first offer rights of LAC II and TNI, all of the Company s opportunities to acquire (i) general purpose real estate net leased to unrated or below investment grade credit tenants, (ii) net leased special purpose real estate located in the United States, such as medical buildings, theaters, hotels and auto dealerships, (iii) net leased properties located in the Americas outside of the United States with rent payments denominated in United States dollars which are typically leased to U.S. companies, (iv) specialized facilities in the United States supported by net leases or other contracts where a significant portion of the facility s value is in equipment or other improvements, such as power generation assets and cell phone towers, and (v) net leased equipment and major capital assets that are integral to the operations of LSAC s tenants and LSAC s real estate investments. To the extent that a specific investment opportunity, which is not otherwise subject to a first offer obligation to LAC II or TNI, is determined to be suitable to the Company and LSAC, the investment opportunity will be allocated to LSAC. Where full allocation to LSAC is not reasonably practicable (for example, if LSAC does not have sufficient capital), the Company may allocate a portion of the investment to itself after determining in good faith that such allocation is fair and reasonable. The Company will apply the foregoing allocation procedures between LSAC and any investment funds or programs, companies or vehicles or other entities that the Company controls which have overlapping investment objectives with LSAC.

Internal Growth; Effectively Managing Assets

Tenant Relations and Lease Compliance. The Company maintains close contact with its tenants in order to understand their future real estate needs. The Company monitors the financial, property maintenance and other lease obligations of its tenants through a variety of means, including periodic reviews of financial statements and physical inspections of the properties. The Company performs annual inspections of those properties where it has an ongoing obligation with respect to the maintenance of the property and for all properties during each of the last three years immediately prior to a scheduled lease expiration. Biannual physical inspections are undertaken for all other properties.

Extending Lease Maturities. The Company seeks to extend its leases in advance of their expiration in order to maintain a balanced lease rollover schedule and high occupancy levels. During 2005, the Company entered into 12 lease extensions for leases scheduled to expire at various dates ranging from 2005 to 2020, for an average 6.0 years and 2 leases (one expiring in 2012 and a second in 2016) for vacant space.

Revenue Enhancing Property Expansions. The Company undertakes expansions of its properties based on tenant requirements or marketing opportunities. The Company believes that selective property expansions can provide it with attractive rates of return and actively seeks such opportunities.

Property Sales. Subject to regulatory requirements, the Company sells properties when management believes that the return realized from selling a property will exceed the expected return from continuing to hold such property.

Access to Capital and Refinancing Existing Indebtedness

Capital Markets. During 2005 and 2004, the Company completed common share offerings of 2.5 million and 6.9 million shares, respectively, raising aggregate net proceeds of $60.7 million and $144.0 million, respectively. During 2005, the Company issued 400,000 cumulative convertible preferred shares, which were subject to an underwriters over-allotment option, at $50 per share and a dividend rate of 6.50%, raising net proceeds of $19.5 million. During 2004, the Company issued 2.7 million cumulative convertible preferred shares at $50 per share and a dividend rate of 6.50%, raising net proceeds of $131.1 million. Currently these 3.1 million preferred shares are convertible into 5.8 million common shares.

Non-Recourse Mortgage Financing. During 2005, the Company, including its non-consolidated entities, obtained $840.3 million in non-recourse mortgage financings on properties at a fixed weighted average interest rate of 5.2%. The proceeds of the financings were used to partially fund acquisitions.

During 2004, the Company, including its non-consolidated entities, obtained and/or assumed $699.1 million in non-recourse mortgage financings on properties at a fixed weighted average interest rate (including imputed interest rates) of 5.8%. The proceeds of the financings were used to partially fund acquisitions and repay existing indebtedness.

As a result of the Company s financing activities, the weighted average fixed interest rate on the Company s outstanding indebtedness has been reduced from approximately 6.6% as of December 31, 2004, to approximately 6.0% as of December 31, 2005.

Credit Facility. During 2005, the Company replaced its $100 million unsecured revolving credit facility with a new $200 million unsecured revolving credit facility which bears interest at a rate of LIBOR plus 120-170 basis points depending on the leverage (as defined) of the Company and matures in June 2008. The credit facility contains customary financial covenants including restrictions on the level of indebtedness, amount of variable rate debt to be borrowed and net worth maintenance provisions. As of December 31, 2005, the Company was in compliance with all covenants, no borrowings were outstanding on the facility, $198.5 million was available to be borrowed and $1.5 million in letters of credit were outstanding.

Common Share Repurchases. In September 1998, the Company s Board of Trustees approved a funding limit for the repurchase of 1.0 million common shares/ OP Units, and authorized any repurchase transactions within that limit. In November 1998, the Company s Board of Trustees approved an additional 1.0 million common shares/ OP Units for repurchase, thereby increasing the funding limit to 2.0 million common shares/ OP Units available for repurchase. From September 1998 to March 2005, the Company repurchased approximately 1.4 million common shares/ OP Units at an average price of $10.62 per share/OP Unit. In November 2005, the Company s Board of Trustees increased the remaining amount of common shares/ OP Units eligible for repurchase, so that an aggregate of 2.0 million common shares/ OP Units are available for repurchase under the Company s share repurchase program. No common share/ OP Unit repurchases have been made under this increased share repurchase program.

Advisory Contracts

In addition to the contracts discussed above, in August 2000, LRA entered into an advisory and asset management agreement to invest and manage an equity commitment of up to $50.0 million on behalf of a private investment fund. The investment program could, depending on leverage utilized, acquire up to $140.0 million in single tenant, net leased office, industrial and retail properties in the United States. LRA earns acquisition fees (90 basis points of total acquisition costs), annual asset management fees (30 basis points of gross asset value) and a promoted interest of 16% of the return in excess of an internal rate of return of 10% earned by the private investment fund. The investment fund made no purchases in 2005 or 2004.

Other

Environmental Matters. Under various federal, state and local environmental laws, statutes, ordinances, rules and regulations, an owner of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances at, on, in or under such property as well as certain other potential costs relating to hazardous or toxic substances. These liabilities may include government fines and penalties and damages for injuries to persons and adjacent property. Such laws often impose liability without regard to whether the owner knew of, or was responsible for, the presence or disposal of such substances. Although generally the Company s tenants are primarily responsible for any environmental damage and claims related to the leased premises, in the event of the bankruptcy or inability of a tenant of such premises to satisfy any obligations with respect to such environmental liability, the Company may be required to satisfy such obligations. In addition, the Company as the owner of such properties may be held directly liable for any such damages or claims irrespective of the provisions of any lease.

From time to time, in connection with the conduct of the Company s business, and prior to the acquisition of any property from a third party or as required by the Company s financing sources, the Company authorizes the preparation of Phase I and, when necessary, Phase II environmental reports with respect to its properties. Based upon such environmental reports and management s ongoing review of its properties, as of the date of this Annual Report, management is not aware of any environmental condition with respect to any of the Company s properties which management believes would be reasonably likely to have a material adverse effect on the Company s financial condition and/or results of operations. There can be no assurance, however, that (i) the discovery of environmental conditions, the existence or severity of which were previously unknown, (ii) changes in law, (iii) the conduct of tenants or (iv) activities relating to properties in the vicinity of the Company s properties, will not expose the Company to material liability in the future. Changes in laws increasing the potential liability for environmental conditions existing on properties or increasing the restrictions on discharges or other conditions may result in significant unanticipated expenditures or may otherwise adversely affect the operations of the Company s tenants, which would adversely affect the Company s financial condition and/ or results of operations, including funds from operations.

Employees. As of December 31, 2005, the Company had 52 employees.

Industry Segments. The Company operates in one industry segment, investment in single tenant, net leased real properties.

Website. The Company s website is located at www.lxp.com. The Company makes available free of charge through its web site its annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after it electronically files such materials with the Securities and Exchange Commission. The Company also has made available on its website copies of its current Audit Committee Charter, Compensation Committee Charter, Nominating and Corporate Governance Committee Charter, Code of Business Conduct and Ethics, and Corporate Governance Guidelines. In the event of any changes to these charters or the code or the guidelines, changed copies will also be made available on its web site.

Principal Executive Offices. The Company s principal executive offices are located at One Penn Plaza, Suite 4015, New York, New York 10119-4015; our telephone number is (212) 692-7200. The Company also maintains regional offices in Chicago, Illinois and Dallas, Texas.

NYSE CEO Certification. The Chief Executive Officer of the Company made an unqualified certification to the New York Stock Exchange with respect to the Company s compliance with the New York Stock Exchange corporate governance listing standards in June 2005.

Item 1A. *Risk Factors*

Set forth below are material factors that may adversely affect our business and operations. All references to the Company, we, our and us in this Item 1A mean Lexington Corporate Properties Trust and all entities owned by us, including non-consolidated entities, except where it is made clear that the term means only the parent company.

Risks involved in single tenant leases. We focus our acquisition activities on real properties that are net leased to single tenants. Therefore, the financial failure of, or other default by, a single tenant under its lease is likely to cause a significant reduction in the operating cash flow generated by the property leased to that tenant and might decrease the value of that property.

In March 2006, Dana Corporation, a tenant in 10 of the Company s properties (including one in a non-consolidated entity) as of December 31, 2005, declared Chapter 11 bankruptcy. As of December 31, 2005 the aggregate net carrying cost of the 9 consolidated properties was $144.6 million, aggregate non-recourse mortgages encumbering these properties was $82.8 million and scheduled cash rent due in 2006 is $12.5 million. The aggregate carrying cost of the 1 non-consolidated property was $24.0 million, the non-recourse mortgage encumbering the property was $14.3 million and scheduled cash rent in 2006 is $2.4 million. The Company has a 30% interest in this non-consolidated entity.

Dependence on major tenants. Revenues from several of our tenants and/or their guarantors constitute a significant percentage of our base rental revenues. As of December 31, 2005, our 15 largest tenants/guarantors, which occupied 48 properties, represented approximately 37.8% of our base rental revenue for the year ended December 31, 2005, including our proportionate share of base rental revenue from non-consolidated entities and base rental revenue recognized from properties sold through the respective date of sale. The default, financial distress or bankruptcy of any of the tenants of these properties could cause interruptions in the receipt of lease revenues from these tenants and/or result in vacancies, which would reduce our revenues and increase operating costs until the affected property is re-let, and could decrease the ultimate sales value of that property. Upon the expiration or other termination of the leases that are currently in place with respect to these properties, we may not be able to re-lease the vacant property at a comparable lease rate or without incurring additional expenditures in connection with the re-leasing.

Leverage. We have incurred, and expect to continue to incur, indebtedness (secured and unsecured) in furtherance of our activities. Neither our declaration of trust nor any policy statement formally adopted by our board of trustees limits either the total amount of indebtedness or the specified percentage of indebtedness that we may incur. Accordingly, we could become more highly leveraged, resulting in increased risk of default on our obligations and in an increase in debt service requirements which could adversely affect our financial condition and results of operations and our ability to pay distributions. Our current unsecured revolving credit facility contains cross-default provisions to our other material indebtedness (as defined therein). In the event of a default on such other material indebtedness, our indebtedness under our current unsecured revolving credit facility could be accelerated. Depending upon the amount of indebtedness under our current unsecured revolving credit facility, such an acceleration could have a material adverse impact on our financial condition and results of operations. Our current unsecured revolving credit facility also contains various covenants which limit the amount of secured, unsecured and variable-rate indebtedness we may incur and restricts the amount of capital we may invest in specific categories of assets in which we may otherwise want to invest.

Risks relating to interest rate increases. We have exposure to market risks relating to increases in interest rates due to our variable-rate debt. An increase in interest rates may increase our costs of borrowing on existing variable-rate indebtedness, leading to a reduction in our net income. As of December 31, 2005, we had outstanding $11.9 million in variable-rate indebtedness which represents 1.0% of our total mortgages and notes payable. The level of our variable-rate indebtedness, along with the interest rate associated with such variable-rate indebtedness, may change in the future and materially affect our interest costs and net income.

In addition, our interest costs on our fixed-rate indebtedness can increase if we are required to refinance our fixed-rate indebtedness at maturity at higher interest rates.

Risks associated with refinancing. A significant number of our properties are subject to mortgage notes with balloon payments due at maturity. As of December 31, 2005, the scheduled balloon payments for our consolidated properties for the next five calendar years are as follows:

2006	$11.9 million;
2007	$0;
2008	$59.0 million;
2009	$47.7 million; and
2010	$56.6 million.

As of December 31, 2005, none of our joint venture properties require a balloon payment prior to 2009, at which time $69.0 million (of which our proportionate share is $23.6 million) will become due. In 2010, balloon payments due for our joint venture properties aggregate $61.6 million (of which our proportionate share is $20.5 million).

Our ability to make the scheduled balloon payments will depend upon the amount available under our unsecured revolving credit facility and our ability either to refinance the related mortgage debt or to sell the related property.

Our ability to accomplish these goals will be affected by various factors existing at the relevant time, such as the state of the national and regional economies, local real estate conditions, available mortgage rates, the lease terms of the mortgaged properties, our equity in the mortgaged properties, our financial condition, the operating history of the mortgaged properties and tax laws. If we are unable to obtain sufficient financing to fund the scheduled non-recourse balloon payments or to sell the related property at a price that generates sufficient proceeds to pay the scheduled non-recourse balloon payments, we would lose our entire investment in the related property.

On January 5, 2006, we announced that we informed the holder of the non-recourse mortgage on one of our properties located in Milpitas, California that we will no longer make debt service payments as a result of a vacancy caused by the expiration of the lease on this property in December 2005. As a result of this decision, we recorded an impairment charge of approximately $12.1 million in the fourth quarter of 2005, which is equal to the difference between this property s net book value (approximately $17.3 million) and our estimate of the property s fair market value (approximately $5.2 million). We intend to convey this property to the lender in a deed-in-lieu of foreclosure to satisfy the mortgage. Any adjustment made to the approximately $11.1 million owed by us, which is net of $0.9 million in escrow deposits, will be recognized as a debt satisfaction gain in the period it occurs.

Uncertainties relating to lease renewals and re-letting of space. Upon the expiration of current leases for space located in our properties, we may not be able to re-let all or a portion of that space, or the terms of re-letting (including the cost of concessions to tenants) may be less favorable to us than current lease terms. If we are unable to re-let promptly all or a substantial portion of the space located in our properties or if the rental rates we receive upon re-letting are significantly lower than current rates, our net income and ability to make expected distributions to our shareholders will be adversely affected due to the resulting reduction in rent receipts and increase in our property operating costs. There can be no assurance that we will be able to retain tenants in any of our properties upon the expiration of their leases.

Defaults on cross-collateralized properties. As of December 31, 2005, the mortgages on three sets of two properties, for an aggregate of six properties, are cross-collateralized: (1) Canton, Ohio and Spartansburg, South Carolina leased to Best Buy Co. Inc., (2) 730 N. Black Branch Road, Elizabethtown, Kentucky and 750 N. Black Branch Road, Elizabethtown, Kentucky leased to Dana Corporation, and (3) Dry Ridge, Kentucky and Owensboro, Kentucky leased to Dana Corporation. To the extent that any of our properties are cross-collateralized, any default by us under the mortgage note relating to one property will result in a default under the financing arrangements relating to any other property that also provides security for that mortgage note or is cross-collateralized with such mortgage note.

Table of Contents

Possible liability relating to environmental matters. Under various federal, state and local environmental laws, statutes, ordinances, rules and regulations, as an owner of real property, we may be liable for the costs of removal or remediation of certain hazardous or toxic substances at, on, in or under our properties, as well as certain other potential costs relating to hazardous or toxic substances. These liabilities may include government fines and penalties and damages for injuries to persons and adjacent property. These laws may impose liability without regard to whether we knew of, or were responsible for, the presence or disposal of those substances. This liability may be imposed on us in connection with the activities of an operator of, or tenant at, the property. The cost of any required remediation, removal, fines or personal or property damages and our liability therefore could exceed the value of the property and/or our aggregate assets. In addition, the presence of those substances, or the failure to properly dispose of or remove those substances, may adversely affect our ability to sell or rent that property or to borrow using that property as collateral, which, in turn, would reduce our revenues and ability to make distributions.

A property can also be adversely affected either through physical contamination or by virtue of an adverse effect upon value attributable to the migration of hazardous or toxic substances, or other contaminants that have or may have emanated from other properties. Although our tenants are primarily responsible for any environmental damages and claims related to the leased premises, in the event of the bankruptcy or inability of any of our tenants to satisfy any obligations with respect to the property leased to that tenant, we may be required to satisfy such obligations. In addition, we may be held directly liable for any such damages or claims irrespective of the provisions of any lease.

From time to time, in connection with the conduct of our business, and prior to the acquisition of any property from a third party or as required by our financing sources, we authorize the preparation of Phase I environmental reports and, when necessary, Phase II environmental reports, with respect to our properties. Based upon these environmental reports and our ongoing review of our properties, as of the date of this Annual Report, we are not aware of any environmental condition with respect to any of our properties that we believe would be reasonably likely to have a material adverse effect on us.

There can be no assurance, however, that the environmental reports will reveal all environmental conditions at our properties or that the following will not expose us to material liability in the future:

- the discovery of previously unknown environmental conditions;
- changes in law;
- activities of tenants; or
- activities relating to properties in the vicinity of our properties.

Changes in laws increasing the potential liability for environmental conditions existing on properties or increasing the restrictions on discharges or other conditions may result in significant unanticipated expenditures or may otherwise adversely affect the operations of our tenants, which could adversely affect our financial condition or results of operations, including funds from operations.

Uninsured loss. We carry comprehensive liability, fire, extended coverage and rent loss insurance on most of our properties, with policy specifications and insured limits that we believe are customary for similar properties.

However, with respect to those properties where the leases do not provide for abatement of rent under any circumstances, we generally do not maintain rent loss insurance. In addition, there are certain types of losses, such as losses resulting from wars, terrorism or certain acts of God that generally are not insured because they are either uninsurable or not economically insurable.

Should an uninsured loss or a loss in excess of insured limits occur, we could lose capital invested in a property, as well as the anticipated future revenues from a property, while remaining obligated for any mortgage indebtedness or other financial obligations related to the property. Any loss of these types would adversely affect our financial condition.

Risks relating to terrorism. Future terrorist attacks such as the attacks which occurred in New York City, Pennsylvania and Washington, D.C. on September 11, 2001, and the military conflicts such as the military actions taken by the United States and its allies in Afghanistan and Iraq, could have a material adverse effect on general economic conditions, consumer confidence and market liquidity.

Among other things, it is possible that interest rates may be affected by these events. An increase in interest rates may increase our costs of borrowing on existing variable-rate indebtedness, leading to a reduction in our net income. These types of terrorist acts could also result in significant damages to, or loss of, our properties.

We and our tenants may be unable to obtain adequate insurance coverage on acceptable economic terms for losses resulting from acts of terrorism. Our lenders may require that we carry terrorism insurance even if we do not believe this insurance is necessary or cost effective. We may also be prohibited under the applicable lease from passing all or a portion of the cost of such insurance through to the tenant. Should an act of terrorism result in an uninsured loss or a loss in excess of insured limits, we could lose capital invested in a property, as well as the anticipated future revenues from a property, while remaining obligated for any mortgage indebtedness or other financial obligations related to the property. Any loss of these types would adversely affect our financial condition.

Competition. There are numerous commercial developers, real estate companies, financial institutions and other investors with greater financial resources than we have that compete with us in seeking properties for acquisition and tenants who will lease space in our properties. Due to our focus on net lease properties located throughout the United States, and because most competitors are locally and/or regionally focused, we do not encounter the same competitors in each market. Our competitors include other REITs, financial institutions, insurance companies, pension funds, private companies and individuals. This competition may result in a higher cost for properties that we wish to purchase.

Failure to maintain effective internal controls could have a material adverse effect on our business, operating results and share price. Section 404 of the Sarbanes-Oxley Act of 2002 requires annual management assessments of the effectiveness of our internal controls over financial reporting and a report by our independent registered public accounting firm addressing these assessments.

If we fail to maintain the adequacy of our internal controls, as such standards may be modified, supplemented or amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002. Moreover, effective internal controls, particularly those related to revenue recognition, are necessary for us to produce reliable financial reports and to maintain our qualification as a REIT and are important to helping prevent financial fraud. If we cannot provide reliable financial reports or prevent fraud, our business and operating results could be harmed, our REIT qualification could be jeopardized, investors could lose confidence in our reported financial information, and the trading price of our shares could drop significantly.

Interest rate fluctuations. It is likely that the public valuation of our common shares will be related primarily to the earnings that we derive from rental income with respect to our properties and not from the underlying appraised value of the properties themselves. As a result, interest rate fluctuations and capital market conditions can affect the market value of our common shares. For instance, if interest rates rise, the market price of our common shares may decrease because potential investors seeking a higher dividend yield than they would receive from our common shares may sell our common shares in favor of higher rate interest-bearing securities.

Inability to carry out our growth strategy. Our growth strategy is based on the acquisition and development of additional properties, including acquisitions through co-investment programs such as joint ventures. In the context of our business plan, development generally means an expansion or renovation of an existing property or the acquisition of a newly constructed property. We typically provide a developer with a commitment to acquire a property upon completion of construction of a property and commencement of rent from the tenant. Our plan to grow through the acquisition and development of new properties could be

Table of Contents

adversely affected by trends in the real estate and financing businesses. The consummation of any future acquisitions will be subject to satisfactory completion of our extensive valuation analysis and due diligence review and to the negotiation of definitive documentation. We cannot be sure that we will be able to implement our strategy because we may have difficulty finding new properties at attractive prices that meet our investment criteria, negotiating with new or existing tenants or securing acceptable financing. If we are unable to carry out our strategy, our financial condition and results of operations could be adversely affected.

Acquisitions of additional properties entail the risk that investments will fail to perform in accordance with expectations, including operating and leasing expectations. Redevelopment and new project development are subject to numerous risks, including risks of construction delays, cost overruns or force majure events that may increase project costs, new project commencement risks such as the receipt of zoning, occupancy and other required governmental approvals and permits, and the incurrence of development costs in connection with projects that are not pursued to completion.

We anticipate that some of our acquisitions and developments will be financed using the proceeds of periodic equity or debt offerings, lines of credit or other forms of secured or unsecured financing that will result in a risk that permanent financing for newly acquired projects might not be available or would be available only on disadvantageous terms. If permanent debt or equity financing is not available on acceptable terms to refinance acquisitions undertaken without permanent financing, further acquisitions may be curtailed or cash available for distribution may be adversely affected.

Concentration of ownership by certain investors. As of December 31, 2005, E. Robert Roskind, the Chairman of our board of trustees, owned or controlled (including through trusts with respect to which he is a beneficiary) 712,567 common shares and 1,651,486 operating partnership units which are convertible, on a one-to-one basis, into our common shares, representing approximately 3.71% of our fully-diluted outstanding voting securities.

In 1999, we entered into a joint venture agreement with The Comptroller of the State of New York as trustee of The Common Retirement Fund, or CRF, to acquire properties. This joint venture and a separate partnership established by the partners has made investments in 13 (one of which was sold in 2005) properties for an aggregated capitalized cost of $409.1 million and no additional investments will be made unless they are made pursuant to a tax-free exchange. We have a $33^1/3$% equity interest in this joint venture. In December 2001, we formed a second joint venture with CRF to acquire additional properties in an aggregate amount of up to approximately $560.0 million. We have a 25% equity interest in this joint venture.

Under these joint venture agreements, CRF has the right to sell its equity position in the joint ventures to us. In the event CRF exercises its right to sell its equity interest in either joint venture to us, we may, at our option, either issue common shares to CRF for the fair market value of CRF s equity position, based upon a formula contained in the respective joint venture agreement, or pay cash to CRF equal to 110% of the fair market value of CRF s equity position. We have the right not to accept any property in the joint ventures (thereby reducing the fair market value of CRF s equity position) that does not meet certain underwriting criteria. In addition, the joint venture agreements contain a mutual buy-sell provision in which either CRF or we can force the sale of any property.

In October 2003, we entered into a joint venture agreement with CLPF-LXP/Lion Venture GP, LLC, or Clarion, which was expanded in September 2004, to acquire properties in an aggregate amount of up to approximately $460.0 million. This joint venture has made investments in 16 properties for an aggregate capitalized cost of $458.7 and no additional investments will be made unless they are made pursuant to a tax-free exchange or upon the mutual agreement of Clarion and us. We have a 30% equity interest in this joint venture. Under the joint venture agreement, Clarion has the right to sell its equity position in the joint venture to us. In the event Clarion exercises its right to sell its equity interest in the joint venture to us, we may, at our option, either issue common shares to Clarion for the fair market value of Clarion s equity position, based upon a formula contained in the partnership agreement, or pay cash to Clarion equal to 100% of the fair market value of Clarion s equity position. We have the right not to accept any property in the joint venture (thereby reducing the fair market value of Clarion s equity position) that does not meet certain underwriting

criteria. In addition, the joint venture agreement contains a mutual buy-sell provision in which either Clarion or we can force the sale of any property.

In June 2004, we entered in a joint venture agreement with the Utah State Retirement Investment Fund, or Utah, which was expanded in December 2004, to acquire properties in an aggregate amount of up to approximately $345.0 million. As of December 31, 2005, this joint venture owned 14 properties for an aggregate capitalized cost of $241.1 million. We have a 30% equity interest in this joint venture. Under the joint venture agreement, Utah has the right to sell its equity position in the joint venture to us. This right becomes effective upon the occurrence of certain conditions. In the event Utah exercises its right to sell its equity interest in the joint venture to us, we may, at our option, either issue common shares to Utah for the fair market value of Utah s equity position, based upon a formula contained in the joint venture agreement, or pay cash to Utah equal to 100% of the fair market value of Utah s equity position. We have the right not to accept any property in the joint venture (thereby reducing the fair market value of Utah s equity position) that does not meet certain underwriting criteria. In addition, the joint venture agreement contains a mutual buy-sell provision in which either Utah or we can force the sale of any property.

Dilution of common shares. Our future growth will depend in part on our ability to raise additional capital. If we raise additional capital through the issuance of equity securities, the interests of holders of our common shares could be diluted. Likewise, our board of trustees is authorized to cause us to issue preferred shares in one or more series, the holders of which would be entitled to dividends and voting and other rights as our board of trustees determines, and which could be senior to or convertible into our common shares. Accordingly, an issuance by us of preferred shares could be dilutive to or otherwise adversely affect the interests of holders of our common shares.

Our Series C Preferred Shares may be converted by the holder, at its option, into our common shares at a current conversion rate of 1.8643 common shares per $50.00 liquidation preference, which is equivalent to an initial conversion price of approximately $26.82 per common share (subject to adjustment in certain events). Depending upon the number of Series C Preferred Shares being converted at one time, a conversion of Series C Preferred Shares could be dilutive to or otherwise adversely affect the interests of holders of our common shares.

Under our joint venture agreements, our joint venture partners have the right to sell their equity position in the applicable joint venture to us. In the event one of our joint venture partners exercises its right to sell its equity interest in the applicable joint venture to us, we may, at our option, either issue our common shares to the exercising joint venture partner for the fair market value of the exercising joint venture partner s equity position, based upon a formula contained in the applicable joint venture agreement, or pay cash to the exercising joint venture partner equal to either (i) 110% of the fair market value of the exercising joint venture partner s equity position with respect to our joint ventures with CRF, or (ii) 100% of the fair market value of the exercising joint venture partner s equity position with respect to Lion and Utah. An exercise by one or more of our joint venture partners and our election to satisfy an exercise with our common shares could be dilutive to or otherwise adversely affect the interests of holders of our common shares.

As of December 31, 2005, an aggregate of approximately 5,760,571 common shares are issuable upon (i) the exchange of all outstanding units of limited partnership interests in our operating partnership subsidiaries (5,720,071 common shares) and (ii) the exercise of outstanding options under our equity-based award plans (40,500 common shares). Depending upon the number of such securities exchanged or exercised at one time, an exchange or exercise of such securities could be dilutive to or otherwise adversely affect the interests of holders of our common shares.

Limited control over joint venture investments. Our joint venture investments are a significant portion of our assets and are also a significant component of our growth strategy. In particular, as of December 31, 2005, 63 of our 189 properties representing 14.6 million of our total of approximately 40.2 million net rentable square feet of space was owned by joint ventures in which we have an ownership interest ranging from 25% to 40%. For the year ended December 31, 2005, our joint venture investments accounted for approximately $6.2 million of equity in earnings, while our gross revenues totaled approximately $197.1 million (approximately $5.3 million of which represents advisory fees earned from our management of the joint ventures). As of December 31, 2005, we had approximately $2.2 billion in consolidated total assets of which $191.1 million was investment in joint ventures. Our joint venture investments may involve risks not otherwise present for investments made solely by us, including the possibility that our joint venture partner might, at any time, become bankrupt, have different interests or goals than we do, or take action contrary to our instructions, requests, policies or objectives, including our policy with respect to maintaining our qualification as a REIT. Other risks of joint venture investments include impasse on decisions, such as a sale, because neither we nor a joint venture partner have full control over the joint venture. Also, there is no limitation under our organizational documents as to the amount of funds that may be invested in joint ventures. Our unsecured revolving credit facility restricts the amount of capital that we can invest in joint ventures.

Joint venture investments may conflict with our ability to make attractive investments. Under the terms of our active joint venture with CRF, we are required to first offer to the joint venture 50% of our opportunities to acquire office and industrial properties requiring a minimum investment of $15.0 million which are net leased primarily to investment grade tenants for a minimum term of ten years, are available for immediate delivery and satisfy other specified investment criteria.

Similarly, under the terms of our joint venture with Utah, unless 75% of Utah s capital commitment is funded, we are required to first offer to the joint venture all of our opportunities to acquire certain office, bulk warehouse and distribution properties requiring an investment of $8.0 million to $30.0 million which are net leased primarily to non-investment grade tenants for a minimum term of at least nine years and satisfy other specified investment criteria, subject also to our obligation to first offer such opportunities to our joint venture with CRF.

On September 12, 2005, our board of trustees adopted a conflicts policy with respect to us and LSAC. In connection with a private offering by LSAC, we contributed to LSAC our indirect ownership interests in four real estate assets and financing deposits. In exchange, LSAC issued to us shares of its common stock having an aggregate value of approximately $33.2 million based on the offering price in the private offering. Under the conflicts policy we are required to first offer to LSAC, subject to the first offer rights of CRF and Utah, all of our opportunities to acquire (i) general purpose real estate net leased to unrated or below investment grade credit tenants, (ii) net leased special purpose real estate located in the United States, such as medical buildings, theaters, hotels and auto dealerships, (iii) net leased properties located in the Americas outside of the United States with rent payments denominated in United States dollars which are typically leased to U.S. companies, (iv) specialized facilities in the United States supported by net leases or other contracts where a significant portion of the facility s value is in equipment or other improvements, such as power generation assets and cell phone towers, and (v) net leased equipment and major capital assets that are integral to the operations of LSAC s tenants and LSAC s real estate investments. To the extent that a specific investment opportunity, which is not otherwise subject to a first offer obligation to our joint ventures with CRF or Utah, is determined to be suitable to us and LSAC, the investment opportunity will be allocated to LSAC. Where full allocation to LSAC is not reasonably practicable (for example, if LSAC does not have sufficient capital), we may allocate a portion of the investment to ourselves after determining in good faith that such allocation is fair and reasonable. We will apply the foregoing allocation procedures between LSAC and any investment funds or programs, companies or vehicles or other entities that we control which have overlapping investment objectives with LSAC.

Only if all of our joint venture partners elect not to approve the applicable joint venture s pursuit of an acquisition opportunity or the applicable exclusivity conditions have expired may we pursue the opportunity directly. As a result of the foregoing rights of first offer, we may not be able to make attractive acquisitions directly and may only receive a minority interest in such acquisitions through our minority interest in these joint ventures.

Conflicts of interest with respect to sales and refinancings. Two of our trustees and officers own limited partnership interests in our operating partnerships and, as a result, may face different and more adverse tax consequences than our other shareholders will if we sell our properties or reduce our mortgage indebtedness on our properties. Those individuals may, therefore, have different objectives than our other shareholders regarding the appropriate pricing and timing of any sale of such properties or reduction of mortgage debt.

Accordingly, there may be instances in which we may not sell a property or pay down the debt on a property even though doing so would be advantageous to our other shareholders. In the event of an appearance of a conflict of interest, the conflicted trustee or officer must recuse himself or herself from any decision making or seek a waiver of our Code of Business Conduct and Ethics.

Our ability to change our portfolio is limited because real estate investments are illiquid. Equity investments in real estate are relatively illiquid and, therefore, our ability to change our portfolio promptly in response to changed conditions will be limited. Our board of trustees may establish investment criteria or limitations as it deems appropriate, but currently does not limit the number of properties in which we may seek to invest or on the concentration of investments in any one geographic region. We could change our investment, disposition and financing policies without a vote of our shareholders.

Failure to qualify as a REIT. We believe that we have met the requirements for qualification as a REIT for federal income tax purposes beginning with our taxable year ended December 31, 1993, and we intend to continue to meet these requirements in the future. However, qualification as a REIT involves the application of highly technical and complex provisions of the Internal Revenue Code of 1986, as amended (the Code), for which there are only limited judicial or administrative interpretations. No assurance can be given that we have qualified or will remain qualified as a REIT. The Code provisions and income tax regulations applicable to REITs are more complex than those applicable to corporations. The determination of various factual matters and circumstances not entirely within our control may affect our ability to continue to qualify as a REIT. In addition, no assurance can be given that legislation, regulations, administrative interpretations or court decisions will not significantly change the requirements for qualification as a REIT or the federal income tax consequences of such qualification. If we do not qualify as a REIT, we would not be allowed a deduction for distributions to shareholders in computing our net taxable income. In addition, our income would be subject to tax at the regular corporate rates. We also could be disqualified from treatment as a REIT for the four taxable years following the year during which qualification was lost. Cash available for distribution to our shareholders would be significantly reduced for each year in which we do not qualify as a REIT. In that event, we would not be required to continue to make distributions. Although we currently intend to continue to qualify as a REIT, it is possible that future economic, market, legal, tax or other considerations may cause us, without the consent of the shareholders, to revoke the REIT election or to otherwise take action that would result in disqualification.

Distribution requirements imposed by law limit our flexibility. To maintain our status as a REIT for federal income tax purposes, we are generally required to distribute to our shareholders at least 90% of our taxable income for that calendar year. Our taxable income is determined with regard to the deduction for dividends paid and by excluding net capital gains. To the extent that we satisfy the distribution requirement, but distribute less than 100% of our taxable income, we will be subject to federal corporate income tax on our undistributed income. In addition, we will incur a 4% nondeductible excise tax on the amount, if any, by which our distributions in any year are less than the sum of (i) 85% of our ordinary income for that year, (ii) 95% of our capital gain net income for that year and (iii) 100% of our undistributed taxable income from prior years. We intend to continue to make distributions to our shareholders to comply with the distribution requirements of the Code and to reduce exposure to federal income and nondeductible excise taxes. Differences in timing between the receipt of income and the payment of expenses in determining our income and the effect of required debt amortization payments could require us to borrow funds on a short-term basis in order to meet the distribution requirements that are necessary to achieve the tax benefits associated with qualifying as a REIT.

Ownership limitations. For us to qualify as a REIT for federal income tax purposes, among other requirements, not more than 50% of the value of our capital shares may be owned, directly or indirectly, by five or fewer individuals (as defined for federal income tax purposes to include certain entities) during the last half of each taxable year, and these capital shares must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months or during a proportionate part of a shorter taxable year (in each case, other than the first such year for which a REIT election is made). Our declaration of trust includes certain restrictions regarding transfers of our capital shares and ownership limits.

Actual or constructive ownership of our capital shares in excess of the share ownership limits contained in our declaration of trust would cause the violative transfer or ownership to be void or cause the shares to be transferred to a charitable trust and then sold to a person or entity who can own the shares without violating these limits. As a result, if a violative transfer were made, the recipient of the shares would not acquire any economic or voting rights attributable to the transferred shares. Additionally, the constructive ownership rules for these limits are complex and groups of related individuals or entities may be deemed a single owner and consequently in violation of the share ownership limits.

These restrictions and limits may not be adequate in all cases, however, to prevent the transfer of our capital shares in violation of the ownership limitations. The ownership limits discussed above may have the effect of delaying, deferring or preventing someone from taking control of our company, even though a change of control could involve a premium price for your common shares or otherwise be in your best interest.

Adverse legislative or regulatory tax changes. At any time, the federal income tax laws governing REITs or the administrative interpretations of those laws may be amended. Any of those new laws or interpretations may take effect retroactively and could adversely affect us or you as a shareholder. Recently enacted legislation reduces individual tax rates applicable to certain corporate dividends. REIT dividends generally would not be eligible for reduced rates (other than dividends from LSAC and other taxable REIT subsidiaries that are distributed by us) because a REIT s income generally is not subject to corporate level tax. As a result, investment in non-REIT corporations may be relatively more attractive than investment in REITs. This could adversely affect the market price of our shares.

Restrictions on a potential change of control. Our board of trustees is authorized by our declaration of trust to establish and issue one or more series of preferred shares without shareholder approval. As of the date of this Annual Report, we had outstanding 3,160,000 Series B Cumulative Redeemable Preferred Shares that we issued in June 2003 and 3,100,000 Series C Cumulative Convertible Preferred Shares that we issued in December 2004 and January 2005. Both our Series B and Series C Preferred Shares include provisions that may deter a change of control of us. The establishment and issuance of shares of our existing series of preferred shares or a future series of preferred shares could make more difficult a change of control of us.

In addition, we have entered into employment agreements with six of our executive officers which provide that, upon the occurrence of a change in control of us (including a change in ownership of more than 50% of the total combined voting power of our outstanding securities, the sale of all or substantially all of our assets, dissolution of our company, the acquisition, except from us, of 20% or more of our voting shares or a change in the majority of our board of trustees), those executive officers would be entitled to severance benefits based on their current annual base salaries and recent annual bonuses, as defined in the employment agreements. The provisions of these agreements could deter a change of control of us.

Our board of trustees may change our investment policy without shareholders approval. Subject to our fundamental investment policy to maintain our qualification as a REIT, our board of trustees will determine our investment and financing policies, our growth strategy and our debt, capitalization, distribution, acquisition, disposition and operating policies.

Our board of trustees may revise or amend these strategies and policies at any time without a vote by our shareholders. Accordingly, our shareholders control over changes in our strategies and policies is limited to the election of trustees, and changes made by our board of trustees may not serve the interests of our shareholders and could adversely affect our financial condition or results of operations, including our ability to distribute cash to shareholders or qualify as a REIT.

Item 1B. *Unresolved Staff Comments*

There are no unresolved written comments that were received from the SEC staff 180 days or more before the end of the Company s fiscal year relating to the Company s periodic or current reports under the Securities Exchange Act of 1934.

Table of Contents

Item 2. *Properties*

Real Estate Portfolio

General. As of December 31, 2005, the Company owned or had interests in approximately 40.2 million square feet of rentable space in 189 office, industrial and retail properties. As of December 31, 2005, the Company s properties were 98.3% leased based upon net rentable square feet. As of December 31, 2005, the number, percentage of trailing 12 month base rent (including base rent from properties sold through date of sale, properties held for sale and the Company s proportionate share of non-consolidated entities) and square footage mix of the Company s portfolio is as follows:

	Number	Base Rent	Square Footage
Office	107	65.6%	41.8%
Industrial	59	29.7	53.4
Retail	23	4.7	4.8
	189	100.0%	100.0%

The Company s properties are generally subject to net leases; however, in certain leases the Company is responsible for roof and structural repairs. In such situations the Company performs annual inspections of the properties. Seventeen of the Company s properties (including non-consolidated entities) are subject to leases in which the landlord is responsible for a portion of the real estate taxes, utilities and general maintenance. The Company is responsible for all operating expenses of any vacant properties. As of December 31, 2005, the Company had three completely vacant properties (Milpitas, California, Dallas, Texas and Phoenix, Arizona).

The Company s tenants represent a variety of industries, including general retailing, finance and insurance, energy, transportation and logistics, automotive, technology, telecommunications and defense. For the year ended December 31, 2005, base rent, including base rent earned by non-consolidated entities, from properties held for sale, and for properties sold through date of sale, were earned from 137 tenants in 20 different industries.

Tenant Leases. A substantial portion of the Company s income consists of base rent under long-term leases. As of December 31, 2005, of the 189 properties, three are completely vacant and the remaining are subject to 202 leases.

Ground Leases. The Company has 19 properties (including three properties owned by non-consolidated entities) that are subject to long-term ground leases where a third party owns and has leased the underlying land to the Company. In each of these situations the rental payments made to the landowner are passed on to the Company s tenant. Three of these properties are economically owned through the holding of industrial revenue bonds and as such neither ground lease payments nor bond interest payments are made or received, respectively. For eight of the properties the Company has a purchase option. At the end of these long-term ground leases, unless extended or the purchase option exercised, the land together with all improvements thereon reverts to the landowner. In addition, the Company has one property in which a portion of the land, on which a portion of the parking lot is located, is subject to a ground lease. At expiration of the ground lease only that portion of the parking lot reverts to the landowner. These ground leases, including renewal options, expire at various dates from 2026 through 2082.

Leverage. The Company generally uses fixed rate, non-recourse mortgages to partially fund the acquisition of real estate. As of December 31, 2005, the Company had outstanding mortgages, including mortgages classified as discontinued operations, of $1.2 billion with a weighted average interest rate of 6.0%.

Table of Contents

Table Regarding Real Estate Holdings

The table on the following pages sets forth certain information relating to the Company s real property portfolio, including non-consolidated properties, as of December 31, 2005. All the properties listed have been fully leased by tenants for the last five years, or since the date of purchase by the Company or its non-consolidated entities if less than five years, with the exception of the properties located in Philadelphia, Pennsylvania, Dallas, Texas, Milpitas, California, Hebron, Kentucky, Memphis, Tennessee, San Francisco, California and two properties located in Phoenix, Arizona. The Philadelphia, Pennsylvania has 2,842 square feet of vacant space since the Company s acquisition in 2005. During the last five years, (1) the Dallas, Texas property has been vacant since December 31, 2004, (2) the Milpitas, California property has been vacant since December 9, 2005, (3) the Hebron, Kentucky property has been vacant since April 2004 (except that 21,542 square feet was leased during 2005) and (4) the tenant at the Memphis, Tennessee property entered into a lease extension in 2005 leaving 34,359 square feet of rentable space vacant. The San Francisco, California property was acquired by a non-consolidated entity in 2005 and has 20,006 square feet vacant since the acquisition. One of the Phoenix, Arizona properties has been vacant since December 2003 and the other Phoenix, Arizona property has 49,799 square feet vacant at December 31, 2005.

Table of Contents

LEXINGTON CORPORATE PROPERTIES TRUST
PROPERTY CHART

Property Location	Tenant/ (Guarantor)	Year Constructed/ Redeveloped	Land Area (acres)	Net Rentable Square Feet	Base Lease Term	2006 Estimated Minimum Cash Revenue ($000)	2006 Estimated Straight-Line Rental Revenue ($000)
OFFICE							
10001 Richmond Avenue Houston, TX	Baker Hughes, Inc.	1976/1984	28.57	554,385	09/28/00 - 09/27/15	$ 6,029	$ 7,375
295 Chipeta Way Salt Lake City, UT	Northwest Pipeline Corp.	1982	19.79	295,000	10/01/82 - 09/30/09	$ 6,322	$ 6,322
6303 Barfield Road Atlanta, GA	Internet Security Systems, Inc.(22)	2003	4.20	289,000	11/18/00 - 05/31/13	$ 6,302	$ 6,077
1701 Market Street Philadelphia, PA	Morgan Lewis & Bockius LLP(19)(20)	1957	1.07	322,317	12/20/96 - 01/31/14	$ 4,847	$ 4,856
3480 Stateview Boulevard Fort Mill, SC	Wells Fargo Bank N.A.(13)	2004	16.10	169,218	06/01/04 - 05/31/14	$ 3,229	$ 3,449
1311 Broadfield Blvd.	Transocean, Inc.(23)	2000	3.88	103,260	04/28/01 - 03/31/11	$ 2,284	$ 2,277
Houston ,TX	Newpark Resources, Inc.(24)			52,731	06/01/99 - 08/31/09	$ 1,122	$ 1,129
601 & 701 Experian Parkway Allen, TX	TRW, Inc. (Experian Information Solutions, Inc.)	1981/1983	26.53	292,700	04/15/93 - 10/15/10	$ 3,661	$ 3,374
33 Commercial Street Foxboro, MA	Invensys Systems, Inc. (Siebe, Inc.)	1982	40.80	164,689	07/01/95 - 07/01/15	$ 3,270	$ 3,270
3476 Stateview Boulevard	Wells Fargo Home	2002	15.99	169,083	01/25/03 - 01/30/13	$ 2,884	$ 3,021

Fort Mill, SC	Mortgage, Inc.(4)(5)						
1415 Wyckoff Road Wall Township, NJ	NJ Natural Gas Co.	1983	22.10	157,511	07/01/96 - 06/30/21	$ 2,923	$ 2,923
70 Mechanic Street Foxboro, MA	Invensys Systems, Inc. (Siebe, Inc.)	1965/1988	31.90	251,914	07/01/94 - 07/01/14	$ 2,817	$ 2,449
9950 Mayland Drive Richmond, VA	Circuit City Stores, Inc.	1990	19.71	288,562	02/28/90 - 02/28/10	$ 2,859	$ 2,791
2750 Monroe Boulevard Valley Forge, PA	Quest Diagnostics, Inc.(2)	1985/2001	10.50	109,281	05/01/01 - 04/30/11	$ 2,521	$ 2,554
700 Oakmont Lane Westmont, IL	North American Van Lines, Inc.(3) (SIRVA, Inc.)	1989	17.93	269,715	12/01/02 - 11/30/15	$ 2,438	$ 2,571
13651 McLearen Road Herndon, VA	Boeing North American Services, Inc. (The Boeing Company)	1987	10.39	159,664	05/31/99 - 05/30/08	$ 2,772	$ 2,477
10475 Crosspoint Boulevard Indianapolis, IN	John Wiley & Sons, Inc.(29)	1999	10.30	141,047	11/01/99 - 10/31/09	$ 2,397	$ 2,397
27404 Drake Road Farmington Hills, MI	Dana Corporation	1999	7.73	111,454	10/26/01 - 10/31/21	$ 2,331	$ 2,331
2211 South 47th Street Phoenix, AZ	Avnet, Inc.	1997	11.33	176,402	11/15/97 - 11/14/12	$ 2,205	$ 2,259
810 & 820 Gears Road Houston, TX	Ikon Office Solutions, Inc.	2000	15.71	157,790	05/01/00 - 01/31/13	$ 2,229	$ 2,251

Table of Contents

LEXINGTON CORPORATE PROPERTIES TRUST
PROPERTY CHART

Property Location	Tenant/ (Guarantor)	Year Constructed/ Redeveloped	Land Area (acres)	Net Rentable Square Feet	Base Lease Term	2006 Estimated Minimum Cash Revenue ($000)	2006 Estimated Straight-Line Rental Revenue ($000)
5600 Broken Sound Boulevard Boca Raton, FL	Oce Printing Systems USA, Inc.	1983/2002	12.19	143,290	02/15/02 - 02/14/20	$ 2,012	$ 2,245
4200 RCA Boulevard Palm Beach Gardens, FL	The Wackenhut Corp.(6)	1996	7.70	114,518	02/15/96 - 02/28/11	$ 2,181	$ 2,167
701 Brookfield Parkway Greenville, SC	Verizon Wireless(7)	2000/2001	16.71	192,884	01/11/02 - 01/31/12	$ 2,011	$ 2,067
2800 Waterford Lake Drive Richmond, VA	Alstom Power, Inc.(26)(33)	2000	7.50	99,057	04/13/05 - 10/31/14	$ 1,808	$ 2,015
4201 Marsh Lane Carrollton, TX	Carlson Restaurants Worldwide, Inc.(16)	2003	11.77	130,000	11/21/03 - 11/30/18	$ 1,868	$ 1,975
12645 W. Airport Road Sugar Land, TX	Baker Hughes, Inc.	1997	19.00	165,836	09/28/00 - 09/27/15	$ 1,711	$ 1,943
15501 North Dial Boulevard Scottsdale, AZ	The Dial Corporation	1998	8.84	129,689	04/13/05 - 08/31/08	$ 1,388	$ 1,914
8555 South River Parkway Tempe, AZ	ASM Lithography Holding NV	1998	9.51	95,133	04/13/05 - 06/30/13	$ 2,130	$ 1,841
26210 and 26220 Enterprise Court Lake Forest, CA	Apria Healthcare Group, Inc.	2001	7.23	100,012	02/01/01 - 01/31/12	$ 1,752	$ 1,792
200 Executive Boulevard South Southington, CT	Hartford Fire Insurance Co.	1983	12.40	153,364	09/01/91 - 12/31/12	$ 1,679	$ 1,625
2210 Enterprise Drive Florence, SC	Washington Mutual Home Loans, Inc.	1998	16.53	177,747	06/10/98 - 06/30/08	$ 1,750	$ 1,699

16676 Northchase Drive Houston, TX	Kerr-McGee Corporation	2003	4.20	101,111	04/01/03 - 07/31/14	$ 1,559	$ 1,627
6200 Northwest Parkway San Antonio, TX	PacifiCare Health Systems, Inc.	2000	21.60	142,500	11/20/00 - 11/30/10	$ 1,640	$ 1,621
4000 Johns Creek Court	Kraft Foods N.A., Inc.(25)(34)	2001	10.29	73,264	02/01/02 - 01/31/12	$ 1,340	$ 1,385
Atlanta, GA	PerkinElmer Instruments LLC(31)			13,955	12/01/01 - 11/30/16	$ 211	$ 232
5757 Decatur Boulevard	Allstate Insurance Company(27)(21)	2002	12.71	84,200	03/15/02 - 08/31/12	$ 1,246	$ 1,548
Indianapolis, IN	Holladay Property Services(28)			5,756	10/01/01 - 09/30/06	$ 56	$ 56
1600 Eberhardt Road Temple, TX	Nextel of Texas, Inc.	2001	14.26	108,800	02/01/01 - 01/31/16	$ 1,511	$ 1,559
2999 S.W. 6th Street Redmond, OR	Voicestream PCS I LLC (T-Mobile USA, Inc.)	2004	13.13	77,484	01/30/04 - 01/31/19	$ 1,335	$ 1,552
160 Clairemont Avenue Decatur, GA	Allied Holdings, Inc.	1983	2.98	112,248	01/01/98 - 12/31/07	$ 1,677	$ 1,530
27016 Media Center Drive	Playboy Enterprises, Inc.	2000	4.42	63,049	11/01/02 - 10/31/12	$ 1,339	$ 1,257
Los Angeles, CA	Sony Electronics, Inc.(17)			20,203	08/05/04 - 08/31/09	$ 265	$ 271
2550 Interstate Drive Harrisburg, PA	AT&T Wireless Services, Inc.	1998	10.50	81,859	11/16/98 - 11/15/08	$ 1,433	$ 1,449
2655 Northwestern Highway Southfield, MI	Federal-Mogul Corporation	1963/1965	22.44	187,163	01/22/88 - 01/13/15	$ 1,158	$ 1,418
10419 North 30th Street Tampa, FL	Time Customer Service, Inc. (Time, Inc.)	1986	14.38	132,981	04/01/87 - 07/31/10	$ 1,490	$ 1,410

Table of Contents

LEXINGTON CORPORATE PROPERTIES TRUST
PROPERTY CHART

Property Location	Tenant/ (Guarantor)	Year Constructed/ Redeveloped	Land Area (acres)	Net Rentable Square Feet	Base Lease Term	2006 Estimated Minimum Cash Revenue ($000)	2006 Estimated Straight-Line Rental Revenue ($000)
250 Rittenhouse Circle Bristol, PA	Jones Apparel Group USA, Inc.(1) (Jones Apparel Group, Inc.)	1982	15.63	255,019	03/26/98 - 03/25/13	$ 1,265	$ 1,347
400 Butler Farm Road Hampton, VA	Nextel Communications of Mid-Atlantic, Inc. (Nextel Finance Company)	1999	14.34	100,632	03/20/00 - 12/31/09	$ 1,315	$ 1,302
11555 University Boulevard Houston, TX	Kelsey-Seybold Clinic (St. Luke s Episcopal Health System)	2004	8.53	72,683	11/14/05 - 11/30/20	$ 1,114	$ 1,230
6455 State Highway 303 N.E Bremerton, WA	Nextel West Corporation	2001	6.90	60,200	02/01/01 - 05/14/16	$ 1,042	$ 1,113
13430 N. Black Canyon Freeway	Bull HN Information Systems, Inc.	1985/1994/2005	13.37	69,492	10/11/94 - 10/31/10	$ 784	$ 836
Phoenix, AZ	Associated Billing Services, LLC(32)			17,767	02/01/06 - 07/31/16	$ 125	$ 254
	Vacant			49,799		$	$
19019 N. 59th Avenue Glendale, AZ	Honeywell, Inc.	1985	51.79	252,300	07/16/86 - 07/15/06	$ 1,082	$ 1,070
270 Brillerica Road Chelmsford, MA	Cadence Design Systems(14)	1985	6.96	100,000	03/01/93 - 09/30/13	$ 1,015	$ 1,065
12600 Gateway Boulevard Fort Meyers, FL	Gartner, Inc.	1997	4.90	62,400	07/01/04 - 01/31/13	$ 998	$ 1,052
180 Rittenhouse Circle Bristol, PA	Jones Apparel Group USA, Inc.(10)	1998	4.73	96,000	08/01/98 - 07/31/13	$ 957	$ 970

	(Jones Apparel Group, Inc.)						
3940 South Teller Street Lakewood, CO	Travelers Express, Inc.(18)	2002	7.88	68,165	04/01/02 - 03/31/12	$ 1,091	$ 866
2529 W. Throne Drive Houston, TX	Baker Hughes, Inc.	1981/1999	6.93	65,500	09/28/00 - 09/27/15	$ 687	$ 846
12000 Tech Center Drive Livonia, MI	Kelsey-Hayes Company	1988	5.72	80,230	05/01/97 - 04/30/14	$ 787	$ 823
2401 Cherahala Boulevard Knoxville, TN	Advance PCS, Inc.	2002	7.97	59,748	06/01/02 - 05/31/13	$ 786	$ 822
1275 N.W. 128th Street Clive, IA	Principal Life Insurance Company(12)	2003	5.39	61,180	02/10/04 - 01/31/12	$ 799	$ 817
421 Butler Farm Road Hampton, VA	Nextel Communications of Mid-Atlantic, Inc. (Nextel Finance Company)	2000	7.81	56,515	01/15/00 - 01/14/10	$ 738	$ 719
100 Barnes Road Wallingford, CT	Minnesota Mining and Manufacturing Co	1978/1985	39.80	44,400	01/01/04 - 07/01/10	$ 581	$ 606
250 Turnpike Road Southborough, MA	Honeywell Consumer Products	1984	9.83	57,698	10/01/95 - 09/30/15	$ 459	$ 459

Table of Contents

LEXINGTON CORPORATE PROPERTIES TRUST
PROPERTY CHART

roperty Location	Tenant/ (Guarantor)	Year Constructed/ Redeveloped	Land Area (acres)	Net Rentable Square Feet	Base Lease Term	2006 Estimated Minimum Cash Revenue ($000)	2006 Estimated Straight-Li Rental Revenue ($000)
1440 East 15th Street Tucson, AZ	Cox Communications, Inc.	1988	3.58	28,591	10/01/90 - 09/30/16	$ 465	$ 457
2300 Litton Lane Hebron, KY	AGC Automotive Americas Company	1987/2005	24.00	21,542	09/01/05 - 08/31/12	$ 204	$ 204
	Vacant			58,878		$	$
1600 Viceroy Drive Dallas, TX	Vacant	1986	8.17	249,452		$	$
1301 California Circle Milpitas, CA	Vacant	1985	6.34	100,026		$	$
3615 North 27th Avenue Phoenix, AZ	Vacant	1960/1979	10.26	179,280		$	$
	Office Subtotal		845.65	9,209,323		$ 118,286	$ 121,209
INDUSTRIAL							
541 Perkins Jones Road Warren, OH	Kmart Corp.	1982	103.12	1,462,642	10/01/82 - 09/30/07	$ 9,359	$ 8,932
19500 Bulverde Road San Antonio, TX	Harcourt Brace	2001	92.32	559,258	04/01/01 - 03/31/16	$ 3,255	$ 3,429
2425 Highway 77 North Waxahachie, TX	James Hardie Building Products, Inc. (James Hardie Industry, NV)	1996/1997	45.29	425,816	10/07/00 - 03/31/20	$ 3,400	$ 3,400
3501 West Avenue H Lancaster, CA	Michaels Stores, Inc.	1998/2002	37.18	762,775	06/19/98 - 09/30/19	$ 3,238	$ 3,304
9110 Grogan s Mill Road Houston, TX	Baker Hughes, Inc.	1992	24.75	275,750	09/28/00 - 09/27/15	$ 2,490	$ 3,065
750 N. Black Branch Road Elizabethtown, KY	Dana Corporation	1995/2001	46.69	539,592	08/01/05 - 07/31/25	$ 2,838	$ 2,838
224 Harbor Freight Road	Harbor Freight Tools USA, Inc.	2001/2005	74.95	1,010,859	12/05/01 - 12/31/21	$ 2,760	$ 2,736

Dillon, SC	(Central Purchasing, Inc.)								
3820 Micro Drive Millington, TN	Ingram Micro, Inc.	1997	39.20	701,819	09/26/01 - 09/25/11	$	2,112	$	2,271
3305 S.E. 58th Avenue Ocala, FL	Associated Grocers of Florida, Inc.	1976	63.48	668,034	01/08/99 - 12/31/18	$	2,067	$	2,238
590 Ecology Lane Chester, SC	Owens Corning	2001/2005	41.08	420,597	01/11/00 - 07/14/25	$	2,185	$	2,185
6345 Brackbill Boulevard Mechanicsburg, PA	Exel Logistics, Inc. (NFC plc)	1985/1995	29.01	507,000	10/29/90 - 03/19/12	$	2,037	$	1,852
6938 Elm Valley Drive Kalamazoo, MI	Dana Corporation	1999	27.50	150,945	10/26/01 - 10/31/21	$	1,843	$	1,843
301 Bill Bryan Road Hopkinsville, KY	Dana Corporation	1987, 1997, 2000	46.28	410,844	08/01/05 - 07/31/25	$	1,451	$	1,451

Table of Contents

LEXINGTON CORPORATE PROPERTIES TRUST
PROPERTY CHART

Property Location	Tenant/ (Guarantor)	Year Constructed/ Redeveloped	Land Area (acres)	Net Rentable Square Feet	Base Lease Term	2006 Estimated Minimum Cash Revenue ($000)	2006 Estimated Straight-Line Rental Revenue ($000)
431 Smith Lane Jackson, TN	Kirkland s Inc.(11)	2004	85.80	771,120	05/10/04 - 05/31/19	$ 1,408	$ 1,408
1000 Business Boulevard Dry Ridge, KY	Dana Corporation	1988	28.84	336,350	08/01/05 - 07/31/25	$ 1,346	$ 1,346
6 Doughten Road New Kingston, PA	Exel Logistics, Inc. (NFC plc)	1989	24.38	330,000	11/18/91 - 11/30/06	$ 1,363	$ 1,236
6500 Adelaide Court Groveport, OH	Anda Pharmaceuticals, Inc. (Andrx Corporation)	2002	22.67	354,676	04/01/02 - 03/31/12	$ 1,277	$ 1,206
7500 Chavenelle Road Dubuque, IA	The McGraw-Hill Companies, Inc.	2002	21.80	330,988	11/13/01 - 06/30/17	$ 1,089	$ 1,164
12025 Tech Center Drive Livonia, MI	Kelsey-Hayes Company	1987/1988	9.18	100,000	05/01/97 - 04/30/14	$ 1,082	$ 1,139
250 Swathmore Avenue High Point, NC	Steelcase, Inc.(15)	2002	23.40	244,851	10/01/02 - 09/30/17	$ 1,037	$ 1,087
2415 US Highway 78 East Moody, AL	TNT Logistics North America, Inc. (TPG NV)	2004	42.17	595,346	02/27/04 - 01/02/14	$ 1,054	$ 1,054
245 Salem Church Road Mechanicsburg, PA	Exel Logistics, Inc. (NFC plc)	1985	12.52	252,000	11/15/91 - 12/31/07	$ 1,090	$ 1,026
3102 Queen Palm Drive Tampa, FL	Time Customer Service, Inc. (Time Inc.)	1986	15.02	229,605	08/01/87 - 07/31/10	$ 1,037	$ 1,010
2280 Northeast Drive Waterloo, IA	Ryder Integrated Logistics, Inc.	1996/1997	26.22	276,480	08/01/97 - 07/31/12	$ 998	$ 1,004

	(Ryder Systems, Inc.)						
200 Arrowhead Drive Hebron, OH	Owens Corning	1999	21.62	400,522	03/01/01 - 05/31/09	$ 1,027	$ 985
7670 Hacks Cross Road Olive Branch, MS	Dana Corporation	1989	17.01	268,100	03/01/06 - 02/28/16	$ 959	$ 959
46600 Port Street Plymouth, MI	Johnson Controls, Inc.	1996	30.36	134,160	05/19/00 - 12/22/06	$ 938	$ 938
3600 Southgate Drive Danville, IL	Sygma Network, Inc.	2000	19.00	149,500	10/15/00 - 10/31/15	$ 933	$ 933
1133 Poplar Creek Road Henderson, NC	Corporate Express Office Products, Inc. (Buhrmann, N.V.)	1998	19.09	196,946	01/20/99 - 01/31/14	$ 789	$ 810
4010 Airpark Drive Owensboro, KY	Dana Corporation	1998/2000	20.25	162,468	08/01/05 - 07/31/25	$ 796	$ 796
4425 Purks Road Auburn Hills, MI	Lear Technologies LLC (Lear Corporation) (General Motors Corp.)	1989/1998	12.00	183,717	07/23/88 - 07/22/06	$ 820	$ 796
450 Stern Street Oberlin, OH	Johnson Controls, Inc.	1996	20.10	111,160	12/23/96 - 12/22/06	$ 730	$ 730

Table of Contents

LEXINGTON CORPORATE PROPERTIES TRUST
PROPERTY CHART

Property Location	Tenant/ (Guarantor)	Year Constructed/ Redeveloped	Land Area (acres)	Net Rentable Square Feet	Base Lease Term	2006 Estimated Minimum Cash Revenue ($000)	2006 Estimated Straight-Line Rental Revenue ($000)
191 Arrowhead Drive Hebron, OH	Owens Corning	2000	13.62	250,410	06/01/01 - 02/28/10	$ 658	$ 626
904 Industrial Road Marshall, MI	Tenneco Automotive Operating Company, Inc. (Tenneco Automotive Inc.)	1968/1972	20.00	195,640	08/18/87 - 08/17/10	$ 595	$ 600
34 East Main Street New Kingston, PA	Exel Logistics, Inc. (NFC plc)	1981	9.66	179,200	11/15/91 - 11/30/06	$ 660	$ 599
1901 49th Avenue Minneapolis, MN	Owens Corning	2003	8.90	18,620	07/01/03 - 06/30/15	$ 560	$ 596
109 Stevens Street Jacksonville, FL	Unisource Worldwide, Inc.	1958/1969	6.97	168,800	10/01/87 - 09/30/09	$ 591	$ 588
128 Crews Drive Columbia, SC	Stone Container Corporation	1968/1998	10.76	185,961	12/16/82 - 08/31/12	$ 554	$ 571
730 N. Black Branch Road Elizabethtown, KY	Dana Corporation	2001	17.80	167,770	08/01/05 - 07/31/25	$ 537	$ 537
7150 Exchequer Drive Baton Rouge, LA	Corporate Express Office Products, Inc. (Buhrmann N.V.)	1998	5.23	79,086	11/01/98 - 10/31/13	$ 438	$ 439
324 Industrial Park Road Franklin, NC	SKF USA, Inc.	1996	21.13	72,868	12/23/96 - 12/31/14	$ 395	$ 395
3350 Miac Cove Road Memphis, TN	Mimeo.com, Inc.(8) Vacant	1987	10.92	107,000 34,359	11/01/99 - 09/30/20	$ 283	$ 370
187 Spicer Drive Gordonsville, TN	Dana Corporation	1983/1985	20.98	148,000	01/01/84 - 08/31/07	$ 354	$ 341
477 Distribution Parkway		2005	9.88	120,000	02/01/06 - 01/31/21	$ 280	$ 280

Colliersville, TN	Federal Express Corporation(30)						
300 McCormick Boulevard Columbus, OH	Ameritech Services, Inc.(9)	1990	10.12	20,000	09/14/90 - 05/31/15	$ 128	$ 155
1601 Pratt Avenue Marshall, MI	Joseph Campbell Company	1979	8.26	58,300	08/18/05 - 08/31/07	$ 141	$ 141
	Industrial Subtotal		1,316.51	15,129,934		$ 64,982	$ 65,409
RETAIL							
2655 Shasta Way Klamath Falls, OR	Fred Meyer, Inc.	1986	13.99	178,204	03/10/88 - 03/31/08	$ 1,009	$ 1,009
Fort Street Mall, King Street Honolulu, HI	Liberty House, Inc.	1980	1.22	85,610	10/01/80 - 09/30/09	$ 990	$ 971
150 N.E. 20th Street, Highway 101 Newport, OR	Fred Meyer, Inc.	1986	8.76	118,179	06/01/86 - 05/31/11	$ 826	$ 826
35400 Cowan Road Westland, MI	Sam s Real Estate Business Trust	1987/1997	9.70	102,826	06/06/97 - 01/31/09	$ 753	$ 753

24

LEXINGTON CORPORATE PROPERTIES TRUST
PROPERTY CHART

Property Location	Tenant/ (Guarantor)	Year Constructed/ Redeveloped	Land Area (acres)	Net Rentable Square Feet	Base Lease Term	2006 Estimated Minimum Cash Revenue ($000)	2006 Estimated Straight-Line Rental Revenue ($000)
4733 Hills & Dales Road Canton, OH	Scandinavian Health Spa, Inc. (Bally Total Fitness Corp.)	1987	3.32	37,214	01/01/89 - 12/31/08	$ 745	$ 685
5917 S. La Grange Road Countryside, IL	Bally Total Fitness Corp.	1987	2.73	25,250	07/13/87 - 06/30/17	$ 660	$ 515
1160 White Horse Road Voorhees, NJ	Physical Fitness Centers of Philadelphia, Inc. (Bally Total Fitness Corp.)	1987	2.87	31,750	07/14/87 - 06/30/17	$ 820	$ 494
4831 Whipple Avenue N.W. Canton, OH	Best Buy Co., Inc.	1995	6.59	46,350	02/27/98 - 02/26/18	$ 465	$ 465
3711 Gateway Drive Eau Claire, WI	Kohl s Dept. Stores, Inc.	1994	6.24	76,164	03/11/94 - 01/25/15	$ 469	$ 463
399 Peachwood Center Drive Spartanburg, SC	Best Buy Co., Inc.	1996	7.49	45,800	12/29/83 - 02/26/18	$ 395	$ 395
24100 Laguna Hills Mall Laguna Hills, CA	Federated Department Stores, Inc.	1974	11.00	160,000	02/01/76 - 04/16/14	$ 323	$ 349
12535 S.E. 82nd Avenue Clackamas, OR	Toys R Us, Inc.	1981	5.85	42,842	06/01/81 - 05/31/11	$ 360	$ 320
18601 Alderwood Mall Boulevard Lynwood, WA	Toys R Us, Inc.	1981	3.76	43,105	06/01/81 - 05/31/11	$ 328	$ 297
9580 Livingston Road Oxon Hill, MD	GFS Realty, Inc.	1976	10.60	107,337	01/03/77 - 02/28/14	$ 205	$ 274

	(Giant Food, Inc.)						
6910 S. Memorial Highway Tulsa, OK	Toys R Us, Inc.	1981	4.44	43,123	06/01/81 - 05/31/11	$ 300	$ 271
Rockshire Village Center, 2401 Wootton Parkway Rockville, MD	GFS Realty, Inc. (Giant Food, Inc.)	1977	7.32	51,682	01/01/78 - 06/19/17	$ 115	$ 152
121 South Center Street Stockton, CA	Greyhound Lines, Inc.	1968	1.67	17,000	02/28/89 - 02/28/09	$ 216	$ 216
	Retail Subtotal		107.55	1,212,436		$ 8,979	$ 8,455
	Grand Total		2,269.71	25,551,693		$ 192,247	$ 195,073

(1) Tenant can cancel lease on 03/26/08 with 12 months notice and payment of $1,392.
(2) Expense stop on this property is $393 per annum.
(3) Tenant can cancel lease on 11/30/13 with 12 months notice and a payment of $1,300.
(4) Expense stop on this property is $820.
(5) Tenant has the right to contract leased space by 27,000 square feet on 01/31/08 with 6 months notice and a payment estimated to be $696. In addition, the tenant can cancel lease on 01/31/10 with 12 months notice and a payment estimated to be $3,968.
(6) This is a modified gross lease. Annual net operating expense for which the Company is responsible approximates $600. There is a second tenant at this property encompassing approximately 18,000 square feet.
(7) Expense stop on this property is $112 per annum.
(8) Tenant occupies 107,000 square feet and is responsible for all operating expenses.

(9) Tenant can cancel lease on 06/01/10 with 6 months notice and payment of $102.
(10) Tenant can cancel lease on 07/31/08 with 12 months notice and payment of $2,095.
(11) Tenant can cancel lease on 05/30/14 for a payment equal to the remaining 5 years rent discounted at 150 bps over the then 5 year U.S. Treasury rate.
(12) Tenant can cancel lease on 02/01/09 with 12 months notice and a payment equal to approximately one year rent and operating costs.
(13) Expense stop on this property is $948.
(14) Tenant can cancel lease on 09/30/10 with 12 months notice and a payment of $965.
(15) Tenant can cancel lease during the last year if damage occurs and is greater than $500 or 50% of cost to replace building.
(16) Tenant can cancel lease on 12/22/13 with 12 months notice plus payment equal to one year rent plus unamortized deal costs.
(17) Tenant can cancel lease on 09/01/07 with 180 days notice and payment of 2 months rent plus unamortized tenant improvements and commissions.
(18) Tenant can cancel lease on 03/31/09 with 12 months notice and a payment of approximately $1,041.
(19) The Company has an 80.5% economic interest in this property.
(20) Included in square footage is 10,426 of retail space leased to three tenants and 2,842 of vacant space.
(21) Tenant can cancel lease on 08/31/07 with 12 months written notice and a payment of $385 plus unamortized costs of landlord s improvements in excess of $30 per square foot.
(22) Expense stop on this property is $804 per annum.
(23) Expense stop on this property for tenant is $7.89 per square foot.
(24) Expense stop on this property for tenant is $6.50 per square foot.
(25) Expense stop on this property for tenant is $4.35 per square foot.
(26) Expense stop on this property is $593 per annum.
(27) Expense stop on this property for tenant is $2.75 per square foot.
(28) Expense stop on this property for tenant is $2.50 per square foot.
(29) Expense stop on this property is $501 per annum.
(30) Property currently being expanded.
(31) Tenant can cancel lease on 11/30/11 with 12 months written notice and payment of $325.
(32) Tenant can cancel lease on 07/31/11 with 9 months written notice and a payment equal to the unamortized tenant improvements. Tenant lease commences in 2006.
(33) Tenant can cancel lease on 07/31/12 with 12 months written notice and a payment equal to the sum of $340 plus 50% of rent, as defined, for the year ended 07/31/13 plus 6 months of operating expenses for 2012.
(34) Tenant can cancel lease on 01/31/09 with 12 months written notice and payment of $1,845.

Table of Contents

LEXINGTON CORPORATE PROPERTIES TRUST
JOINT VENTURE PROPERTY CHART

Property Location	Tenant/ (Guarantor)	Year Constructed/ Redeveloped	Land Area (acres)	Net Rentable Square Feet	Base Lease Term	2006 Estimated Minimum Cash Revenue ($000)	2006 Estimated Straight-Line Rental Revenue ($000)
OFFICE							
27 South Valencia Avenue Los Angeles, CA	Bank of America NT & SA(H)	1983	31.60	637,503	04/13/05 - 06/30/12	$ 7,574	$ 9,106
389-399 Interpace Parkway, Morris Corporate Center IV Parsippany, NJ	Aventis Pharmaceuticals, Inc.(A)(Y) (Pharma Holdings GmbH)	2000	14.00	340,240	07/01/05 - 06/30/15	$ 9,227	$ 8,700
17 Technology Circle Columbia, SC	Blue Cross Blue Shield of South Carolina Inc.(B)	1999/2001	46.82	456,304	10/01/99 - 09/30/09	$ 7,377	$ 6,930
600 Business Center Drive Lake Mary, FL	First USA Management Services, Inc.(A)(C)	1997	13.30	125,155	10/01/99 - 09/30/09	$ 2,990	$ 2,921
550 Business Center Drive Lake Mary, FL	First USA Management Services, Inc.(A)(C)	1999	12.80	125,920	10/01/99 - 09/30/09	$ 2,892	$ 2,820
100 Wood Hollow Drive Novato, CA	Greenpoint Mortgage Funding, Inc.(E)(F)	2001	12.93	124,600	06/30/00 - 07/31/11	$ 4,635	$ 4,864
8900 Freeport Parkway Irving, TX	Nissan Motor Acceptance Corporation(L) (Nissan North America, Inc.)	2002	14.87	268,445	09/19/01 - 03/31/13	$ 4,505	$ 4,810
6555 Sierra Drive	True North Communications	1999	9.98	247,254	02/01/00 - 01/31/10	$ 4,462	$ 4,250

Irving, TX	Inc.(A)						
5200 Metcalf Avenue Overland Park, KS	Employers Reinsurance Corporation(H)	1980/2003	26.20	320,198	01/22/03 - 12/22/18	$ 4,076	$ 4,076
101 East Erie Street Chicago, IL	Foote, Cone & Belding(E) (Interpublic Group of Companies, Inc.)	1986		203,376	03/16/94 - 03/15/14	$ 3,805	$ 3,805
	Higgins Development Partners(E)			19,089	11/23/04 - 03/15/14	$ 117	$ 119
	Lexington Corporate Properties Trust(E)			2,100	07/06/05 - 07/05/10	$ 37	$ 37
27027 Tourney Drive Santa Clarita, CA	Specialty Laboratories, Inc.(E)	2004	13.78	187,262	09/01/01 - 08/31/24	$ 3,563	$ 3,563
2050 Roanoke Road Westlake, TX	Chrysler Financial Company LLC(L)(T)	2001	13.18	130,290	11/01/01 - 12/31/11	$ 3,190	$ 3,540
15375 Memorial Drive Houston, TX	Vastar Resources, Inc.(A)	1985	21.77	327,325	09/16/99 - 09/15/09	$ 3,484	$ 3,437
10300 Kincaid Drive Fishers, IN	Bank One Indiana, N.A.(A)(D)	1999	13.30	193,000	11/01/99 - 10/31/09	$ 3,381	$ 3,287
10300 Town Park Drive Houston, TX	Veritas DGC, Inc.(E)	2000	19.44	218,641	08/01/04 - 09/30/15	$ 3,114	$ 3,249
4001 International Parkway Carrollton, TX	Accor S.A.(H)(U) (Motel 6 Operating L.P.)	2003	10.10	138,443	06/28/03 - 07/31/15	$ 2,987	$ 3,231
100, 120 and 130 East Shore Drive Richmond, VA	Capital One Services, Inc.(E)(Z)	1999	18.71	225,220	07/15/99 - 03/13/10	$ 2,841	$ 2,890
10940 White Rock Road, 10929 Disk Drive Rancho Cordova, CA	Progressive Casualty Insurance Company(E)	2002	11.05	158,582	08/01/02 - 07/31/12	$ 2,740	$ 2,804
2000 Eastman Drive	Structural Dynamic Research	1991	12.36	212,836	05/01/91 - 04/30/11	$ 2,830	$ 2,790

	Corp.(A)
Milford, OH	

LEXINGTON CORPORATE PROPERTIES TRUST
JOINT VENTURE PROPERTY CHART

Property Location	Tenant/ (Guarantor)	Year Constructed/ Redeveloped	Land Area (acres)	Net Rentable Square Feet	Base Lease Term	2006 Estimated Minimum Cash Revenue ($000)	2006 Estimated Straight-Lin Rental Revenue ($000)
3701 Corporate Drive Farmington Hills, MI	Motorola, Inc.(A)(J)	2001	22.85	119,829	12/28/01 - 12/31/16	$ 2,714	$ 2,714
1401-1501 Nolan Ryan Parkway Arlington, TX	Seimens Dematic Postal Automation, L.P.(H)	2003	14.14	236,547	01/15/04 - 01/31/14	$ 2,385	$ 2,533
350 Rhode Island Street San Francisco, CA	California Culinary Academy, LLC(E) (Career Education Corp.)	2002		103,838	11/15/04 - 11/14/19	$ 2,492	$ 2,395
	Starbucks Coffee Company(E)(P)			1,500	09/25/03 - 09/30/13	$ 68	$ 74
	Vacant(E)			20,006		$	$
9201 East Dry Creek Road Centennial, CO	The Shaw Group, Inc.(K)(L)	2001/2002	7.50	128,500	08/29/02 - 09/30/17	$ 2,022	$ 2,447
1475 Dunwoody Drive West Chester, PA	ING USA Annuity and Life Insurance Co.(E)	1998/1999	15.87	125,000	06/29/04 - 05/31/10	$ 2,063	$ 2,038
13775 Mclearen Road	Equant, N.V.(E)(G)	1984/1988/1992	8.65	125,293	01/01/04 - 04/30/15	$ 1,849	$