LEXINGTON CORPORATE PROPERTIES TRUST
Form 424B3
October 17, 2006

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Registration No. 333-137296

TO THE SHAREHOLDERS OF
LEXINGTON CORPORATE PROPERTIES TRUST AND
NEWKIRK REALTY TRUST, INC.

After careful consideration, the board of trustees of Lexington Corporate Properties Trust, or Lexington, and the board of directors of Newkirk Realty Trust, Inc., or Newkirk, have determined that the merger of the two companies is in the best interests of our respective shareholders and have approved a merger agreement authorizing the merger of Newkirk with and into Lexington. We are sending you this joint proxy statement/prospectus to ask you to vote FOR the approval of the merger, and to cordially invite you to attend special meetings of the companies to be held at the dates, times and places set forth below.

The boards of both Newkirk and Lexington believe the merger represents a strategic combination that will create one of the largest and best-positioned net lease REITs in the United States. The combined company will own more than 350 properties located across 44 states with a presence in the nation s premier growth markets and will have a high-quality and diversified tenant base. Moreover, both boards believe that the combination will create a well-capitalized platform with significantly increased scale and liquidity. We believe this financial flexibility coupled with a highly-experienced management team will enable the combined company to exploit a wide range of equity and debt investment opportunities, including institutional joint ventures and acquisitions of large portfolios and other real estate companies, and pursue both traditional and opportunistic single tenant related lines of business for direct ownership or in joint ventures with other capital sources. For these reasons the boards of both companies believe that the merger of Newkirk and Lexington holds the potential to significantly enhance long-term growth opportunities thereby creating substantial value for shareholders.

If the merger is completed, Newkirk stockholders will receive Lexington common shares in exchange for their shares of Newkirk common stock. Each share of Newkirk common stock will be converted into the right to receive 0.80 Lexington common shares. The value of the Lexington common shares to be received by Newkirk stockholders is dependent on the market price of Lexington common shares at the time of the merger as the exchange ratio is fixed. Upon completion of the merger and based on the number of Lexington common shares and shares of Newkirk common stock outstanding on October 13, 2006, we estimate, assuming redemption of all operating partnership units for Lexington common shares but not the conversion of Lexington s 6.50% Series C Cumulative Convertible Preferred Stock, that Newkirk s former stockholders and operating partnership unitholders will own approximately 46.7%, and Lexington shareholders and operating partnership unitholders will own approximately 53.3%, of the combined company on a fully diluted basis. There will also be a 0.80 for 1 reverse split of the units of Newkirk Master Limited Partnership (which we refer to as MLP units) so that after the merger each MLP unit will be redeemable at the holder s option for cash, based on the value of one Lexington common share, or, at Lexington s option, for one Lexington common share. Lexington s shareholders will continue to own their existing shares. Lexington common shares are listed on the New York Stock Exchange under the symbol LXP. Upon completion of the merger, Lexington will change its name to Lexington Realty Trust, and Newkirk common stock, which is listed on the New York Stock Exchange under the symbol NKT, will be delisted.

If the merger is completed, Lexington intends, at the sole discretion of Lexington s board of trustees, to make a one-time special dividend/distribution of $0.17 per Lexington common share/operating partnership unit to the holders thereof on a record date on or prior to the completion of the merger. Following the merger, although annual cash dividends will continue to be set at the sole discretion of Lexington s board of trustees, we anticipate that Lexington s annual cash dividend will be increased to $1.50 per share.

Lexington will hold a special meeting of shareholders and Newkirk will hold a special meeting of stockholders in order to obtain those approvals necessary to consummate the merger and to approve certain other matters as described in this joint proxy statement/prospectus. At the Lexington special meeting, Lexington will ask its common shareholders to approve the merger agreement and the transactions contemplated by the merger agreement, including the merger, the issuance of Lexington common shares and the amendment and restatement of Lexington s Declaration of Trust in connection with the merger, and to vote on the other Lexington special meeting matters described in this joint proxy statement/prospectus. At the Newkirk special meeting, Newkirk will ask its voting stockholders to approve the merger agreement and the transactions

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contemplated by the merger agreement, including the merger and to vote on the other Newkirk special meeting matters described in this joint proxy statement/prospectus.

More information about Lexington, Newkirk and the proposed merger is contained in this joint proxy statement/prospectus. We urge you to read this joint proxy statement/prospectus carefully, including Risk Factors Risks Relating to the Merger for a discussion of the risks relating to the merger. You may obtain additional information about Lexington and Newkirk from the documents that each company has filed with the Securities and Exchange Commission. See Where You Can Find More Information.

Your vote is very important. We cannot complete the merger without the affirmative vote of at least a majority of the votes entitled to be cast by the holders of (a) the outstanding Lexington common shares, and (b) the outstanding shares of Newkirk common stock and the Newkirk special voting preferred stock, voting together as a class. In order for the merger to proceed, the stockholders of Newkirk must approve the merger agreement and the transactions contemplated by the merger agreement, including the merger and the other Newkirk special meeting matters, and the Lexington shareholders must approve the merger agreement and the transactions contemplated thereby, including the merger, the issuance of Lexington common shares and the amendment and restatement of Lexington s Declaration of Trust and the other Lexington special meeting matters.

Whether or not you plan to attend the special meeting, we request that you cast your vote by either completing and returning the enclosed proxy card as promptly as possible or, if you are a Lexington common shareholder, by submitting your proxy or voting instructions by telephone or Internet. If you do not return or submit the proxy or vote in person at the Newkirk special meeting or the Lexington special meeting, the effect will be the same as a vote against the proposal to approve the merger agreement and the transactions contemplated by the merger agreement. The enclosed proxy card contains instructions regarding voting. The dates, times and places of the special meetings are as follows:

For Lexington:
11:30 a.m. (local time)
on November 20, 2006
at the offices of
Paul Hastings Janofsky & Walker LLP
75 E. 55th Street
New York, New York 10022

For Newkirk:
10:00 a.m. (local time)
on November 20, 2006
at the offices of
Katten Muchin Rosenman LLP
575 Madison Avenue
New York, New York 10022

We are very excited about the combined company s future and the opportunities the proposed merger brings to both Newkirk stockholders and Lexington shareholders, and we thank you for your consideration and continued support.

/s/ T. Wilson Eglin
T. Wilson Eglin
Chief Executive Officer, President and Chief Operating Officer
Lexington Corporate Properties Trust

/s/ Michael L. Ashner
Michael L. Ashner
Chairman and Chief Executive Officer
Newkirk Realty Trust, Inc.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this joint proxy statement/prospectus. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated October 16, 2006, and will first be mailed to Newkirk stockholders and Lexington shareholders on or about October 18, 2006.

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REFERENCES TO ADDITIONAL INFORMATION

Except where we indicate otherwise, as used in this joint proxy statement/prospectus, Lexington refers to Lexington Corporate Properties Trust and its consolidated subsidiaries and Newkirk refers to Newkirk Realty Trust, Inc. and its consolidated subsidiaries. This joint proxy statement/prospectus incorporates important business and financial information about Lexington from documents that it has filed with the Securities and Exchange Commission, referred to as the SEC, but that have not been included in or delivered with this joint proxy statement/prospectus. This joint proxy statement/prospectus incorporates the annual report on Form 10-K/A of Lexington for the fiscal year ended December 31, 2005 and the quarterly reports on Form 10-Q of Lexington for the quarters ended March 31, 2006 and June 30, 2006. For a list of documents incorporated by reference into this joint proxy statement/prospectus and how you may obtain them, see Where You Can Find More Information.

This information is available to you without charge upon your written or oral request. You can obtain the documents incorporated by reference into this joint proxy statement/prospectus by accessing the SEC s website maintained at www.sec.gov.

In addition, Lexington s SEC filings are available to the public on Lexington s website, www.lxp.com, and Newkirk s SEC filings are available to the public on Newkirk s website, www.newkirkreit.com. Information contained on Lexington s website, Newkirk s website or the website of any other person is not incorporated by reference into this joint proxy statement/prospectus, and you should not consider information contained on those websites as part of this joint proxy statement/prospectus.

Lexington will provide you with copies of this information relating to Lexington, without charge, if you request them in writing or by telephone from:

Lexington Corporate Properties Trust
One Penn Plaza, Suite 4015
New York, New York 10119-4015
Attention: Investor Relations
Telephone: (212) 692-7200

Newkirk will provide you with copies of this information relating to Newkirk, without charge, if you request them in writing or by telephone from:

Newkirk Realty Trust, Inc.
7 Bulfinch Place, Suite 500
Boston, Massachusetts 02114
Attention: Investor Relations
Telephone: (617) 570-4680

If you would like to request documents, please do so by November 13, 2006, in order to receive them before the special meetings.

Lexington has supplied all information contained in or incorporated by reference in this joint proxy statement/prospectus relating to Lexington, and Newkirk has supplied all information contained in this joint proxy statement/prospectus relating to Newkirk.

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NEWKIRK REALTY TRUST, INC.
7 Bulfinch Place, Suite 500
Boston, Massachusetts 02114

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

NOTICE IS HEREBY GIVEN that a Special Meeting of Stockholders (the Newkirk special meeting) of NEWKIRK REALTY TRUST, INC., a Maryland corporation, will be held at the 11th Floor Conference Center in the offices of Katten Muchin Rosenman LLP, 575 Madison Avenue, New York, New York 10022, on November 20, 2006 at 10:00 a.m. local time, to consider and act upon the following:

(1) To consider and vote on the approval of the Agreement and Plan of Merger, dated as of July 23, 2006, by and among Lexington Corporate Properties Trust and Newkirk Realty Trust, Inc., as amended, a copy of which is attached as Annex A to the accompanying joint proxy statement/prospectus and the transactions contemplated thereby, including the merger of Newkirk with and into Lexington;

(2) The adjournment or postponement of the special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the proposals; and

(3) To transact such other business as may properly come before the special meeting or any adjournments or postponements of the special meeting.

Only holders of shares of common stock, par value $0.01 per share, of record at the close of business on October 13, 2006 and NKT Advisors, LLC, as the holder of Newkirk s Special Voting Preferred Stock, shall be entitled to receive notice of, and to vote at, the Newkirk special meeting, and at any adjournment or postponement thereof. In the joint proxy statement/prospectus, we refer to the Newkirk common stock and the Newkirk special voting preferred stock, collectively, as the Newkirk voting stock.

IT IS IMPORTANT THAT YOUR NEWKIRK VOTING STOCK BE REPRESENTED AND VOTED AT THE SPECIAL MEETING. WHETHER OR NOT YOU EXPECT TO ATTEND THE SPECIAL MEETING, PLEASE INSTRUCT THE PROXY HOLDERS HOW TO VOTE YOUR SHARES BY:

MARKING, SIGNING, DATING AND PROMPTLY RETURNING the enclosed proxy card in the postage-paid envelope (it requires no postage if mailed in the United States).

Any proxy or instruction may be revoked at any time before its exercise at the special meeting. Please authorize your proxy as instructed above so that your shares of common stock will be represented and voted at the special meeting.

By order of the Board of Directors,

/s/ Carolyn B. Tiffany
Carolyn B. Tiffany
Secretary

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LEXINGTON CORPORATE PROPERTIES TRUST
One Penn Plaza, Suite 4015
New York, New York 10119-4015

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To the shareholders of Lexington Corporate Properties Trust:

Lexington will hold a special meeting of its shareholders at 11:30 a.m. local time, on November 20, 2006, at the New York offices of Paul, Hastings, Janofsky & Walker LLP, located at 75 East 55th Street, New York, New York 10022, unless postponed or adjourned to a later date. The Lexington special meeting will be held for the following purposes:

(1) To consider and vote on the approval of the Agreement and Plan of Merger, dated as of July 23, 2006, by and among Lexington Corporate Properties Trust and Newkirk Realty Trust, Inc., as amended, a copy of which is attached as Annex A to the accompanying joint proxy statement/prospectus, and the transactions contemplated thereby, including the merger of Newkirk with and into Lexington, the adoption of the Amended and Restated Declaration of Trust (a copy of which is attached as Annex B) and the issuance of Lexington common shares under and as contemplated by the merger agreement;

(2) The adjournment or postponement of the special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the proposals; and

(3) To transact such other business as may properly come before the special meeting or any adjournments or postponements of the special meeting.

Only holders of record of Lexington common shares at the close of business on October 13, 2006, the record date for the Lexington special meeting, are entitled to notice of, and to vote at, the special meeting and any adjournments or postponements of the meeting.

IT IS IMPORTANT THAT YOUR LEXINGTON COMMON SHARES BE REPRESENTED AND VOTED AT THE SPECIAL MEETING. WHETHER OR NOT YOU EXPECT TO ATTEND THE SPECIAL MEETING, PLEASE INSTRUCT THE PROXY HOLDERS HOW TO VOTE YOUR SHARES IN ONE OF THE FOLLOWING WAYS:

MARK, SIGN, DATE AND PROMPTLY RETURN the enclosed proxy card in the postage-paid envelope (it requires no postage if mailed in the United States);

USE THE TOLL-FREE TELEPHONE NUMBER shown on the enclosed proxy card (this call is free in the United States and Canada) and follow the recorded instructions; or

VISIT THE INTERNET WEBSITE shown on the enclosed proxy card and follow the instructions provided to authorize your proxy to vote through the Internet.

Any proxy or instruction may be revoked at any time before its exercise at the special meeting. Please authorize your proxy using one of the methods set forth above so that your common shares will be represented and voted at the special meeting.

By Order of the Board of Trustees,

/s/ Paul R. Wood
Paul R. Wood
Vice President, Chief Accounting Officer and Secretary

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETINGS

About the Merger

Q: Why am I receiving this document?

A: Lexington s board of trustees and Newkirk s board of directors have each approved an agreement and plan of merger (which we refer to as the merger agreement) between Lexington Corporate Properties Trust (which we refer to as Lexington) and Newkirk Realty Trust, Inc. (which we refer to as Newkirk). The merger agreement provides for the merger of Newkirk with and into Lexington (which we refer to as the merger).

The Lexington common shares to be issued in the merger cannot be issued without the approval of the Lexington common shareholders, and the merger cannot be completed without the approval of the Lexington common shareholders and the Newkirk voting stockholders. Lexington and Newkirk will hold separate special meetings of their respective common shareholders and voting stockholders to obtain these approvals. This document is the joint proxy statement for Lexington and Newkirk to solicit proxies for their respective special meetings. It is also the prospectus of Lexington regarding the Lexington common shares of beneficial interest, par value $0.0001 per share (which we refer to as Lexington common shares), to be issued under and as contemplated by the merger agreement.

This joint proxy statement/prospectus contains important information about the proposed merger and the special meetings of Lexington and Newkirk, and you should read it carefully.

Q: Why are Lexington and Newkirk proposing the merger?

A: The board of trustees of Lexington and the board of directors of Newkirk believe that the merger represents a strategic combination that will be in the best interests of their respective shareholders and will achieve key elements of both companies strategic business plans. The combined company will own more than 350 properties located across 44 states with a presence in the nation s premier growth markets and a high quality and diversified tenant base. The boards expect that the combined company will have significantly increased equity market capitalization and a conservative balance sheet, which the boards expect will provide greater financial flexibility and liquidity. Both boards believe that this financial flexibility coupled with a highly experienced management team will enable the combined company to exploit a wide range of investment opportunities and pursue both traditional and opportunistic single tenant related lines of business. The boards of both companies believe that the combined resources of our companies will create additional and more significant opportunities for long-term growth and value-creation than either company could achieve independently. To review each of our reasons for the merger in greater detail, please see The Merger Recommendation of Lexington s Board of Trustees and Lexington s Reasons for the Merger and The Merger Recommendation of Newkirk s Board of Directors and Newkirk s Reasons for the Merger.

Q: What will Newkirk common stockholders receive in the merger?

A: Newkirk common stockholders will receive 0.80 of a Lexington common share for each outstanding share of Newkirk common stock, par value $0.01 per share (which we refer to as Newkirk common stock), they own immediately prior to the consummation of the merger. Cash will be paid instead of issuing fractional shares. In this joint proxy statement/prospectus, we refer sometimes to the Lexington common shares to be issued in the merger as the merger consideration.

Q: Will Newkirk Master Limited Partnership units currently redeemable for Newkirk common stock be redeemable for Lexington common shares?

A: Yes. After the merger, the Newkirk Master Limited Partnership (which we refer to as the MLP) will become a subsidiary of Lexington and renamed the Lexington Master Limited Partnership and the MLP units will be redeemable for Lexington common shares. In order to give effect to the exchange ratio in the merger, there will be a 0.80 for 1 reverse split of MLP units upon consummation of the merger.

Thereafter each MLP unit may be redeemed at the holder s option for cash, based on the value of one Lexington common share, or, at Lexington s option, for one Lexington common share.

Q: What will Lexington common shareholders receive in the merger?

A: Lexington common shareholders will not receive any additional shares in connection with the merger. Each Lexington common share held by Lexington common shareholders will continue to represent one Lexington common share after the consummation of the merger. If the merger is completed, Lexington intends, at the sole discretion of Lexington s board of trustees, to make a one-time special dividend/distribution of $0.17 per Lexington common share/operating partnership unit to the holders thereof on a record date on or prior to the completion of the merger, whether or not any such shareholders voted to approve the merger. In addition, in the event Newkirk pays a dividend to maintain its REIT status or avoid imposition of entity-level income or excise taxes under the Code, in an amount in excess of its regular quarterly dividend, Lexington may make a corresponding dividend/distribution equal to 125% of the excess.

Q: If the merger is completed, when can Newkirk stockholders expect to receive the merger consideration for their shares of Newkirk common stock?

A: Promptly after the merger is completed, holders of Newkirk common stock at the time the merger is completed will receive detailed instructions regarding the surrender of their stock certificates. Such holders should not send their stock certificates to Lexington or anyone else until they receive these instructions. The exchange agent will arrange for the payment of the merger consideration to be sent to holders of Newkirk common stock as promptly as practicable following receipt of their stock certificates and other required documents.

Q: What happens if the market price of Lexington common shares or Newkirk common stock changes before the closing of the merger?

A: No change will be made to the 0.80 exchange ratio for the exchange of Newkirk common stock for Lexington common shares in the merger. Because the exchange ratio is fixed, the value of the consideration to be received by Newkirk common stockholders in the merger will depend upon the market price of Lexington common shares at the time of the merger.

Q: Who will own Lexington common shares after the closing of the merger?

A: Based on the number of Lexington common shares and operating partnership units and shares of Newkirk common stock and operating partnership units outstanding as of October 13, 2006, the record date for the special meetings, immediately after the closing of the merger, current Newkirk common stockholders and unitholders in The Newkirk Master Limited Partnership (who we refer to as MLP unitholders) will beneficially own approximately 46.7% and current Lexington common shareholders and unitholders in Lexington s operating partnerships will beneficially own approximately 53.3%, of the then-outstanding Lexington common shares (assuming redemption of operating partnership units for Lexington common stock but not conversion of Lexington s 6.50% Series C Cumulative Convertible Preferred Stock).

Q: Is the percentage of voting shares that Newkirk stockholders and MLP unitholders will hold following the merger the same as their ownership percentage?

A: No. As part of the merger, Newkirk s special voting preferred stock will be converted into a share of special voting preferred stock of Lexington initially entitled to 36,000,000 votes on each matter submitted to Lexington shareholders. This voting share will be beneficially owned by the holders of MLP units that were outstanding as of November 7, 2005 (which we refer to as voting MLP units) and will entitle such MLP unitholders to direct the voting of this share. Unitholders in Lexington s operating partnerships do not have such a voting right. Accordingly, based on Lexington common shares and Newkirk common stock and voting MLP units outstanding as of the record date, Newkirk stockholders and MLP unitholders will be entitled to cast and/or direct approximately 49.2% of Lexington s voting stock.

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Q: On what am I being asked to vote and what is the Board s recommendation?

A: *Lexington common shareholders.* You are being asked to approve the merger agreement, the merger and the related transactions, including the adoption of the Amended and Restated Declaration of Trust and the issuance of Lexington common shares under and as contemplated by the merger agreement.

Lexington s board of trustees has approved the merger agreement, the merger and the related transactions, including the Amended and Restated Declaration of Trust (a copy of which is attached hereto as Annex B) and the Amended and Restated By-laws (a copy of which is attached as Annex C) and declared that the merger agreement, the merger and the related transactions are advisable and fair to, and in the best interests of, Lexington and its shareholders. Lexington s board of trustees recommends that Lexington common shareholders vote FOR approval of the merger and the related transactions, including the adoption of the Amended and Restated Declaration of Trust and the issuance of Lexington common shares under and as contemplated by the merger agreement.

Newkirk voting stockholders. You are being asked to vote to approve the merger agreement, the merger and the related transactions.

The merger agreement also provides for the amendment and restatement of the Agreement of Limited Partnership of The Newkirk Master Limited Partnership (which we refer to as the MLP partnership agreement) to provide for, among other things, the substitution of a Lexington subsidiary as the general partner of the MLP, a 0.80 for 1 reverse split of MLP units and for the redemption of each MLP unit, either in cash or Lexington common shares, based on the value of one Lexington common share. You are not being asked to vote on the amendment and restatement of the MLP partnership agreement, which will be voted on separately by the MLP unitholders. Holders of more than a majority of the outstanding MLP units have either entered into agreements to vote in favor of the amendment or disclosed their intention to vote in favor of the amendment.

Newkirk s board of directors has approved the merger agreement, the merger and the related transactions and declared that the merger agreement, the merger and the related transactions are advisable and fair to, and in the best interests of, Newkirk and its stockholders. Newkirk s board of directors recommends that Newkirk voting stockholders vote FOR the approval of the merger agreement, the merger and the related transactions. Beneficial owners of approximately 46.3% of Newkirk s voting stock have agreed to vote in favor of the merger.

Q: How soon after the special meetings will the merger occur?

A: We are working to complete the merger as soon as possible. A number of conditions must be satisfied before we can do so, including approval of the Lexington common shareholders and the Newkirk voting stockholders. Assuming that all of the conditions to the merger will be satisfied beforehand, we currently intend to complete the merger on or about December 29, 2006, unless we mutually agree to accelerate the closing date.

Q: Who will manage Lexington after the merger?

A: Lexington s board of trustees will be increased from nine to 11 members at the effective time of the merger and will include seven current Lexington trustees, Michael L. Ashner, who is currently the Chairman and Chief Executive Officer of Newkirk, Clifford Broser and Richard Frary, who are currently members of Newkirk s board of directors, and William J. Borruso, who is currently serving as a director of Lexington Strategic Asset Corp., a subsidiary of Lexington. Current Lexington trustees Seth M. Zachary and Stanley R. Perla will resign from Lexington s board of trustees as of the effective time of the merger. Lexington s existing management team will be joined by Michael L. Ashner and Lara Johnson, Newkirk s Executive Vice President, who collectively will manage the operations of Lexington after the merger.

Q: What will my dividends be before and after the merger?

A: Newkirk s regular quarterly dividend on Newkirk common stock is currently $0.40 per share. Following the merger it is expected that Lexington, at the sole discretion of Lexington s board of trustees, will pay quarterly dividends of $0.375 per share, which, from a Newkirk common stockholder s perspective, would be equivalent to a quarterly distribution of $0.30 per share based on the exchange ratio of 0.80 Lexington shares for each Newkirk share. Until the merger is completed, Newkirk common stockholders will continue to receive regular quarterly dividends as authorized by Newkirk s board of directors and declared by Newkirk. The merger agreement permits Newkirk to pay a regular quarterly cash dividend in an amount not to exceed $0.40 per share of Newkirk common stock. Newkirk currently intends to continue to pay regular quarterly dividends for any quarterly period that ends before the closing of the merger. Also, Newkirk may declare and pay, if necessary, a dividend equal to the amount necessary to maintain the REIT status of Newkirk and avoid any imposition of entity-level income or excise taxes under the Internal Revenue Code (which we refer to as the Code). Furthermore, in the event Lexington makes a dividend to maintain its REIT status or avoid taxes, in an amount in excess of its regularly quarterly dividend (other than the Lexington special dividend discussed below), Newkirk may make a corresponding dividend equal to 80% of the excess.

Lexington s regular quarterly dividend on Lexington common shares is currently $0.365 per share. Lexington common shareholders will continue to receive regular dividends as authorized by Lexington s board of trustees and declared by Lexington. The merger agreement permits Lexington to pay regular quarterly cash dividends in an amount not to exceed $0.365 per Lexington common share. Lexington currently intends to continue to pay regular quarterly dividends. Also, Lexington may declare and pay, if necessary, a dividend equal to the amount necessary to maintain the REIT status of Lexington and avoid imposition of entity-level income or excise taxes under the Code. Furthermore, in the event Newkirk makes a dividend to maintain its REIT status or avoid taxes, in an amount in excess of its regularly quarterly dividend, Lexington may make a corresponding dividend equal to 125% of the excess. In addition, Lexington intends, at the sole discretion of Lexington s board of trustees, to make a one-time special dividend/distribution of $0.17 per Lexington common share/operating partnership unit to the holders thereof on a record date on or prior to the completion of the merger. We refer to this one-time special dividend as the Lexington special dividend.

The merger agreement provides that Lexington and Newkirk will coordinate the declaration, record and payment dates of any dividends in respect of their respective common shares (other than the Lexington special dividend described above). This coordination reflects the intention of Lexington and Newkirk that the holders of Lexington common shares and shares of Newkirk common stock not receive more than one dividend, or fail to receive one dividend, for any single calendar quarter with respect to the shares they currently own and any Lexington common shares received in the merger.

Prior to the closing of the merger, each of Newkirk and Lexington will declare and set a record date prior to the closing for a pro rata dividend based on the number of days that have elapsed during the current quarter and the amount of their regular quarterly dividend.

After the closing of the merger, former holders of Newkirk common stock that receive Lexington common shares in the merger will receive the dividends payable to all holders of Lexington common shares with a record date after the closing, for the period from the closing date through the end of the quarter, provided they continue to own their shares through the record date. Upon closing, at the sole discretion of Lexington s board of trustees, Lexington is expected to increase its annual dividend to $1.50 per Lexington common share, or $0.375 per Lexington common share per quarter.

Upon the closing of the merger, former holders of Newkirk common stock will cease receiving any distributions or dividends on all shares of Newkirk common stock held before the merger, other than any unpaid distributions or dividends declared by Newkirk before the closing of the merger.

For additional discussion of dividends, please see The Merger Agreement Coordination of Dividends.

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Q: Do Lexington common shareholders and Newkirk common stockholders have appraisal rights in connection with the merger?

A: No. Lexington and Newkirk are both formed under Maryland law. Under Maryland law, because Lexington s common shares and Newkirk s common stock are each listed on a national securities exchange, Lexington common shareholders and Newkirk common stockholders do not have dissenters rights of appraisal in connection with the merger.

Q: What will be the U.S. federal income tax consequences of the merger to the Newkirk stockholders?

A: The merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Code so that, assuming the merger does qualify, you will not recognize any gain or loss upon the exchange of your Newkirk common stock for Lexington common shares in the merger, but you will recognize gain (or loss) for U.S. federal income tax purposes as a result of the merger to the extent of any cash received in lieu of fractional shares.

Tax matters are complicated and the tax consequences of the merger to Newkirk stockholders may vary depending on a Newkirk stockholder s particular circumstances. Newkirk stockholders should consult their own tax advisors regarding the tax consequences of the merger to them. For further information concerning the U.S. federal income tax consequences of the merger, please see Material Federal Income Tax Consequences of the Merger.

About the Special Meetings

Q: Where and when are the special meetings?

A: *Lexington common shareholders.* The Lexington special meeting will take place at the New York offices of Paul, Hastings, Janofsky & Walker LLP (which we refer to as Paul Hastings), located at 75 East 55th Street, New York, New York 10022, on November 20, 2006, at 11:30 a.m. local time.

Newkirk voting stockholders. The Newkirk special meeting will take place at the New York offices of Katten Muchin Rosenman LLP (which we refer to as Katten Muchin), located at 575 Madison Avenue, New York, New York 10022 on November 20, 2006, at 10:00 a.m. local time.

Q: Who is entitled to vote?

A: Holders of record of Lexington common shares and Newkirk voting stock, as applicable, at the close of business on October 13, 2006, the record date for the Lexington and Newkirk special meetings, are entitled to vote at their respective special meetings. On that date, there were 53,110,833 Lexington common shares outstanding and entitled to vote and 19,375,000 shares of Newkirk common stock outstanding and entitled to vote as well as 45,000,000 votes entitled to be cast by the Newkirk special voting preferred stock.

Q: How do I cast my vote?

A: If you are a Lexington common shareholder or a Newkirk voting stockholder of record, you may vote in person at your special meeting or submit a proxy for your special meeting. You can submit your proxy by completing, signing, dating and returning the enclosed proxy card in the accompanying pre-addressed postage-paid envelope. If you are a Lexington common shareholder, you may also instruct the proxy holders how to vote by telephone or through the internet by following the instructions on your proxy card.

Q: What vote is required?

A: *Lexington common shareholders.* Approval of the merger agreement, the merger and the related transactions, including the adoption of the Amended and Restated Declaration of Trust and the issuance of Lexington common shares under and as contemplated by the merger agreement, requires the affirmative vote of at least a majority of the votes entitled to be cast by holders of Lexington common shares at the Lexington special meeting. The affirmative vote of a majority of the votes cast by the holders of the

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Lexington common shares voting either in person or by proxy at the Lexington special meeting is required to approve, if necessary, the extension of the solicitation period and the adjournment of the Lexington special meeting.

Newkirk voting stockholders. The affirmative vote in person or by proxy of at least a majority of the votes entitled to be cast by holders of shares of Newkirk voting stock at the Newkirk special meeting is required to approve the merger agreement, the merger and the related transactions. The affirmative vote of a majority of the votes cast by the holders of the Newkirk voting stock voting either in person or by proxy at the Newkirk special meeting is required to approve, if necessary, the extension of the solicitation period and the adjournment of the Newkirk special meeting. Beneficial owners of approximately 46.3% of Newkirk s voting stock have agreed to vote in favor of the merger.

Q: Can I change my vote after I have granted my proxy?

A: Yes. You may revoke your proxy and change your vote at any time before your proxy is voted at your special meeting by following the procedures set forth under the applicable section of this joint proxy statement/prospectus entitled The Lexington Special Meeting How You May Revoke Your Proxy Instructions and The Newkirk Special Meeting How You May Revoke Your Proxy Instructions.

Q: What happens if I am a Lexington common shareholder and I do not indicate how I want to vote, do not vote or abstain from voting on the Lexington proposals?

A: If you are a Lexington common shareholder and you sign and send in your proxy but do not indicate how you want to vote on the proposals, your proxy will be voted in favor of all of the proposals on which a vote will take place at the special meeting. **If you do not submit your proxy and do not attend the Lexington special meeting, your shares will not count towards a quorum, and if a quorum is present, your shares will have the effect of a vote against the merger proposal.** Abstentions and broker non-votes will count towards a quorum but will not be counted as votes cast and will have the effect of a vote against the merger proposal. Abstentions and broker-non votes will have no effect on the proposal for the extension of the solicitation period and the adjournment of the Lexington special meeting.

Q: What happens if I am a Newkirk voting stockholder and I do not indicate how I want to vote, do not vote or abstain from voting on the merger?

A: If you are a Newkirk voting stockholder and you sign and send in your proxy but do not indicate how you want to vote on the merger, your proxy will be voted in favor of the proposal to approve the merger agreement, the merger and the related transactions. **If you do not submit your proxy and do not attend the Newkirk special meeting, your shares will not count towards a quorum, and if a quorum is present, your shares will have effect of a vote against the merger proposal.** Abstentions and broker non-votes will count towards a quorum but will not be counted as votes cast and will have the effect of a vote against the merger proposal. Abstentions and broker-non votes will have no effect on the proposal for the extension of the solicitation period and the adjournment of the Newkirk special meeting.

Q: If my shares are held in street name by my broker, will my broker vote my shares for me?

A: It depends. **Your broker will NOT vote your Lexington common shares or Newkirk voting stock with respect to the merger proposal unless you tell the broker how to vote.** To do so, you should follow the directions that your broker provides you. Your broker MAY vote your Lexington common shares or shares of Newkirk common stock with respect to the extension of the solicitation period and the adjournment of the special meeting.

Q: Should I send in my Newkirk stock certificates now?

A: No. If you hold any Newkirk stock certificates evidencing Newkirk common stock, you will receive written instructions for exchanging those Newkirk stock certificates for the merger consideration. You may not have received any stock certificates because your Newkirk securities were not directly registered. The written instructions you will receive will also advise you what to do if your securities were directly registered.

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How to Get More Information

Q: Who can answer my questions?

A: *Lexington common shareholders.* Lexington common shareholders who have questions about the merger or want additional copies of this joint proxy statement/prospectus or additional proxy cards should contact: Investor Relations, Lexington Corporate Properties Trust, One Penn Plaza, Suite 4015, New York, New York 10119-4015, Telephone (212) 692-7200.

Newkirk voting stockholders. Newkirk voting stockholders who have questions about the merger or want additional copies of this joint proxy statement/prospectus or additional proxy cards should contact: Investor Relations, Newkirk Realty Trust, Inc., 7 Bulfinch Place, Suite 500, Boston, Massachusetts 02114, Telephone (617) 570-4680.

Lexington common shareholders and Newkirk voting stockholders can also contact our proxy solicitation agent:

MacKenzie Partners, Inc.
105 Madison Avenue
New York, New York 10016
Call Toll-Free: (800) 322-2885
Call Collect: (212) 929-5500
Email: proxy@mackenziepartners.com

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SUMMARY

This summary highlights selected information from this joint proxy statement/prospectus. It does not contain all of the information that may be important to you. You should carefully read this entire joint proxy statement/prospectus and the other documents to which this joint proxy statement/prospectus refers, including the information relating to Newkirk set forth in Annex F, for a more complete understanding of the matters being considered at the special meeting. In addition, we incorporate by reference important business and financial information about Lexington into this joint proxy statement/prospectus. Unless we have otherwise stated, all references in this joint proxy statement/prospectus to Lexington are to Lexington Corporate Properties Trust, all references to Newkirk are to Newkirk Realty Trust, Inc., and all references to the MLP are to The Newkirk Master Limited Partnership. For more information about Lexington and Newkirk, including where you can find the incorporated information free of charge, see the section of this joint proxy statement/prospectus entitled Where You Can Find More Information.

The Companies

Lexington Corporate Properties Trust
One Penn Plaza, Suite 4015
New York, New York 10119-4015
(212) 692-7200
www.lxp.com

Lexington is a self-managed and self-administered real estate investment trust, commonly referred to as a REIT, formed under the laws of the State of Maryland. Lexington s common shares, and beneficial interests classified as preferred stock (which we refer to as Lexington s preferred shares) of which Lexington has two classes outstanding, 8.05% Series B Cumulative Redeemable Preferred Stock, or Series B Preferred Shares, and 6.50% Series C Cumulative Convertible Preferred Stock, or Series C Preferred Shares, are traded on the New York Stock Exchange under the symbols LXP, LXP pb and LXP pc , respectively. Lexington s primary business is the acquisition, ownership and management of a geographically diverse portfolio of net leased office, industrial and retail properties. Most of Lexington s properties are subject to triple net leases, which are generally characterized as leases in which the tenant bears all or substantially all of the costs and cost increases for real estate taxes, utilities, insurance and ordinary repairs and maintenance. As of June 30, 2006, Lexington had ownership interests in 191 properties, located in 39 states and the Netherlands which contained an aggregate of approximately 40.2 million net rentable square feet of space. 70 of these properties, which contained approximately 15.7 million net rentable square feet of space, were held through non-consolidated joint ventures with third parties. Approximately 97.8% of the 40.2 million net rentable square feet of space was subject to a lease.

Lexington elected to be taxed as a REIT under Sections 856 through 860 of the Code commencing with its taxable year ended December 31, 1993. If Lexington qualifies for taxation as a REIT, it generally will not be subject to federal corporate income taxes on its net income that is currently distributed to its shareholders.

Lexington grows its portfolio primarily by acquiring properties from: (i) corporations and other entities in sale-leaseback transactions; (ii) developers of newly-constructed properties built to suit the needs of a corporate tenant; and (iii) sellers of properties subject to an existing lease. Lexington has diversified its portfolio by geographical location, tenant industry segment, lease term expiration and property type with the intention of providing steady rental revenue growth with low volatility. Lexington believes that this diversification should help insulate it from regional recession, industry specific downturns and price fluctuations by property type. As part of its ongoing efforts, Lexington expects to continue to effect portfolio and individual property acquisitions and dispositions, expand existing properties, attract investment grade and other quality tenants, extend lease maturities in advance of expiration and refinance outstanding indebtedness when advisable. Additionally, Lexington enters into joint ventures with third-party investors as a means of creating additional growth and expanding the revenue realized from advisory and asset management activities.

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Through a wholly-owned taxable REIT subsidiary, Lexington acts as the external advisor to Lexington Strategic Asset Corp., or LSAC, a specialty investment company of which Lexington owns approximately 32% of the fully diluted outstanding common stock. LSAC seeks to make investments in: (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, with such properties 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.

If you want to find more information about Lexington, please see the section entitled Where You Can Find More Information.

Newkirk Realty Trust, Inc.
7 Bulfinch Place, Suite 500
Boston, Massachusetts 02114
Attention: Investor Relations
Telephone: (617) 570-4680
www.newkirkreit.com

Newkirk is a Maryland corporation which has elected to be taxed as a REIT under Sections 856 through 860 of the Code. Newkirk was formed in July 2005 and began operations in November 2005 when it acquired, upon consummation of its initial public offering, the general partner interest and a 30.1% ownership interest in the MLP. All of Newkirk s operations are conducted and all assets are held through the MLP. Newkirk s shares of common stock are traded on the New York Stock Exchange under the symbol NKT.

Newkirk s primary business is the acquisition, ownership, management and strategic disposition of single-tenant and net-leased assets. Newkirk currently has significant liquidity and actively seeks to acquire both conventional and opportunistic single tenant and net lease properties and related assets, including debt secured by these types of real estate assets. As of July 15, 2006, Newkirk s primary assets were its interests in 166 real properties, almost all of which were net leased to a single tenant and were located in 32 states and contained an aggregate of 16,816,667 square feet. Newkirk also held: (i) a 50% interest in 111 Debt Holdings LLC, a joint venture formed to acquire and originate loans secured, directly and indirectly, by real estate assets; (ii) subordinated interests in a securitized pool of notes evidencing first mortgage indebtedness secured by certain of its properties as well as other properties; (iii) limited partnership interests in various partnerships that own commercial net leased properties; (iv) an interest in a management company that provides services to other real estate partnerships; (v) ground leases, remainder interests or the right to acquire remainder interests in various properties; and (vi) miscellaneous other assets.

Newkirk s affairs are currently managed by NKT Advisors, LLC (which we refer to as NKT Advisors), its external advisor, under the supervision of its executive officers and board of directors. For providing advisory services to Newkirk, NKT Advisors is entitled to a base management fee which is paid quarterly and is based on the outstanding equity of Newkirk and the MLP, with a minimum annual fee of $4,800,000, as well as an incentive management fee based on the results of operations of the MLP. In turn, NKT Advisors subcontracts for certain services with Winthrop Realty Partners, L.P. The Chief Executive Officer of both NKT Advisors and Winthrop Realty Partners is Michael L. Ashner, who is also Newkirk s Chairman and Chief Executive Officer. The advisory agreement with NKT Advisors will be terminated on the closing of the merger.

Since its initial public offering, Newkirk s primary long-term business objectives have been to increase funds from operations, cash flow available for distribution to its stockholders and net asset value per share. At the time of its initial public offering, most of Newkirk s properties had contractual primary term rental rates that were significantly above market and renewal rates significantly below the primary term rental rates. In addition, leases on approximately 14,000,000 square feet were scheduled to expire over the period extending through 2009. As a result, Newkirk anticipated that over this period its funds from operations and cash flow

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attributable to existing properties would decline. For the short-term, Newkirk has sought to actively manage its lease rollover and reduce the impact of the built in step down in cash flow and funds from operations with new rents derived from portfolio growth through acquisitions.

From the closing of Newkirk s initial public offering in November 2005 through July 31, 2006, Newkirk renewed and/or leased an aggregate of 2,480,000 square feet of space. Although it is not actively seeking to sell properties, during this period Newkirk has sold or agreed to sell approximately 3,436,000 square feet of space. Accordingly, a total of 5,916,000 square feet of space with leases scheduled to expire by the end of 2009 was relet or sold during this period. In the same period, Newkirk acquired 879,000 square feet of industrial space for approximately $31,000,000, office properties containing 994,000 square feet for approximately $108,000,000 and acquired or committed to acquire in its 111 Debt Holdings LLC joint venture $150,600,000 of debt assets. Together these investments represent portfolio acquisitions of over $289,000,000 since its initial public offering.

If you want to find more information about Newkirk, please see the section entitled Where You Can Find More Information.

The Special Meetings

Lexington Special Meeting; Quorum and Required Vote (see page 31)

The Lexington special meeting will be held at the New York offices of Paul, Hastings, Janofsky & Walker LLP, located at 75 East 55th Street, New York, New York 10022, at 11:30 a.m. local time on November 20, 2006. At the Lexington special meeting, holders of Lexington common shares will consider and vote on the merger agreement, the merger and the related transactions, including the adoption of the Amended and Restated Declaration of Trust and the issuance of Lexington common shares under and as contemplated by the merger agreement.

Approval of the merger agreement, the merger and the related transactions, including the adoption of the Amended and Restated Declaration of Trust and the issuance of the Lexington common shares, requires the affirmative vote of the holders of at least a majority of the Lexington common shares entitled to vote on the proposal.

The affirmative vote of a majority of the votes cast by the holders of Lexington common shares present in person or by proxy at the special meeting is necessary to adjourn the meeting and to extend the period for solicitation of shareholder votes.

The holders of a majority of the outstanding common shares entitled to vote at the Lexington special meeting must be present in person or by proxy to constitute a quorum for the transaction of business at the Lexington special meeting. All Lexington common shares represented at the Lexington special meeting, including abstentions and broker non-votes, will be treated as shares that are present and entitled to vote for purposes of determining the presence of a quorum.

Abstentions by holders of Lexington common shares will not be counted as votes cast. Thus, such abstentions will have the effect of a vote against the merger proposal but will have no effect on the proposal for extension of the solicitation process or the adjournment of the special meeting.

Under the listing requirements of the New York Stock Exchange, or NYSE, brokers who hold Lexington common shares in street name for a beneficial owner of those shares typically have the authority to vote in their discretion on routine proposals when they have not received instructions from beneficial owners. However, brokers are not allowed to exercise their voting discretion with respect to the approval of matters that the NYSE determines to be non-routine, such as approval of the merger and the issuance of Lexington common shares under and as contemplated by the merger agreement, without specific instructions from the beneficial owner. These non-voted shares are referred to as broker non-votes. If your broker holds your Lexington common shares in street name, your broker will vote your shares only if you provide instructions on how to vote by filling out the voter instruction form sent to you by your broker with this joint proxy statement/prospectus. Broker non-votes will not be counted as votes cast at the Lexington special meeting and will have the effect of a vote against the merger proposal but will have no effect on the proposal to adjourn the meeting.

Proxy Solicitation Costs (See page 32)

Lexington will pay the cost of soliciting proxies for the Lexington special meeting. In addition to solicitation by mail, certain trustees, officers and regular employees of Lexington and its affiliates may solicit the return of proxies by telephone, personal interview or otherwise. Lexington may also reimburse brokerage firms and other persons representing the beneficial owners of its stock for their reasonable expenses in forwarding proxy solicitation materials to such beneficial owners. MacKenzie Partners, Inc., a proxy-soliciting firm, has been retained to assist Lexington in the solicitation of proxies, for which MacKenzie Partners, Inc. will be paid $10,500.

Newkirk Special Meeting; Quorum and Required Vote (see page 33)

The Newkirk special meeting will be held at the New York offices of Katten Muchin Rosenman LLP, located at 575 Madison Avenue, New York, New York 10022 at 10:00 a.m. local time on November 20, 2006. At the Newkirk special meeting, holders of Newkirk voting stock will consider and vote on a proposal to approve the merger agreement, the merger and the related transactions.

Approval of the merger agreement, the merger and the related transactions requires the affirmative vote in person or by proxy of at least a majority of the votes entitled to be cast by holders of the shares of Newkirk voting stock at the Newkirk special meeting.

The holders of shares of Newkirk voting stock entitled to cast at least a majority of the votes at the Newkirk special meeting must be present in person or by proxy to constitute a quorum for the transaction of business at the Newkirk special meeting. All shares of Newkirk voting stock represented at the Newkirk special meeting, including abstentions and broker non-votes, will be treated as shares that are present and entitled to vote for purposes of determining the presence of a quorum.

Abstentions by holders of Newkirk voting stock will not be counted as votes cast. Thus, such abstentions will have the effect of a vote against the merger proposal but will have no effect on the proposal for extension of the solicitation process or the adjournment of the special meeting.

The affirmative vote of a majority of the votes cast by the holders of Newkirk voting stock voting in person or by proxy at the special meeting is necessary to adjourn the meeting and to extend the period for solicitation of stockholder votes.

Broker non-votes, as discussed above, will not be counted as votes cast at the Newkirk special meeting and will have the effect of a vote against the merger proposal but will have no effect on the proposal to adjourn the meeting.

The Merger

The merger contemplates that Newkirk will merge with and into Lexington, with Lexington as the surviving company. The surviving company will change its name to Lexington Realty Trust.

Treatment of Newkirk Common Stock (see page 70)

In the merger, each share of Newkirk common stock shall be converted into the right to receive 0.80 of a Lexington common share.

No change will be made to the 0.80 exchange ratio for the exchange of Newkirk common stock for Lexington common shares in the merger. Because the exchange ratio is fixed, the value of the consideration to be received by Newkirk common stockholders in the merger will depend upon the market price of Lexington common shares at the time of the merger.

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Newkirk common stockholders will not receive any fractional Lexington common shares in the merger. After taking into account all shares of Newkirk common stock delivered by them, Lexington will pay Newkirk common stockholders cash in lieu of any fraction of a Lexington common share in an amount equal to such fraction multiplied by the average closing prices of Lexington common shares quoted on the NYSE for the five trading day period ending on the trading date immediately prior to the closing date of the merger.

Conversion of Newkirk Special Voting Preferred Stock (See page 81)

NKT Advisors is the holder of the outstanding share of Newkirk special voting preferred stock, which entitles NKT Advisors to vote on all matters for which holders of Newkirk common stock are entitled to vote. The number of votes that NKT Advisors is entitled to cast in respect of the Newkirk special voting preferred stock is currently 45,000,000. As voting MLP units are redeemed by Newkirk at the option of an MLP unitholder, the number of votes that NKT Advisors is entitled to cast in respect of its Newkirk special voting preferred stock is decreased by an equivalent number. NKT Advisors has agreed to cast its votes in respect of the Newkirk special voting preferred stock in proportion to the direction it receives from holders of voting MLP units, subject to certain limitations.

In the merger, the outstanding share of Newkirk special voting preferred stock will be converted into one share of Lexington special voting preferred stock, which is not entitled to dividends, but does entitle NKT Advisors to vote on all matters for which holders of Lexington common shares are entitled to vote. The number of votes that NKT Advisors will be entitled to vote in respect of the Lexington special voting preferred stock will be adjusted to reflect the 0.80 exchange ratio to initially equal 36,000,000. As voting MLP units are redeemed by Lexington at the option of an MLP unitholder, the number of Lexington votes that NKT Advisors will be entitled to cast will be decreased by an equivalent number. Following the merger, NKT Advisors will continue to be obligated to cast its votes in respect of the Lexington special voting preferred stock in proportion to the votes it receives from holders of voting MLP units, subject to certain limitations. However, at any time that Vornado Realty Trust, Inc. (which we refer to as Vornado) and its affiliates are prohibited from directing the vote of their MLP units, NKT Advisors will be able to cast the votes with respect to the Lexington special voting preferred stock relating to such MLP units in its sole discretion.

Payment of Dividends (See page 73)

Between the signing of the merger agreement and the closing of the merger, Lexington and Newkirk will align their record and payment dates in connection with the payment of their regular quarterly dividends.

Newkirk s regular quarterly dividend on its common stock is currently $0.40 per share. Following the merger, it is expected that Lexington, at the sole discretion of Lexington s board of trustees, will pay quarterly dividends of $0.375 per share, which, from a Newkirk common shareholder s perspective, would be equivalent to a quarterly distribution of $0.30 per share based on the exchange ratio of 0.80 Lexington shares for each Newkirk share. Until the merger is completed, Newkirk common stockholders will continue to receive regular quarterly dividends as authorized by Newkirk s board of directors and declared by Newkirk. The merger agreement permits Newkirk to pay a regular quarterly cash dividend in an amount not to exceed $0.40 per share of Newkirk common stock. Newkirk currently intends to continue to pay regular quarterly dividends for any quarterly period that ends before the closing of the merger. Also, Newkirk may declare and pay, if necessary, a dividend in the amount necessary to maintain the REIT status of Newkirk and avoid any imposition of entity-level income or excise taxes under the Code. Furthermore, in the event Lexington makes a dividend to maintain its REIT status or avoid taxes, in an amount in excess of its regular quarterly dividend (other than the Lexington special dividend discussed below), Newkirk may make a corresponding dividend equal to 80% of the excess.

Lexington s regular quarterly dividend on its common shares is $0.365 per share. Lexington common shareholders will continue to receive regular dividends as authorized by Lexington s board of trustees and declared by Lexington. The merger agreement permits Lexington to pay regular quarterly cash dividends in an amount not to exceed $0.365 per Lexington common shares. Lexington currently intends to continue to pay regular quarterly dividends. Also, Lexington may declare and pay, if necessary, a dividend in the amount

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necessary to maintain the REIT status of Lexington and avoid imposition of entity-level or excise taxes under the Code. Furthermore, in the event Newkirk makes a dividend to maintain its REIT status or avoid taxes, in an amount in excess of its regular quarterly dividend, Lexington may make a corresponding dividend equal to 125% of the excess. In addition, Lexington intends, at the sole discretion of Lexington s board of trustees, to make the one-time Lexington special dividend/distribution of $0.17 per common share/operating partnership unit to the holders thereof on a record date prior to the completion of the completion of the merger.

Each of Newkirk and Lexington will declare and set a record date prior to the closing for a pro rata dividend based on the number of days that have elapsed during the current quarter and the amount of their regular quarterly dividend.

After the closing of the merger, former holders of Newkirk common stock that receive Lexington common shares in the merger will receive the dividend payable to all holders of Lexington common shares with a record date after the closing, for the period from the closing date through the end of the quarter, provided they continue to own their shares through the record date. Upon closing, at the sole discretion of Lexington s board of trustees, Lexington is expected to increase its annual dividend to $1.50 per Lexington common share, or $0.375 per Lexington common share per quarter.

Upon the closing of the merger, former holders of Newkirk common stock will cease receiving any distributions or dividends on all shares of Newkirk common stock held before the merger, other than any unpaid distributions or dividends declared by Newkirk before the closing of the merger.

Recommendation of Lexington s Board of Trustees and Lexington s Reasons for the Merger (see page 44)

Lexington s board of trustees has approved the merger agreement, the merger and the related transactions and declared that the merger agreement, the merger and the related transactions, including the amendment and restatement of the Declaration of Trust are advisable and fair to, and in the best interests of, Lexington and its shareholders, and have approved the amendment and restatement of the By-laws.

Lexington s board of trustees recommends that Lexington common shareholders vote FOR approval of the merger agreement, the merger and the related transactions, the adoption of the Amended and Restated Declaration of Trust and the issuance of Lexington common shares under and as contemplated by the merger agreement.

You should refer to the factors considered by Lexington s board of trustees in making its decision to approve the merger agreement, the merger and the related transactions and to recommend to Lexington s shareholders the approval of the merger agreement, the merger and the related transactions, including the adoption of the Amended and Restated Declaration of Trust and the issuance of Lexington common shares under and as contemplated by the merger agreement.

On the record date for the Lexington special meeting, a total of 2,418,108, or approximately 4.6%, of the outstanding Lexington common shares entitled to vote at the Lexington special meeting were held by Lexington trustees, executive officers and their respective affiliates, all of whom Lexington expects will vote their shares for the approval of the merger agreement, the merger and the related transactions, including the adoption of the Amended and Restated Declaration of Trust and the issuance of Lexington common shares under and as contemplated by the merger agreement.

Recommendation of Newkirk s Board of Directors and Newkirk s Reasons for the Merger (see page 47)

Newkirk s board of directors has approved the merger agreement, the merger and the related transactions and declared that the merger agreement, the merger and the related transactions are advisable and fair to, and in the best interests of, Newkirk and its stockholders.

Newkirk s board of directors recommends that Newkirk voting stockholders vote FOR the approval of the merger agreement, the merger and the related transactions.

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You should refer to the factors considered by Newkirk s board of directors in making its decision to approve the merger agreement, the merger and the related transactions and to recommend to the Newkirk voting stockholders the approval of the merger agreement, the merger and the related transactions.

On the record date for the Newkirk special meeting, a total of 16,778,947 or approximately 26.1%, of the votes entitled to be cast at the Newkirk special meeting were held by Newkirk directors, executive officers and their respective affiliates.

As of October 13, 2006, Michael L. Ashner, the Chairman and Chief Executive Officer of Newkirk, Apollo Real Estate Investment Fund III, L.P. (which we refer to as Apollo), AP-Newkirk Holdings LLC, WEM-Brynmawr Associates LLC, and WRT Realty L.P., held a total of 29,831,908 or approximately 46.3%, of the outstanding Newkirk voting shares and have agreed to vote all Newkirk voting shares held by them in favor of the merger. Newkirk expects that all of its other directors, executive officers and their respective affiliates will also vote their shares in favor of the merger agreement, the merger and the related transactions. WRT Realty L.P. is the operating partnership of Winthrop Realty Trust, a New York Stock Exchange listed real estate investment trust (which we refer to as Winthrop), of which Michael L. Ashner is chief executive officer.

Interests of Lexington s Executive Officers, Trustees and Certain Security Holders in the Merger (see page 65)

The executive officers of Lexington may have been entitled to payments in connection with the consummation of the merger under the terms of their employment agreements with Lexington. Each of these executive officers has waived his rights, on a one-time basis in connection with the merger, with respect to such payments.

We believe these waivers align the interests of the executive officers of Lexington with the interests of the other Lexington common shareholders with respect to the merger.

Interests of Newkirk s Executive Officers, Directors and Certain Security Holders in the Merger (see page 66)

In considering the recommendation of Newkirk s board of directors with respect to the merger agreement, the merger and the related transactions, you should be aware that some of the Newkirk executive officers, directors and security holders have interests in the merger that are different from, or in addition to, the interests of other Newkirk common stockholders. These interests include:

- the appointment of Mr. Ashner, the current Chairman and Chief Executive Officer of Newkirk, as Executive Chairman and Director of Strategic Transactions of Lexington pursuant to an employment agreement to be signed upon completion of the merger;

- the receipt by NKT Advisors of $12.5 million for terminating its advisory agreement with Newkirk and the MLP. Vornado, an affiliate of Newkirk board member and Lexington board designee Clifford Broser, as well as a significant security holder of Newkirk, owns a 20% interest in NKT Advisors and will be entitled to receive up to $2.5 million of the termination fee being paid to NKT Advisors. Winthrop will receive $4.4 million of the $12.5 million payment for termination of Newkirk s advisory agreement with NKT Advisors. Mr. Ashner is Chairman and Chief Executive Officer of NKT Advisors and Chief Executive Officer of Winthrop and he and other executive officers of Newkirk own a 28% minority economic interest in NKT Advisors and a 7.3% interest in Winthrop;

- the early termination of a lock up agreement restricting the sale of 4,375,000 shares of Newkirk common stock owned by Winthrop. As of September 1, 2006, 468,750 of the shares owned by Winthrop were subject to forfeiture during a period expiring on November 7, 2008 and, upon closing of the merger, the forfeiture provisions will terminate. If the merger does not occur, these shares will be released from the forfeiture restrictions at the rate of 17,361 shares per month;

the continuation for one year of existing property management agreements between Winthrop Management LP, an affiliate of Mr. Ashner, and the MLP and the retention of Winthrop Management LP as a property manager on all properties acquired by Lexington during that period where a property manager is retained;

the granting by Lexington of exemptions from its 9.8% ownership limitation to two significant security holders in Newkirk, Apollo and its affiliates and Vornado Realty L.P., an affiliate of Vornado. Apollo and Vornado were each previously granted ownership waivers by Newkirk in connection with Newkirk s initial public offering. Clifford Broser, a Newkirk director and a Lexington trustee designee, is affiliated with Vornado;

the early termination of lock up agreements with respect to shares of Newkirk common stock issuable to certain officers and directors of Newkirk with respect to approximately 747,542 post-reverse split MLP units. The lock up agreement restricting the sale of common shares by Mr. Ashner will continue in full effect;

the continued indemnification of current directors and officers of Newkirk and NKT Advisors under the merger agreement and the provision of directors and officers liability insurance to these individuals and this entity; and

the entry into the voting agreements described below.

Newkirk s board of directors was aware of these interests and considered them, among other matters, in approving the merger agreement, the merger and the related transactions and in making their recommendation.

Voting Agreements (see page 80)

Apollo, AP-Newkirk Holdings LLC, WEM-Brynmawr Associates LLC, WRT Realty L.P. and Michael L. Ashner have each entered into a voting agreement with Lexington which requires each of them to vote all Newkirk voting shares and MLP units beneficially owned by each of them as of the record date for the Newkirk special meeting in favor of the merger proposal (and against competing proposals). These voting agreements terminate on the earlier to occur of: (i) the date of the consummation of the merger; (ii) the date of the termination of the merger agreement in accordance with its terms; (iii) the date upon which Newkirk s board of directors publicly withdraws its recommendation of the merger; and (iv) the date upon which Newkirk s board of directors publicly recommends or approves any alternative acquisition transaction.

As of October 13, 2006, Apollo, AP-Newkirk Holdings LLC, WEM-Brynmawr Associates LLC, WRT Realty L.P. and Michael L. Ashner and his affiliates collectively held a total of 29,831,908 or approximately 46.3%, of the outstanding Newkirk voting shares.

Registration Rights Agreement (see page 82)

Lexington has agreed to assume identified registration rights obligations of Newkirk after consummation of the merger, including the registration rights of MLP unitholders. Lexington has agreed that holders of registration rights under such agreements will have substantially the same rights after the merger with respect to the registration of the Lexington common shares that such holders may receive in the merger or upon conversion of their MLP units into Lexington common shares.

Exclusivity Agreement (see page 80)

Newkirk will assign its rights to Lexington under an exclusivity agreement pursuant to which Michael L. Ashner is obligated to offer exclusively to Newkirk each net lease business opportunity offered to or generated by Mr. Ashner during the exclusivity period. The termination of Mr. Ashner s obligations to offer such business opportunities to Lexington will be triggered if Mr. Ashner s employment with Lexington is terminated other than for cause (as defined in the employment agreement between Lexington and Mr. Ashner) or if Mr. Ashner terminates his employment with Lexington for Good Reason (as defined in such employment agreement), or on the six month anniversary of the later of (i) the date on which Mr. Ashner ceases to be an officer of Lexington and (ii) the date on which Mr. Ashner ceases to be a trustee of Lexington.

Net lease business opportunity is defined as any investment in real property or assets related thereto, other than certain specified excluded investments, which relate solely to:

a property that is either (a) triple net leased or (b) one in which a single tenant leases at least 85% of the rentable square footage of the property and, in addition to base rent, the tenant is required to pay some or all of the operating expenses for the property, and, in both (a) and (b) the lease has a remaining term, exclusive of all unexercised renewal terms, of more than 18 months;

management agreements and master leases with terms of greater than three years where a manager or master lessee bears all operating expenses of the property and pays the owner a fixed return;

securities of companies including, without limitation, corporations, partnerships and limited liability companies, whether or not publicly traded, that are primarily invested in assets that meet the two requirements listed above; and

all re-tenanting and redevelopment associated with such properties, agreements and leases, and all activities incidental thereto.

Amendments to Lexington s Governing Documents in the Merger (see page 91)

If the merger agreement, the merger and the related transactions, including the adoption of the Amended and Restated Declaration of Trust and the issuance of Lexington common shares under and as contemplated by the merger agreement, are approved by Lexington s shareholders at the Lexington special meeting, Lexington s declaration of trust will be amended and restated in the merger as marked in the Amended and Restated Declaration of Trust (a copy of which is attached as Annex B). The Amended and Restated Declaration of Trust will be the declaration of trust of Lexington from the effective time of the merger until the same is amended or supplemented in accordance with its terms and Maryland law. In connection with the merger, Lexington s board of trustees amended Lexington s By-laws as shown in the annotated Amended and Restated By-laws (a copy of which is attached as Annex C). The Amended and Restated By-laws will be the By-laws of Lexington until it is amended in accordance with its terms and Maryland law. We encourage you to read the Amended and Restated Declaration of Trust and the Amended and Restated By-laws because they are the legal documents that govern your rights as Lexington shareholders after the merger.

Opinions of Financial Advisors

Opinion of Lexington s Financial Advisor (see page 49)

Wachovia Capital Markets, LLC (which we refer to as Wachovia Securities), has provided its opinion to Lexington s board of trustees dated as of July 23, 2006, that, as of that date, and subject to and based on the qualifications and assumptions set forth in its opinion, the exchange ratio of 0.80 Lexington common shares for every one share of Newkirk common stock is fair to Lexington from a financial point of view.

Opinion of Newkirk s Financial Advisor (see page 58)

Newkirk s board of directors received an opinion from Bear, Stearns & Co. Inc. (which we refer to as Bear Stearns), its financial advisor, dated as of July 23, 2006, that, as of that date, and subject to and based on the various assumptions and qualifications set forth in such opinion, the ratio of 0.80 Lexington common shares for every one share of

Newkirk common stock pursuant to the merger agreement and the receipt of cash in lieu of fractional Lexington common shares is fair to the public holders of Newkirk common stock who are not entering into voting or other types of agreements with Newkirk or Lexington in connection with the merger from a financial point of view.

The Merger Agreement

The merger agreement, as amended, is attached to this joint proxy statement/prospectus as Annex A. We encourage you to read the merger agreement because it is the legal document that governs the merger. The merger agreement has been included in this joint proxy statement/prospectus to provide you with information regarding its terms. It is not intended to provide you with any factual information about Lexington or Newkirk.

What We Need to Do to Complete the Merger (see page 74)

Lexington and Newkirk will complete the merger only if the conditions set forth in the merger agreement are satisfied or, in some cases, waived. These conditions include:

- the approval by Newkirk voting stockholders of the merger agreement, the merger and the related transactions;
- the approval by the Lexington common shareholders of the merger agreement, the merger and the related transactions, including the adoption of the Amended and Restated Declaration of Trust and the issuance of Lexington common shares under and as contemplated by the merger agreement;
- the approval for listing on the New York Stock Exchange of the Lexington common shares to be issued under and as contemplated by the merger agreement (which approval was obtained on October 10, 2006);
- the absence of legal prohibitions to the merger;
- the continued effectiveness of the registration statement of which this joint proxy statement/prospectus is a part;
- the accuracy of each company s representations and warranties;
- the performance by each company of its obligations under the merger agreement;
- the absence of any material adverse effect on Lexington or Newkirk between July 23, 2006 and the date on which the merger is completed;
- the receipt of legal opinions from counsel to each company as to the qualification of the merger as a reorganization under the Internal Revenue Code and as to each company s qualification as a REIT under the Internal Revenue Code; and
- approval of the amended and restated MLP partnership agreement.

The parties have agreed that the closing will be delayed until on or about December 29, 2006 notwithstanding the approval of the merger agreement by shareholders of both companies and the satisfaction of the other closing conditions on an earlier date, which we refer to as the satisfaction date. The parties may mutually agree to accelerate the closing. If the closing is delayed, the accuracy of each company s representations and warranties and the absence of any material adverse effect on either company, need only be satisfied as of the satisfaction date.

Lexington and Newkirk Prohibited from Soliciting Other Offers (see page 77)

Each of Lexington and Newkirk has agreed not to solicit, initiate, encourage or knowingly take any other action to facilitate any inquiries or other action by a third party that could reasonably be expected to lead to an alternative acquisition, including:

- any merger or business combination (other than the merger discussed in this joint proxy statement/prospectus) involving either Lexington or Newkirk;
- any sale of 25% or more of the assets of either Lexington or Newkirk; or
- any tender offer or exchange offer for 25% or more of the voting power of outstanding equity securities of either Lexington or Newkirk.

Termination of the Merger Agreement; Fees and Expenses (see page 78)

Lexington and Newkirk can agree to terminate the merger agreement at any time, even after shareholder and stockholder approvals have been obtained. In addition, either Lexington or Newkirk can terminate the merger agreement if any of the following occurs:

- the merger is not completed on or before March 31, 2007, other than due to a breach of the merger agreement by the party seeking to terminate the merger agreement;
- a legal prohibition to the merger has become final and non-appealable;
- a breach by the other party of any of its representations, warranties or agreements under the merger agreement such that a condition to completing the merger cannot be satisfied by the earlier of March 31, 2007 or 60 days after delivery of notice of such breach; or
- the necessary approval of the other party s shareholders or stockholders is not obtained at the other party s special meeting.

Notwithstanding the foregoing, once the satisfaction date has occurred, neither Lexington nor Newkirk will thereafter be able to terminate the merger agreement on account of a breach by the other party of its representations and warranties under the merger agreement.

The merger agreement provides that Lexington or Newkirk may be required to reimburse up to $5.0 million of the other party s expenses if the merger agreement is terminated under specified circumstances. The merger agreement also provides that under specified circumstances, if the merger agreement is terminated and a party to the merger agreement enters into a definitive agreement with respect to an alternative acquisition transaction with a third party within six months of termination, that party may be required to pay the other party a termination fee of $25 million. The termination fee will be reduced by the amount of any prior expense reimbursement fee paid by the party that is required to pay the termination fee.

Other Information

MLP Unit Reverse Split and Amendment and Restatement of the MLP Agreement (see page 85)

Concurrently with the merger, the MLP partnership agreement will be amended and restated to substitute a subsidiary of Lexington as the general partner and provide that, among other things, MLP units, which are currently redeemable at the option of the holder for cash based on the value of a share of Newkirk common stock or, at Newkirk s option, in Newkirk common stock, will be redeemable at the option of the holder for cash based on the value of a common share of Lexington, or, if Lexington elects, on a one-for-one basis for common shares of Lexington, in each case after giving effect to a 0.80 for 1 reverse split of outstanding units.

Material Federal Income Tax Consequences (see page 86)

The merger is intended to qualify as a reorganization under the Code, so that, assuming the merger does qualify, Newkirk stockholders will not recognize any gain or loss upon the exchange of their Newkirk common stock for shares of Lexington stock in the merger, but they will recognize gain (or loss) for U.S. federal income tax purposes as a result of the merger to the extent of any cash received in lieu of fractional shares. No gain or loss will be recognized by Lexington or its shareholders.

For further information concerning the U.S. federal income tax consequences of the merger, please see Material Federal Income Tax Consequences of the Merger. Because the tax consequences of the merger are complex and may vary depending on the particular circumstances of a Newkirk stockholder, each Newkirk stockholder is urged to consult its own tax advisors for a full understanding of the tax consequences of the merger.

Dissenters Rights of Appraisal (see page 67)

Neither Lexington common shareholders nor Newkirk common stockholders have dissenters rights of appraisal in connection with the merger.

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Regulatory Matters (see page 67)

Neither Lexington nor Newkirk is aware of any material federal or state regulatory requirements that must be complied with or approvals that must be obtained by Lexington or Newkirk in connection with the merger.

Stock Exchange Listing and Related Matters (see page 67)

Lexington will list the Lexington common shares to be issued to holders of shares of Newkirk common stock in connection with the merger on the NYSE. After the closing of the merger, there will be no further trading in Newkirk common stock and Newkirk will delist its common stock from the NYSE and will file a Form 15 to deregister its common stock for purposes of the Securities Exchange Act of 1934, as amended.

Accounting Treatment (see page 68)

The merger will be treated as a purchase for financial accounting reporting purposes. This means that Lexington will record all assets acquired and all liabilities assumed at their estimated fair values at the time the merger is completed.

Newkirk is a Variable Interest Entity (VIE), due to the MLP unitholders having a voting interest. As a result of being a VIE, 100% of the assets and liabilities are recorded at their estimated fair values including the related impact to minority interest.

In particular, the fair value of the real estate acquired is allocated to land, building and improvements, above-market and below-market leases and other value of in-place leases, based in each case on their fair values.

The fair value of land, building and improvements and fixtures and equipment is determined by valuing the property as if it were vacant, and the as-if-vacant value is then allocated to land, building and improvements based on management s determination of relative fair values of these assets. Factors considered by management in performing these analyses include an estimate of carrying costs during the expected lease-up periods, considering current market conditions and costs to execute similar leases. In estimating carrying costs, management includes real estate taxes, insurance and other operating expenses and estimates of lost rental revenue during the expected lease-up periods based on current market demand. Management also estimates costs to execute similar leases including leasing commissions.

In allocating the purchase price to the fair value of the above-market and below-market in-place leases, the values are based on the difference between the current in-place lease rent and a management estimate of current market rents. Below-market lease values are recorded as part of the deferred revenue and amortized into rental revenue over the non-cancelable periods of the respective leases including any periods covered by a bargain lease renewal. Above-market leases are recorded as part of real estate and amortized as a direct charge against rental revenue over the non-cancelable primary portion of the respective leases.

The aggregate value of acquired in-place lease intangibles, is measured by the excess (i) the purchase price paid for a property over (ii) the estimated fair value of the property as if vacant, determined as set forth above. The value of the in-place lease intangibles is amortized to expense over the remaining non-cancelable periods of the respective leases.

Differences in Rights of Lexington Common Shareholders and Newkirk Common Stockholders (see page 95)

The rights of Newkirk common stockholders are currently governed by the Maryland General Corporation Law and Newkirk s Charter and By-laws. Following the merger, the rights of former Newkirk common stockholders who receive Lexington common shares will be governed by the Maryland REIT Law and Lexington s Declaration of Trust and By-laws, both as amended and restated as annexed to this joint proxy statement/prospectus. There are important differences in the rights of Newkirk common stockholders and Lexington common shareholders with respect to voting requirements and various other matters.

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Selected Historical Consolidated Financial Data

The following information is provided to assist you in your analysis of the financial aspects of the merger. This information has been derived from the audited consolidated financial statements for the years ended December 31, 2001 through 2005 of each of Lexington and Newkirk (or its predecessor, the MLP) and from the unaudited consolidated financial statements for the six months ended June 30, 2005 and 2006 of each of Lexington and Newkirk (or its predecessor, the MLP).

This information is only a summary. You should read it along with, as applicable, Lexington s or Newkirk s historical financial statements and related notes and the section titled Management s Discussion and Analysis of Financial Condition and Results of Operations contained in Lexington s annual reports on Form 10-K or 10-K/A and the consolidated financial statements of Newkirk contained in Annex F, quarterly reports on Form 10-Q, current reports on Form 8-K, Newkirk s registration statement on Form S-11 and other information on file with the Securities and Exchange Commission and, in the case of Lexington, are incorporated by reference into this joint proxy statement/prospectus. Please see Where You Can Find More Information . Operating results for the six months ended June 30, 2006 are not necessarily indicative of results for the year ending December 31, 2006. For a discussion of certain factors that may materially affect the comparability of the selected historical financial information or cause the data reflected herein not be indicative of Lexington s and Newkirk s future financial condition or results of operations, please see Risk Factors.

For Lexington

	Years Ended December 31,					Six Months Ended June 30,	
	2005	2004	2003	2002	2001	2006	2005
	(In thousands, except per share data)					(In thousands, except per share data)	
Total gross revenues	$ 197,132	$ 143,364	$ 105,974	$ 85,093	$ 74,602	$ 105,657	$ 85,325
Expenses applicable to revenues	(94,400)	(49,684)	(33,696)	(25,760)	(21,594)	(55,863)	(36,295)
Interest and amortization expense	(65,065)	(44,857)	(34,168)	(32,354)	(29,416)	(35,446)	(27,782)
Income from continuing operations	18,192	35,293	24,411	22,409	15,180	10,263	18,172
Total discontinued operations	14,503	9,514	9,238	8,186	2,882	21,335	7,303
Net income	32,695	44,807	33,649	30,595	18,062	31,598	25,475
Net income allocable to common shareholders	16,260	37,862	30,257	29,902	15,353	23,380	17,257
	0.04	0.61	0.62	0.80	0.64	0.04	0.20

Income from continuing operations per common share basic							
Income from continuing operations per common share diluted	0.04	0.59	0.61	0.79	0.63	0.04	0.20
Income from discontinued operations basic	0.29	0.20	0.27	0.31	0.15	0.41	0.15
Income from discontinued operations diluted	0.29	0.21	0.27	0.30	0.14	0.41	0.13
Net income per common share basic	0.33	0.81	0.89	1.11	0.79	0.45	0.35
Net income per common share diluted	0.33	0.80	0.88	1.09	0.77	0.45	0.33
Cash dividends declared per common share	1.445	1.410	1.355	1.325	1.290	0.73	0.72
Net cash provided by operating activities	105,457	90,736	68,883	56,834	40,750	53,784	50,417
Net cash used in investing activities	(643,777)	(202,425)	(295,621)	(106,166)	(63,794)	(22,092)	(622,518)

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	Years Ended December 31,					Six Months Ended June 30,	
	2005	2004	2003	2002	2001	2006	2005
	(In thousands, except per share data)					(In thousands, except per share data)	
Net cash provided by (used in) financing activities	444,878	242,723	228,986	47,566	32,115	(30,889)	467,524
Ratio of earnings to combined fixed charges and preferred dividends	1.15	1.57	1.59	1.82	1.47	1.27	1.50
Real estate assets, net	1,641,927	1,227,262	1,001,772	779,150	714,047	1,619,398	1,699,403
Investments in non-consolidated entities	191,146	132,738	69,225	54,261	48,764	186,391	159,387
Total assets	2,160,232	1,697,086	1,207,411	902,471	822,153	2,140,997	2,184,249
Mortgages, notes payable and credit facility, including discontinued operations	1,170,560	765,909	551,385	491,517	455,771	1,156,975	1,235,004
Shareholders equity	891,310	847,290	579,848	332,976	266,713	887,334	860,170
Preferred share liquidation preference	234,000	214,000	79,000		25,000	234,000	234,000

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For Newkirk

The following financial data are derived from Newkirk s audited consolidated financial statements as of December 31, 2005 and for the period from November 7, 2005 to December 31, 2005 and from the Newkirk Master Limited Partnership s (the Predecessor) audited consolidated financial statements for the period from January 1, 2005 to November 6, 2005 and as of and for the years ended December 31, 2004, 2003 and 2002 and from the combined consolidated financial statements of Newkirk RE Holdings, LLC and Newkirk NL Holdings, LLC (Previous Predecessor Entity) as of and for the year ended December 31, 2001.

	The Company(1)	The Predecessor(2)				The Previous Predecessor		
	Period November 7, 2005 to December 31, 2005	Period January 1, 2005 to November 6, 2005	Year Ended December 31, 2004	Year Ended December 31, 2003	Year Ended December 31, 2002	Year Ended December 31, 2001(3)	Six Months Ended June 30, 2006	Six Mo Ende June 200
	(In thousands, except per share data)							
evenues	$ 31,739	$ 177,452	$ 211,679	$ 225,942	$ 216,688	$ 258,975	$ 116,121	$ 104
e from uing ons before ty interest	1,626	40,753	86,456	91,054	88,425	102,049	43,815	34
e from uing ons	144	24,815	67,972	72,757	77,740	46,387	12,176	24
e from tinued ons	1,205	18,356	69,836	72,407	45,122	3,224	2,450	1
come	1,349	43,171	137,808	145,164	122,862	49,611	14,626	25
come per on share	0.07						0.63	
ted average on shares nding	19,375						19,375	
ution declared are	0.27						0.80	
sh provided rating es	29,445	113,018	154,372	160,802	146,070		81,744	74
sh provided ed in) ng activities	(40,066)	60,788	92,103	61,392	11,080		(180,145)	
sh provided ed in)	125,872	(135,558)	(257,861)	(214,834)	(123,698)		(27,810)	(82

ng activities							
state							
nents, net of							
ulated							
iation	943,992	1,032,797	1,129,237	1,203,890	1,001,321	1,012,917	974
ssets	1,345,084	1,237,129	1,384,094	1,476,623	1,476,922	1,428,054	1,178
lebt	770,786	907,339	1,104,231	1,238,494	1,024,539	801,600	844
rs equity		203,785	98,864	(6,104)	257,518		209
olders equity	176,041					177,154	

(1) Represents historical financial data of Newkirk as adjusted for material discontinued operations.

(2) Represents historical financial data for the Newkirk Master Limited Partnership and its subsidiaries as adjusted for material discontinued operations.

(3) The combined consolidated balance sheet at December 31, 2001 and the combined consolidated operating results for the year ended December 31, 2001 are not comparable to the consolidated balance sheet data at December 31, 2002 and the consolidated operating data results for the year ended December 31, 2002. The Previous Predecessor Entity amounts include assets that were not transferred to the Newkirk Master Limited Partnership and certain discontinued operations, and the Newkirk Master Limited Partnership amounts include assets that were contributed to the Newkirk Master Limited Partnership by partners other than the Previous Predecessor Entity.

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Selected Unaudited Pro Forma Consolidated Financial and Other Data

The following table shows information about Lexington s financial condition and results of operations, including per share data, after giving effect to the consummation of the merger. The table sets forth the information as if the merger had become effective on June 30, 2006, with respect to the balance sheet information, and as of January 1, 2005, with respect to the income statement information. The pro forma financial data presented are based on the purchase method of accounting.

The information is based on, and should be read together with, the historical financial statements, including the notes thereto, of Lexington that have been presented in prior filings with the SEC, the consolidated financial statements of Newkirk included in Annex F and the more detailed unaudited pro forma financial information, including the notes thereto, appearing elsewhere in this joint proxy statement/prospectus. See Where You Can Find More Information and Unaudited Pro Forma Combined Condensed Consolidated Financial Statements.

We anticipate the merger to provide the combined company with financial benefits that include cost savings and additional revenue opportunities. The unaudited pro forma information, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect benefits of expected cost savings or opportunities to earn additional revenue and, accordingly, does not attempt to predict or suggest future results. It also does not necessarily reflect what the historical results of the combined company would have been had our companies been combined during these periods.

	Lexington/Newkirk Pro Forma Combined	
	Year Ended December 31, 2005	Six Months Ended June 30, 2006
	(Unaudited, dollars in thousands)	
Total gross revenues	$ 332,892	$ 183,722
Expenses applicable to revenues	(172,028)	(97,304)
Interest and amortization expense	(125,722)	(60,695)
Income from continuing operations	9,224	13,293
Income (loss) from continuing operations per common share basic	(0.11)	0.08
Income (loss) from continuing operations per common share diluted	(0.24)	0.08
Real estate assets, net		3,037,065
Investments in non-consolidated entities		224,637
Total assets		4,366,769
Mortgages, notes payable and credit facility payable		1,952,686
Shareholders equity		1,194,904

Comparative Per Share Data

The following table presents, for the periods indicated, selected historical per share data for Lexington common shares and Newkirk common stock, as well as unaudited pro forma per share amounts for the Lexington common shares and unaudited pro forma per share equivalent amounts for the Newkirk common stock, assuming the issuance of 15,500,000 Lexington common shares in the merger. The pro forma amounts included in the table below are presented as if the merger had been effective for the periods presented, and are based on the purchase method of accounting.

You should read this information in conjunction with, and the information is qualified in its entirety by, the consolidated financial statements and accompanying notes of Lexington and Newkirk, incorporated into this joint proxy statement/prospectus by reference (in the case of Lexington), and the unaudited pro forma combined financial information and accompanying discussions and notes beginning on page F-1. Please see Where You Can Find More Information . The pro forma amounts in the table below are presented for informational purposes only. You should not rely on the pro forma amounts as being indicative of the financial

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position or results of operations of the combined company that would have actually occurred had the merger been effective during the periods presented or of the future financial position or future results of operations of the combined company. The combined financial information as of or for the periods presented may have been different had the companies actually been combined as of or during those periods.

	Six Months Ended June 30, 2006	Year Ended December 31, 2005
Lexington Historical		
Income from continuing operations per common share basic	$ 0.04	$ 0.04
Income from continuing operations per common share diluted	0.04	0.04
Book value per share at period end	12.32	12.60
Newkirk Historical		
Income per basic share from continuing operations	$ 0.63	$ 0.39
Income per diluted share from continuing operations	0.63	0.39
Book value per share at period end	9.14	9.09
Unaudited Pro Forma Combined		
Income (loss) from continuing operations per common share basic	$ 0.08	$ (0.11)
Income (loss) from continuing operations per common share diluted	0.08	(0.24)
Book value per share at June 30, 2006	14.02	N/A
Unaudited Pro Forma Combined Newkirk Equivalents (A)		
Income (loss) from continuing operations per common share basic	$ 0.06	$ (0.09)
Income (loss) from continuing operations per common share diluted	0.06	(0.19)
Book value per share at June 30, 2006	11.22	N/A

(A) Represents unaudited pro forma combined amounts multiplied by the exchange ratio of 0.80 of a Lexington common share for each outstanding share of Newkirk common stock.

Market Prices and Dividend Information

Lexington common shares are traded on the New York Stock Exchange under the symbol LXP. Newkirk common stock is traded on the New York Stock Exchange under the symbol NKT. The following table shows, for the periods indicated: (i) the high and low sales prices per Lexington common share and per share of Newkirk common stock as reported on the New York Stock Exchange and (ii) the cash dividends paid per Lexington common share and per share of Newkirk common stock.

	Lexington Common Shares			Newkirk Common Stock(1)		
	High	Low	Dividends	High	Low	Dividends
2005						
First Quarter	$ 23.90	$ 20.17	$ 0.36			
Second Quarter	$ 24.47	$ 21.68	$ 0.36			
Third Quarter	$ 25.26	$ 21.50	$ 0.36			
Fourth Quarter	$ 23.78	$ 20.26	$ 0.36	$ 16.14	$ 15.00	$ 0.27

2006						
First Quarter	$ 22.90	$ 19.64	$ 0.365	$ 19.22	$ 15.47	$ 0.40
Second Quarter	$ 22.15	$ 19.87	$ 0.365	$ 19.00	$ 16.60	$ 0.40
Third Quarter	$ 21.90	$ 19.53	$ 0.365	$ 18.40	$ 15.66	$ 0.40
Fourth Quarter (through the date of this joint proxy/statement prospectus)	$ 20.70	$ 21.41	(2)	$ 16.82	$ 16.25	(2)

(1) Newkirk closed its initial public offering on November 7, 2005. Prior to that date, Newkirk s common stock was not publicly traded.

(2) Please see Questions and Answers About the Mergers for a description of the dividends anticipated to be paid by Lexington and Newkirk to holders of Lexington common shares and Newkirk common stock, respectively, for periods prior to the effective date of the merger.

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The following table sets forth the closing prices per Lexington common share and per share of Newkirk common stock as reported on the New York Stock Exchange on July 21, 2006, the last full trading day prior to the announcement of the merger agreement, and on October 12, 2006, the most recent practicable date prior to the mailing of this joint proxy statement/prospectus to the Lexington common shareholders and Newkirk common stockholders. This table also sets forth the pro forma equivalent price per share of Newkirk common stock on July 21, 2006, and on October 12, 2006. The pro forma equivalent price per share is equal to the closing price of a Lexington common share on each such date multiplied by 0.80 (the exchange ratio for the merger consideration).

These prices will fluctuate prior to the special meetings and the consummation of the merger, and shareholders and stockholders are urged to obtain current market quotations prior to making any decision with respect to the merger.

	Lexington Common Shares	Newkirk Common Stock	Newkirk Pro Forma Equivalent
At July 21, 2006	$ 20.97	$ 16.95	$ 16.78
At October 12, 2006	$ 21.05	$ 16.50	$ 16.84

Dividend Policies

Lexington s board of trustees determines the time and amount of dividends to shareholders. Future Lexington dividends will be authorized at the discretion of Lexington s board of trustees and will depend on Lexington s actual cash flow, its financial condition, its capital requirements, the annual distribution requirements under the REIT provisions of the Internal Revenue Code and such other factors as Lexington s board of trustees may deem relevant.

Between the signing of the merger agreement and the closing of the merger, Lexington and Newkirk will align their record and payment dates in connection with the payment of their regular quarterly dividends.

Until the merger is completed, Newkirk common stockholders will continue to receive regular quarterly dividends as authorized by Newkirk s board of directors and declared by Newkirk. The merger agreement permits Newkirk to pay a regular quarterly cash dividend in an amount not to exceed $0.40 per share of Newkirk common stock. Newkirk currently intends to continue to pay regular quarterly dividends for any quarterly period that ends before the closing of the merger. Also, Newkirk may declare and pay, if necessary, a dividend in the amount necessary to maintain the REIT status of Newkirk and avoid any imposition of corporate level tax or excise tax under the Code. In the event Lexington makes a dividend to maintain its REIT status or avoid taxes in excess its regular quarterly dividend (other than the Lexington special dividend discussed below), Newkirk may make a corresponding dividend equal to 80% of the excess.

Lexington common shareholders will continue to receive regular dividends as authorized by Lexington s board of trustees and declared by Lexington. The merger agreement permits Lexington to pay regular quarterly cash dividends in an amount not to exceed $0.365 per Lexington common shares. Lexington currently intends to continue to pay regular quarterly dividends. Also, Lexington may declare and pay, if necessary, a dividend in the amount necessary to maintain the REIT status of Lexington and avoid imposition of corporate level tax or excise tax under the Code. In the event Newkirk makes a dividend to maintain its REIT status or avoid taxes, in an amount in excess its regular quarterly dividend, Lexington intends to make a corresponding dividend equal to 125% of the excess. In addition, Lexington intends, at the sole discretion of Lexington s board of trustees, to make the one-time special dividend/distribution of $0.17 per Lexington common share and operating unit to the holders thereof on a record date on or prior to the completion of the merger.

Prior to the closing of the merger, each of Newkirk and Lexington will declare and set a record date prior to the closing for a pro rata dividend based on the number of days that have elapsed during the current quarter and the amount of their regular quarterly dividend.

After the closing of the merger, former holders of Newkirk common stock that receive Lexington common shares in the merger will receive the dividends payable to all holders of Lexington common shares

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with a record date after the closing provided they continue to own their shares through the record date. Upon closing, at the sole discretion of Lexington s board of trustees, Lexington is expected to increase its annual dividend to $1.50 per Lexington common share, or $0.375 per Lexington common share per quarter.

Upon the closing of the merger, former holders of Newkirk common stock will cease receiving any distributions or dividends on all shares of Newkirk common stock held before the merger, other than any unpaid distributions or dividends declared by Newkirk before the closing of the merger.

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RISK FACTORS

The merger involves certain risks and other adverse factors. You are urged to read this joint proxy statement/prospectus carefully in its entirety, including all annexes and supplements hereto and including the matters addressed in Warning About Forward-Looking Statements, and should carefully consider the following risk factors in evaluating the merger.

The risks below relate primarily to the merger and the combined company resulting from the merger. This section does not review risks relating to the existing businesses of Lexington and Newkirk, which risks will also affect the combined entity, and which, with respect to Lexington, are incorporated by reference in this joint proxy statement/prospectus from other filings of Lexington with the SEC and which, with respect to Newkirk, can be found in the latest annual report on Form 10-K filed by Newkirk with the SEC, and the other information included in this joint proxy statement/prospectus.

Risks Relating to the Merger

The operations of Lexington and Newkirk may not be integrated successfully, and the intended benefits of the merger may not be realized.

The merger will present challenges to management, including the integration of the operations and properties of Lexington and Newkirk. The merger will also pose other risks commonly associated with similar transactions, including unanticipated liabilities, unexpected costs and the diversion of management s attention to the integration of the operations of Lexington and Newkirk. Any difficulties that the combined company encounters in the transition and integration processes, and any level of integration that is not successfully achieved, could have an adverse effect on the revenue, level of expenses and operating results of the combined company. The combined company may also experience operational interruptions or the loss of key employees, tenants and customers. As a result, notwithstanding our expectations, the combined company may not realize any of the anticipated benefits or cost savings of the merger.

The market value of the Lexington common shares that Newkirk common stockholders will receive depends on what the market price of Lexington common shares will be at the effective time of the merger and will decrease if the market value of Lexington common shares decreases.

The market value of the Lexington common shares that Newkirk common stockholders will receive as part of the merger consideration depends on what the trading price of Lexington common shares will be at the effective time of the merger. The 0.80 exchange ratio that determines the number of Lexington common shares that Newkirk common stockholders are entitled to receive in the merger is fixed. This means that there is no price protection mechanism in the merger agreement that would adjust the number of Lexington common shares that Newkirk common stockholders may receive in the merger as a result of increases or decreases in the trading price of Lexington common shares. If Lexington s common share price decreases, then the market value of the merger consideration payable to Newkirk common stockholders will also decrease. For historical and current market prices of Lexington common shares and shares of Newkirk common stock, please see Market Prices and Dividend Information.

Lexington and Newkirk expect to incur significant costs and expenses in connection with the merger, which could result in the combined company not realizing some or all of the anticipated benefits of the merger.

Lexington and Newkirk are expected to incur one-time, pre-tax closing costs of approximately $35.5 million in connection with the merger. These costs include a $12.5 million termination payment to NKT Advisors, the external advisor of Newkirk, investment banking expenses, legal and accounting fees, debt assumption fees, printing expenses and other related charges incurred and expected to be incurred by Lexington and Newkirk. Completion of the merger could trigger a mandatory prepayment (including a penalty in some cases) of Lexington and Newkirk debt unless appropriate lender consents or waivers are received. If those consents and waivers cannot be obtained prior to completion of the merger, the existing Lexington and Newkirk debt might need to be prepaid and/or refinanced. Lexington also expects to incur one-time cash and non-cash costs related to the integration of Lexington and Newkirk, which cannot be estimated at this time. There can be no assurance that the costs incurred by Lexington and Newkirk in connection with the merger will not be higher than expected or that the combined company will not incur additional unanticipated costs and expenses in connection with the merger.

Directors and officers of Newkirk and certain security holders have interests in the merger that may be different from, or in addition to, the interests of Newkirk common stockholders generally.

Directors and officers of Newkirk and certain security holders have interests in the merger that may be different from, or in addition to, the interests of Newkirk common stockholders generally. Newkirk s board of directors was aware of these interests and considered them, among other matters, in approving the merger agreement, the merger and the related transactions and making their recommendations. These interests include:

the appointment of Mr. Ashner, the current Chairman and Chief Executive Officer of Newkirk, as Executive Chairman and Director of Strategic Transactions of Lexington upon completion of the merger pursuant to an employment agreement;

the receipt of a termination payment of $12.5 million by NKT Advisors, of which Mr. Ashner is Chairman and Chief Executive Officer. Vornado, an affiliate of Newkirk board member and Lexington board designee Clifford Broser, as well as a significant security holder of Newkirk, owns a 20% interest in NKT Advisors and will be entitled to receive up to $2.5 million of the termination fee being paid to NKT Advisors. Winthrop will also receive $4.4 million of the $12.5 million payment for termination of Newkirk s advisory agreement with NKT Advisors. Mr. Ashner is Chairman and Chief Executive Officer of NKT Advisors and Chief Executive Officer of Winthrop and he and other executive officers own a 28% minority interest in NKT Advisors and a 7.3% interest in Winthrop;

Winthrop owns 4,375,000 shares of Newkirk common stock which are currently subject to a lock up agreement that is scheduled to expire on November 7, 2008. As of September 1, 2006, 468,750 of the foregoing shares were subject to forfeiture during a period expiring on November 7, 2008. Upon closing of the merger, the lock up and the forfeiture provisions will terminate. If the merger does not occur, these shares will be released from the forfeiture restrictions at the rate of 17,361 shares per month;

For a period of one year following the merger, all existing management agreements between Newkirk and Winthrop Management L.P., an affiliate of Mr. Ashner, will not be terminated except in accordance with their terms and Winthrop Management L.P. or its affiliate will be retained as the property manager for all of the MLP s properties and all properties acquired by Lexington during that time, in all cases where a property manager is retained. After one year all such agreements may be terminated by Lexington without cause;

Lexington has agreed to grant exemption from its 9.8% ownership limitation to two significant security holders in Newkirk, Apollo and its affiliates and Vornado Realty L.P., an affiliate of Vornado. Apollo and Vornado were each previously granted ownership waivers by Newkirk in connection with Newkirk s initial public offering;

the early termination of lock up agreements with certain officers and directors of Newkirk with respect to approximately 747,502 post-reverse split MLP units; a lock up agreement restricting the sale of common shares by Mr. Ashner will continue in full effect;

the continued indemnification of current directors and officers of Newkirk and NKT Advisors under the merger agreement and the provision of directors and officers liability insurance to these individuals and this entity; and the entry into the voting agreements with Michael L. Ashner and his affiliates, and with Winthrop and with affiliates of Apollo.

For the above reasons, the directors and officers of Newkirk are more likely to vote to approve the merger agreement, the merger and the related transactions than if they did not have these interests. Newkirk common stockholders should consider whether these interests may have influenced these directors and officers to

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support or recommend approval of the merger agreement, the merger and the related transactions. See The Merger Interests of Newkirk Executive Officers and Directors in the Merger.

Failure to complete the merger could negatively impact the price of Lexington common shares and/or Newkirk common stock and future business and operations.

It is possible that the merger may not be completed. The parties obligations to complete the merger are subject to the satisfaction or waiver of specified conditions, some of which are beyond the control of Lexington and Newkirk. For example, the merger is conditioned on the receipt of the required approvals of Lexington shareholders and Newkirk stockholders. If these approvals are not received, the merger cannot be completed even if all of the other conditions to the merger are satisfied or waived. If the merger is not completed for any reason, Lexington and/or Newkirk may be subject to a number of material risks, including the following:

- either company may be required under certain circumstances to reimburse the other party for up to $5 million of expenses and, depending upon the circumstances, may be required to pay a termination fee of $25 million (inclusive of any prior expense reimbursement paid by such party);

- the price of Lexington common shares and/or Newkirk common stock may decline to the extent that the current market prices of Lexington common shares and Newkirk common stock reflects a market assumption that the merger will be completed; and

- each company will have incurred substantial costs related to the merger, such as legal, accounting and financial advisor fees, which must be paid even if the merger is not completed.

Further, if the merger is terminated and either Lexington s board of trustees or Newkirk s board of directors determines to seek another merger or business combination, there can be no assurance that it will be able to find a party willing to pay an equivalent or more attractive price than the price to be paid in the merger. In addition, while the merger agreement is in effect and subject to specified exceptions, each of Lexington and Newkirk is prohibited from soliciting, initiating or encouraging or entering into any alternative acquisition transactions, such as a merger, sale of assets or other business combination, with any party other than Lexington or Newkirk, as the case may be. See The Merger Agreement Conduct of Business Pending the Merger No Solicitation.

Lexington or Newkirk may incur substantial expenses and payments if the merger does not occur, which could discourage other potential parties to business combinations with Lexington or Newkirk which might otherwise be desirable to the shareholders of Lexington or the stockholders of Newkirk.

Lexington and Newkirk already have incurred substantial expenses in connection with the merger. Neither Lexington nor Newkirk can assure you that the merger will be consummated. The merger agreement provides for Lexington or Newkirk to pay expenses of the other party of up to $5 million to the other party if the merger agreement is terminated by Lexington or Newkirk under specified circumstances. The merger agreement also provides for Newkirk or Lexington to pay a termination fee of $25 million to the other party if the merger agreement is terminated by Newkirk or Lexington under specified circumstances in which either party enters into an alternative business combination with a third party within six months of termination of the merger agreement. The termination fee will be reduced by any prior expense payments by the paying party.

These termination payments may discourage some third party proposals to enter into business combinations that Lexington shareholders or Newkirk stockholders may otherwise find desirable to the extent that a potential acquiror would not be willing to assume the $25 million termination fee. See The Merger Agreement Termination of the Merger Agreement .

After the merger is completed, Newkirk common stockholders will become shareholders of Lexington and will have different rights that may be less advantageous than their current rights.

After the closing of the merger, Newkirk common stockholders will become Lexington common shareholders. Lexington is a Maryland real estate investment trust and Newkirk is a Maryland corporation.

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Differences in Lexington s Declaration of Trust and By-laws and Newkirk s Charter and By-laws will result in changes to the rights of Newkirk common stockholders when they become Lexington common shareholders. A Newkirk common stockholder may conclude that its current rights under Newkirk s Charter and By-laws are more advantageous than the rights they may have under Lexington s Declaration of Trust and By-laws. See Comparison of the Rights of Lexington Common Shareholders and Newkirk Common Stockholders.

The merger will result in a reduction in per share distributions for Newkirk common stockholders after the merger.

Assuming Lexington makes quarterly cash dividends at the rate of $0.375 per common share after the merger, this dividend, from a Newkirk common stockholder s perspective, would be equivalent to a quarterly distribution payment of $0.30 per share of Newkirk common stock based on the exchange ratio of 0.80, which is 25% less than Newkirk s current quarterly dividend of $0.40 per share of Newkirk common stock.

The parties have agreed to delay the closing until on or about December 29, 2006. However, neither party will have the right to terminate the merger agreement after the satisfaction date due to the occurrence of a material adverse effect with respect to the other party, or the material breach by the other party of its representations or warranties or under the merger agreement.

The parties expect that all conditions to closing the merger will be satisfied when and if shareholders and stockholders approve the merger at the November 20, 2006 special meetings. The parties have agreed to delay the closing until on or about December 29, 2006. However, after the satisfaction date, neither party will have the right to terminate the merger agreement due to the occurrence of a material adverse effect with respect to the other party or the material breach by the other party of its representations or warranties under the merger agreement.

Risks Related to the Combined Company

Primary term rents on many Newkirk properties are substantially higher than contractual renewal rates.

As of August 1, 2006, leases on approximately 8,640,728 square feet of Newkirk s properties representing approximately $172,580,489 of annual rental income were scheduled to expire by the end of 2009. Upon expiration of their initial term, substantially all leases can be renewed at the option of the tenants for one or more renewal terms. As of August 1, 2006, for Newkirk leases scheduled to expire through 2009, the weighted average current rent per square foot was $19.97 while the contractual renewal rent per square foot for those properties was $8.84. These numbers do not include 566,836 square feet of vacant space and 707,000 square feet of space sold in September 2006.

Uncertainties relating to lease renewals and re-letting of space; as of August 1, 2006, 72% of Newkirk s leases were scheduled to expire over the next three years which could unfavorably affect the combined company s financial performance.

Upon the expiration of current leases for space located in the combined company s properties, it 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 the combined company than current lease terms. If the combined company is unable to re-let promptly all or a substantial portion of the space located in its properties or if the rental rates it receives upon re-letting are significantly lower than current rates, the combined company s net income and ability to make expected distributions to its shareholders will be adversely affected due to the resulting reduction in rent receipts and increase in its property operating costs. There can be no assurance that the combined company will be able to retain tenants in any of its properties upon the expiration of their leases.

This risk is increased in the case of Newkirk s properties because the current term of many of the leases for its properties will expire over the next three years and the renewal rates are substantially lower than the current rates, as noted above. As of August 1, 2006, based upon the then current annualized rent, the weighted average remaining lease term for Newkirk s properties was approximately 3.6 years and 72% of its current

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leases were scheduled to expire by the end of 2009. These amounts are based on Newkirk s consolidated rental income which includes rent attributable to properties partially owned by unaffiliated third parties. If the combined company is unable to promptly relet or renew leases for all or a substantial portion of the space subject to expiring leases or if its reserves for these purposes prove inadequate, the combined company s revenue, net income, available cash and ability to make expected distributions to shareholders could be adversely affected. In addition, if it becomes necessary for the combined company to make capital expenditures for tenant improvements, leasing commissions and tenant inducements in order to re-lease space, the combined company s revenue, net income and cash available for future investment could be adversely affected.

Investment grade tenants will represent a smaller portion of annualized base rent of the combined company than of the annualized base rent of Newkirk.

Following the merger and based on June 30, 2006 annualized rents, investment grade tenants, in the aggregate, will represent approximately 56% of annualized base rent of the combined company, as compared with 74% of Newkirk s annualized base rents and 40% of Lexington s base rents prior to the merger.

Inability to carry out our growth strategy.

The combined company s growth strategy will be based on the acquisition and development of additional properties and related assets, including acquisitions of large portfolios and real estate companies and acquisitions through co-investment programs such as joint ventures. In the context of the combined company s business plan, development generally means an expansion or renovation of an existing property or the acquisition of a newly constructed property. The combined company may provide a developer with a commitment to acquire a property upon completion of construction of a property and commencement of rent from the tenant. The combined company s plan to grow through the acquisition and development of new properties could be adversely affected by trends in the real estate and financing businesses. The consummation of any future acquisitions will be subject to satisfactory completion of an extensive valuation analysis and due diligence review and to the negotiation of definitive documentation. The combined company s ability to implement its strategy may be impeded because it may have difficulty finding new properties and investments at attractive prices that meet its investment criteria, negotiating with new or existing tenants or securing acceptable financing. If the combined company is unable to carry out its strategy, its 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 majeure 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.

Some of the combined company s acquisitions and developments may be financed using the proceeds of periodic equity or debt offerings, lines of credit or other forms of secured or unsecured financing that may 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 to shareholders may be adversely affected.

Concentration of ownership by certain investors, including joint venture partners; voting rights of MLP unitholders.

After the consummation of the merger, (i) Michael L. Ashner, and Winthrop will collectively own 3,583,000 Lexington common shares and (ii) Michael L. Ashner, other executives and employees of NKT Advisors, Vornado and Apollo will collectively own 28,431,920 voting MLP units which are redeemable for, at the election of Lexington, cash or Lexington common shares. Accordingly, on a fully-diluted basis, Michael

L. Ashner, other executive officers and employees of NKT Advisors, Apollo, Vornado and Winthrop will collectively hold a 29.1% ownership interest in Lexington. As holders of voting MLP units, Mr. Ashner, other executives and employees of NKT Advisors, Vornado and Apollo, as well as other holders of voting MLP units, will have the right to direct the voting of Lexington s special voting preferred stock. Holders of Lexington s operating partnership interests do not have voting rights.

After the consummation of the merger, Robert Roskind will own 834,911 Lexington common shares and 1,565,282 units of limited partnership interest which are redeemable for, at the election of Lexington, cash or Lexington common shares. On a fully diluted basis, Mr. Roskind will hold a 2.2% ownership interest in Lexington.

The joint ventures described below each have a provision in their respective joint venture agreements permitting the joint venture partner to sell its equity position to Lexington. In the event that any of the joint venture partners exercises its right to sell its equity position to Lexington, and Lexington elects to fund the acquisition of such equity position with Lexington common shares, such venture partner could acquire a large concentration of Lexington common shares.

In 1999, Lexington 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. Lexington has a 331/3% equity interest in this joint venture. In December 2001, Lexington formed a second joint venture with CRF to acquire additional properties in an aggregate amount of up to approximately $560.0 million. Lexington has a 25% equity interest in this joint venture. As of June 30, 2006, this second joint venture has invested in 13 properties for an aggregate capitalized cost of $421.6 million.

Under these joint venture agreements, CRF has the right to sell its equity position in the joint ventures to Lexington and, after the closing of the merger, to the combined company. In the event CRF exercises its right to sell its equity interest in either joint venture to Lexington, Lexington may, at its 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. Lexington has 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 Lexington can force the sale of any property.

In October 2003, Lexington entered into a joint venture agreement with CLPF-LXP/Lion Venture GP, LLC, or Clarion, which has made investments in 17 properties for an aggregate capitalized cost of $486.9 million. No additional investments will be made unless they are made pursuant to a tax-free exchange or upon the mutual agreement of Clarion and Lexington. Lexington has 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 Lexington and, after the closing of the merger, the combined company. In the event Clarion exercises its right to sell its equity interest in the joint venture to Lexington, Lexington may, at its 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. Lexington has 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 Lexington can force the sale of any property.

In June 2004, Lexington 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 June 30, 2006, this joint venture has made investments in 15 properties for an aggregate capitalized cost of $241.7 million. Lexington has 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

Lexington. 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 Lexington, Lexington may, at its 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. Lexington has 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 Lexington can force the sale of any property.

Dilution of common shares.

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

The combined company s Series C Preferred Shares will be capable of being converted by the holder, at its option, into the combined company s common shares at an initial conversion rate of 1.87966 common shares per $50.00 liquidation preference (after the assumed payment of the special dividend and assuming no other dividend is paid), which is equivalent to an initial conversion price of approximately $26.60 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 the combined company s common shares.

Under Lexington s joint venture agreements, Lexington s joint venture partners have the right to sell their equity position in the applicable joint venture to Lexington. In the event one of Lexington s joint venture partners exercises its right to sell its equity interest in the applicable joint venture to Lexington, Lexington may, at its option, either issue Lexington 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 Lexington s 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 Lexington s joint venture partners and, after the merger, the combined company s election to satisfy an exercise with its common shares could be dilutive to or otherwise adversely affect the interests of holders of the combined company s common shares.

Following the closing of the merger, an aggregate of approximately 41,673,386 common shares will be issuable upon: (i) the exchange of all outstanding units of limited partnership interests in Lexington s operating partnership subsidiaries (5,622,694 common shares); (ii) the redemption of all outstanding units of limited partnership interests in the MLP (36,032,192 common shares); and (iii) the exercise of outstanding options under Lexington s equity-based award plans (18,500 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 the combined company s common shares.

Securities eligible for future sale may have adverse effects on our share price.

As described in the preceding risk factor, following the closing of the merger, an aggregate of up to approximately 36,032,192 common shares will be issuable on the redemption for common shares of outstanding MLP units. Lexington and Newkirk have agreed to file a registration statement that would allow up to 36,000,000 of these Lexington common shares to be sold. Lexington has also agreed to file a registration statement that would allow the sale of 3,500,000 Lexington common shares that will be owned by Winthrop following the merger, which shares were previously subject to a lock up agreement that will terminate on closing of the merger. The sale of these shares could result in a decrease in the market price of Lexington common shares.

Limited control over joint venture investments.

Lexington s joint venture investments will constitute a significant portion of the combined company s assets and will constitute a significant component of Lexington s growth strategy. Lexington s joint venture investments may involve risks not otherwise present for investments made solely by Lexington, including the possibility that Lexington s joint venture partner might, at any time, become bankrupt, have different interests or goals than the combined company does, or take action contrary to the combined company s instructions, requests, policies or objectives, including the combined company s policy with respect to maintaining its qualification as a REIT. Other risks of joint venture investments include impasse on decisions, such as a sale, because neither the combined company nor a joint venture partner have full control over the joint venture. Also, there will be no limitation under the combined company s organizational documents as to the amount of funds that may be invested in joint ventures.

One of the joint ventures, 111 Debt Holdings LLC, is owned equally by the MLP and WRT Realty L.P., a subsidiary of Winthrop. This joint venture is managed by an investment committee which consists of five members, two members appointed by each of the MLP and Winthrop and the fifth member appointed by FUR Holdings LLC, the primary owner of the current external advisors of both Newkirk and Winthrop. Each investment in excess of $20.0 million to be made by this joint venture, as well as additional material matters, requires the consent of three members of the investment committee appointed by the MLP and Winthrop. Accordingly, the joint venture may not take certain actions or invest in certain assets even if the MLP believes it to be in its best interest.

Joint venture investments may conflict with our ability to make attractive investments.

Under the terms of Lexington s active joint venture with CRF, the combined company will be required to first offer to the joint venture 50% of the combined company s 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 10 years, are available for immediate delivery and satisfy other specified investment criteria.

Similarly, under the terms of Lexington s joint venture with Utah, unless 75% of Utah s capital commitment is funded, the combined company will be required to first offer to the joint venture all of the combined company s 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 the combined company s obligation to first offer such opportunities to Lexington s joint venture with CRF.

Lexington s board of trustees adopted a conflicts policy with respect to Lexington and LSAC, a real estate investment company externally advised by Lexington. Under the conflicts policy the combined company will be required to first offer to LSAC, subject to the first offer rights of CRF and Utah, all of the combined 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 with such properties 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 Lexington s joint ventures with CRF or Utah, is determined to be suitable to the combined company and

LSAC, the investment

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opportunity will be allocated to LSAC. If full allocation to LSAC is not reasonably practicable (for example, if LSAC does not have sufficient capital), the combined company may allocate a portion of the investment to itself after determining in good faith that such allocation is fair and reasonable. The combined company will apply the foregoing allocation procedures between LSAC and any investment funds or programs, companies or vehicles or other entities that the combined company controls which have overlapping investment objectives with LSAC.

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

Conflicts of interest with respect to sales and refinancings.

E. Robert Roskind and Richard J. Rouse, the combined company s Co-Vice Chairman, and Co-Vice Chairman and Chief Investment Officer, respectively, will continue to own limited partnership interests in certain operating partnerships of the combined company after the merger, and as a result, may face different and more adverse tax consequences than the combined company s other shareholders will if the combined company sells certain properties or reduces mortgage indebtedness on certain properties. Those individuals may, therefore, have different objectives than the combined company s 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 the combined company may not sell a property or pay down the debt on a property even though doing so would be advantageous to the combined company s 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.

The combined company will be dependent upon its key personnel and the terms of Mr. Ashner s employment agreement affect Lexington s ability to make certain investments.

The combined company will be dependent upon key personnel whose continued service is not guaranteed. The combined company will be dependent on its executive officers for strategic business direction and real estate experience. Lexington previously entered into employment agreements with E. Robert Roskind, Lexington s Chairman, Richard J. Rouse, Lexington Vice Chairman and Chief Investment Officer, T. Wilson Eglin, Lexington s Chief Executive Officer, President and Chief Operating Officer, Patrick Carroll, Lexington s Executive Vice President, Chief Financial Officer and Treasurer, and John B. Vander Zwaag, Lexington s Executive Vice President. Upon the closing of the merger, the combined company will enter into an employment agreement with Michael L. Ashner, Newkirk s Chairman and Chief Executive Officer. Pursuant to Mr. Ashner s employment agreement, Mr. Ashner may voluntarily terminate his employment with the combined company and become entitled to receive a substantial severance payment if the combined company acquires or makes an investment in a non-net lease business opportunity during the term of Mr. Ashner s employment. This provision in Mr. Ashner s agreement may cause the combined company not to avail itself of those other business opportunities due to the potential consequences of acquiring such non-net lease business opportunities. (See The Merger Agreement Ancillary Agreements Michael L. Ashner Employment

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Agreement.) Upon consummation of the merger, the following executive officers have agreed to assume the following positions at the combined company:

Name	Title
Michael L. Ashner	Executive Chairman and Director of Strategic Acquisitions
E. Robert Roskind	Co-Vice Chairman
Richard J. Rouse	Co-Vice Chairman and Chief Investment Officer
T. Wilson Eglin	Chief Executive Officer, President and Chief Operating Officer
Patrick Carroll	Executive Vice President, Chief Financial Officer and Treasurer
John B. Vander Zwaag	Executive Vice President
Lara Johnson	Executive Vice President

The combined company s inability to retain the services of any of these executives or the combined company s loss of any of their services after the merger could adversely impact the operations of the combined company. The combined company will not have key man life insurance coverage on its executive officers upon completion of the merger.

Certain limitations will exist with respect to a third party s ability to acquire the combined company or effectuate a change in control.

Limitations imposed to protect the combined company s REIT status. In order to protect the combined company against the loss of its REIT status, its Declaration of Trust (attached as Annex B) will limit any shareholder from owning more than 9.8% in value of the combined company s outstanding shares, subject to certain exceptions. The ownership limit may have the effect of precluding acquisition of control of the combined company.

Severance Payments under Employment Agreements. Substantial termination payments may be required to be paid under the provisions of employment agreements with certain executives of the combined company upon a change of control. Accordingly, these payments may discourage a third party from acquiring the combined company.

Limitation due to the combined company s ability to issue preferred shares. The combined company s Declaration of Trust will authorize the board of trustees to issue preferred shares, without limitation as to amount. The board of trustees will be able to establish the preferences and rights of any preferred shares issued which could have the effect of delaying or preventing someone from taking control of the combined company, even if a change in control were in its shareholders best interests.

Limitation imposed by the Maryland Business Combination Act. The Maryland General Corporation Law, as applicable to Maryland REITs, establishes special restrictions against business combinations between a Maryland REIT and interested shareholders or their affiliates unless an exemption is applicable. An interested shareholder includes a person who beneficially owns, and an affiliate or associate of the trust who, at any time within the two-year period prior to the date in question, was the beneficial owner of, 10% or more of the voting power of Lexington s then-outstanding voting shares, but a person is not an interested shareholder if the board of trustees approved in advance the transaction by which he otherwise would have been an interested shareholder. Among other things, Maryland law prohibits (for a period of five years) a merger and certain other transactions between a Maryland REIT and an interested shareholder. The five-year period runs from the most recent date on which the interested shareholder became an interested shareholder. Thereafter, any such business combination must be recommended by the board of trustees and approved by two super-majority shareholder votes unless, among other conditions, the common shareholders receive a minimum price for their shares and the consideration is received in cash or in the same form as previously paid by the interested shareholder for its shares. The statute permits various exemptions from its provisions, including business combinations that are exempted by the board of trustees prior to the time that the interested shareholder becomes an interested shareholder. The business combination statute could have the effect of discouraging offers to acquire the combined company and of increasing the difficulty of consummating any such offers, even if the combined company s acquisition would be in its shareholders best interests. In connection with the merger, certain holders of Newkirk voting stock have been granted a limited exemption from the definition of interested shareholder.

Maryland Control Share Acquisition Act. Maryland law provides that control shares of a REIT acquired in a control share acquisition shall have no voting rights except to the extent approved by a vote of two-thirds of the vote eligible to be cast on the matter under the Maryland Control Share Acquisition Act. Control Shares means shares that, if aggregated with all other shares previously acquired by the acquirer or in respect of which the acquirer is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquirer to exercise voting power in electing trustees within one of the following ranges of voting power: one-tenth or more but less than one-third, one-third or more but less than a majority or a majority or more of all voting power. Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained shareholder approval. A control share acquisition means the acquisition of control shares, subject to certain exceptions. If voting rights of control shares acquired in a control share acquisition are not approved at a shareholders meeting, then subject to certain conditions and limitations the issuer may redeem any or all of the control shares for fair value. If voting rights of such control shares are approved at a shareholders meeting and the acquirer becomes entitled to vote a majority of the shares entitled to vote, all other shareholders may exercise appraisal rights. Any control shares acquired in a control share acquisition which are not exempt under the combined company s By-laws will be subject to the Maryland Control Share Acquisition Act. Lexington s By-laws contain a provision exempting from the Maryland Control Share Acquisition Act any and all acquisitions by any person of its shares. Lexington cannot assure you that this provision will not be amended or eliminated at any time in the future.

Many factors can have an adverse effect on the market value of the combined company s securities.

A number of factors might adversely affect the price of the combined company s securities, many of which are beyond its control. These factors include:

- increases in market interest rates, relative to the dividend yield on the combined company s shares. If market interest rates go up, prospective purchasers of the combined company s securities may require a higher yield. Higher market interest rates would not, however, result in more funds for the combined company to distribute and, to the contrary, would likely increase its borrowing costs and potentially decrease funds available for distribution. Thus, higher market interest rates could cause the market price of the combined company s common shares to go down;

- anticipated benefit of an investment in the combined company s securities as compared to investment in securities of companies in other industries (including benefits associated with tax treatment of dividends and distributions);

- perception by market professionals of REITs generally and REITs comparable to the combined company in particular;

- level of institutional investor interest in the combined company s securities;

- relatively low trading volumes in securities of REITs;

- the combined company s results of operations and financial condition; and investor confidence in the stock market generally.

The market value of Lexington s common shares is based primarily upon the market s perception of the combined company s growth potential and its current and potential future earnings and cash distributions. Consequently, the combined company s common shares may trade at prices that are higher or lower than its net asset value per common share. If the combined company s future earnings or cash distributions are less than expected, it is likely that the market price of the combined company s common shares will diminish.

THE LEXINGTON SPECIAL MEETING

Date, Time, Place and Purpose of the Lexington Special Meeting

The Lexington special meeting will be held at the New York offices of Paul, Hastings, Janofsky & Walker LLP, located at 75 East 55th Street, New York, New York 10022, at 11:30 a.m. local time on November 20, 2006. The special meeting may be adjourned or postponed to another date and/or place for proper purposes. At the Lexington special meeting, holders of Lexington common shares will consider and vote on the merger agreement, the merger and the related transactions, including the adoption of the Amended and Restated Declaration of Trust and the issuance of Lexington common shares under and as contemplated by the merger agreement. The Lexington common shareholders are also being asked to vote on a proposal to adjourn the Lexington special meeting for the purpose of allowing additional time for the solicitation of additional votes to approve the merger agreement, the merger and the related transactions, including the adoption of the Amended and Restated Declaration of Trust and the issuance of Lexington common shares under and as contemplated by the merger agreement.

Who Can Vote

You are entitled to vote your Lexington common shares if Lexington s shareholder records showed that you held your Lexington common shares as of the close of business on October 13, 2006. At the close of business on that date, a total of 53,110,833 Lexington common shares were outstanding and entitled to vote. Each Lexington common share has one vote. The enclosed proxy card shows the number of Lexington common shares that you are entitled to vote.

Voting by Proxy Holders

If you hold your Lexington common shares in your name as a holder of record, you may instruct the proxy holders how to vote your Lexington common shares by signing, dating and mailing the proxy card in the postage-paid envelope that we have provided to you. You may also instruct the proxy holders how to vote by telephone or through the internet by following the instructions on your proxy card. The proxy holders will vote your Lexington common shares as provided by those instructions. If you give Lexington a signed proxy without giving specific voting instructions, your Lexington common shares will be voted by the proxy holders in favor of all the proposals being voted on at the special meeting. If your Lexington common shares are held by a broker, bank or other nominee, you will receive instructions from your broker, bank or nominee that you must follow to have your Lexington common shares voted.

Quorum and Required Vote

A quorum of common shareholders is required to hold a valid meeting. The holders of a majority of the outstanding common shares entitled to vote at the Lexington special meeting must be present in person or by proxy to constitute a quorum for the transaction of business at the Lexington special meeting. All Lexington common shares represented at the Lexington special meeting, including abstentions and broker non-votes, will be treated as shares that are present and entitled to vote for purposes of determining the presence of a quorum.

As of the record date for the Lexington special meeting, Lexington trustees, executive officers and their affiliates beneficially owned 2,418,108 Lexington common shares (excluding share options and operating partnership units held by them), representing approximately 4.6% of the outstanding Lexington s common shares entitled to vote at the Lexington special meeting.

Approval of the merger agreement, the merger and the related transactions, including the adoption of the Amended and Restated Declaration of Trust and the issuance of the Lexington common shares, requires the affirmative vote of the holders of at least a majority of the Lexington common shares entitled to vote on the proposal. The affirmative vote of a majority of the votes cast by the holders of the Lexington common shares present either in person or by proxy at the Lexington special meeting is required to approve, if necessary, the extension of the solicitation period and the adjournment of the Lexington special meeting.

Abstentions and Broker Non-Votes

Abstentions by holders of Lexington common shares not be counted as votes cast. Thus, such abstentions will have the effect of a vote against the merger proposal and will have no effect on the proposal for extension of the solicitation period and on the adjournment of the Lexington special meeting.

Under the listing requirements of the NYSE, brokers who hold Lexington common shares in street name for a beneficial owner of those shares typically have the authority to vote in their discretion on routine proposals when they have not received instructions from beneficial owners. However, brokers are not allowed to exercise their voting discretion with respect to the approval of matters that the NYSE determines to be non-routine, such as approval of the issuance of Lexington common shares under and as contemplated by the merger agreement, and the approval of the merger agreement, the merger and the related transactions without specific instructions from the beneficial owner. These non-voted shares are referred to as broker non-votes. If your broker holds your Lexington common shares in street name, your broker will vote your shares only if you provide instructions on how to vote by filling out the voter instruction form sent to you by your broker with this joint proxy statement/prospectus. Broker non-votes will not be counted as votes cast at the Lexington special meeting. Thus, such non-votes will have the effect of a vote against the merger proposal and will have no effect on the proposal for extension of the solicitation period and the adjournment of the Lexington special meeting. The proposal to adjourn the meeting or to extend the solicitation may be deemed a routine proposal and, if so, your broker may vote your Lexington common shares with respect to such proposal.

Voting on Other Matters

We are not now aware of any matters to be presented at the Lexington special meeting except for those described in this joint proxy statement/prospectus. If any other matter not described in this joint proxy statement/prospectus is properly presented at the meeting, the proxy holders will use their discretion to determine how to vote your Lexington common shares. If the meeting is adjourned or postponed, your Lexington common shares may be voted by the proxy holders on the new meeting date as well, unless you have revoked your proxy instructions before that date.

How You May Revoke Your Proxy Instructions

To revoke your proxy instructions, you must: (i) so advise Lexington s Secretary, Paul R. Wood, c/o Lexington Corporate Properties Trust, One Penn Plaza, Suite 4015, New York, New York 10119-4015 in writing before your Lexington common shares have been voted by the proxy holders at the meeting; (ii) execute and deliver a subsequently dated proxy; or (iii) attend the meeting and vote your Lexington common shares in person. If you hold shares in street name and you would like to revoke earlier proxy instructions, please check with your broker and follow the voting procedures your broker provides.

Cost of this Proxy Solicitation

The accompanying proxy is being solicited on behalf of Lexington s board of trustees. Each of Lexington and Newkirk will pay one-half of the expense of preparing, printing and mailing the proxy and materials used in the solicitation. MacKenzie Partners, Inc. has been retained by Lexington and Newkirk to aid in the solicitation of proxies from their respective shareholders for an aggregate fee of $15,500 and the reimbursement of out-of-pocket expenses. Proxies may also be solicited from Lexington shareholders by personal interview, telephone and telegram by Lexington trustees, officers and employees, who will not receive additional compensation for performing that service. Arrangements also will be made with brokerage houses and other custodians, nominees and fiduciaries for the forwarding of proxy materials to the beneficial owners of Lexington shares held by those persons, and Lexington will reimburse them for any reasonable expenses that they incur.

THE NEWKIRK SPECIAL MEETING

Date, Time, Place and Purpose of the Newkirk Special Meeting

The Newkirk special meeting will be held at 10:00 a.m. local time on November 20, 2006. The special meeting may be adjourned or postponed to another date and/or place for proper purposes. At the Newkirk special meeting, holders of Newkirk voting stock will consider and vote on a proposal to approve the merger agreement, the merger and the related transactions. The Newkirk voting stockholders are also being asked to vote on a proposal to adjourn the Newkirk special meeting for the purpose of allowing additional time for the solicitation of additional votes to approve the merger agreement, the merger and the related transactions.

Who Can Vote

You are entitled to vote your shares of Newkirk voting stock if the Newkirk voting stockholder records showed that you held your shares of Newkirk voting stock as of the close of business on October 13, 2006. At the close of business on that date, there were 19,375,000 shares of Newkirk common stock outstanding and entitled to vote, and there were 45,000,000 votes entitled to be cast by the Newkirk special voting preferred stock. The enclosed proxy card shows the number of shares of Newkirk voting stock that you are entitled to vote.

Voting by Proxy Holders

If you hold your shares of Newkirk voting stock in your name as a holder of record, you may instruct the proxy holders how to vote your shares of Newkirk voting stock by signing, dating and mailing the proxy card in the postage-paid envelope that we have provided to you. The proxy holders will vote your shares of Newkirk voting stock as provided by those instructions. If you give Newkirk a signed proxy without giving specific voting instructions, your shares of Newkirk voting stock will be voted by the proxy holders in favor of all the proposals being voted on at the special meeting. If your shares of Newkirk voting stock are held by a broker, bank or other nominee, you will receive instructions from your nominee that you must follow to have your shares of Newkirk voting stock voted.

Quorum and Required Vote

A quorum of voting stockholders is required to hold a valid meeting. The holders of shares of Newkirk voting stock entitled to cast at least a majority of the votes at the Newkirk special meeting must be present in person or by proxy to constitute a quorum for the transaction of business at the Newkirk special meeting. All shares of Newkirk voting stock represented at the Newkirk special meeting, including abstentions and broker non-votes, will be treated as shares that are present and entitled to vote for purposes of determining the presence of a quorum.

Approval of the merger agreement, the merger and the related transactions requires the affirmative vote of at least a majority of the votes entitled to be cast by holders of shares of Newkirk voting stock at the Newkirk special meeting. The affirmative vote of a majority of votes cast by the holders of a majority of the Newkirk common stock, voting either in person or by proxy at the Newkirk special meeting, is required to approve, if necessary, the extension of the solicitation period and the adjournment of the Newkirk special meeting.

As of the record date for the Newkirk special meeting, Newkirk directors, executive officers and their affiliates beneficially owned, including MLP units held by them, 16,778,947 shares of Newkirk voting stock, representing approximately 26.1% of the votes entitled to be cast by holders of the shares of Newkirk voting stock at the Newkirk special meeting. Beneficial owners of approximately 46.3% of Newkirk s voting shares have agreed to vote in favor of the merger.

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Abstentions and Broker Non-Votes

Abstentions by holders of shares of Newkirk voting stock will not be counted as votes cast. Thus, such non-votes will have the effect of a vote against the merger proposal and will have no effect on the proposal for extension of the solicitation period and the adjournment of the Newkirk special meeting.

Under the listing requirements of the NYSE, brokers who hold shares of Newkirk common stock in street name for a beneficial owner of those shares typically have the authority to vote in their discretion on routine proposals when they have not received instructions from beneficial owners. However, brokers are not allowed to exercise their voting discretion with respect to the approval of matter that the NYSE determines to be non-routine, such as approval of the merger agreement, the merger and the related transactions, without specific instructions from the beneficial owner. These non-voted shares are referred to as broker non-votes. If your broker holds your shares of Newkirk common stock in street name, your broker will vote your shares only if you provide instructions on how to vote by filling out the voter instruction form sent to you by your broker with this joint proxy statement/prospectus. Broker non-votes will not be counted as votes cast at the Newkirk special meeting. Thus, such non-votes will have the effect of a vote against the merger proposal and will have no effect on the proposal for extension of the solicitation period and the adjournment of the Newkirk special meeting. The proposal to adjourn the meeting or to extend the solicitation may be deemed a routine proposal and, if so, your broker may vote your Newkirk common stock with respect to such proposal.

Voting on Other Matters

We are not now aware of any matters to be presented at the Newkirk special meeting except for those described in this joint proxy statement/prospectus. If any other matter not described in this joint proxy statement/prospectus is properly presented at the meeting, the proxy holders will use their discretion to determine how to vote your shares of Newkirk voting stock. If the meeting is adjourned or postponed, your shares of Newkirk voting stock may be voted by the proxy holders on the new meeting date as well, unless you have revoked your proxy instructions before that date.

How You May Revoke Your Proxy Instructions

To revoke your proxy instructions, you must: (i) so advise the Secretary of Newkirk, Carolyn B. Tiffany, c/o Newkirk Realty Trust, Inc., 7 Bulfinch Place, Suite 500, Boston, MA 02114, in writing or by facsimile before your shares of Newkirk voting stock have been voted by the proxy holders at the meeting; (ii) execute and deliver a subsequently dated proxy; or (iii) attend the meeting and vote your shares of Newkirk voting stock in person. If you hold shares in street name and you would like to revoke earlier proxy instructions, please check with your broker and follow the voting procedures your broker provides.

Cost of this Proxy Solicitation

The accompanying proxy is being solicited on behalf of Newkirk s board of directors. Each of Lexington and Newkirk will pay one-half of the expense of preparing, printing and mailing the proxy and materials used in the solicitation. MacKenzie Partners, Inc. has been retained by Lexington and Newkirk to aid in the solicitation of proxies from their respective shareholders and stockholders for an aggregate fee of $15,500 and the reimbursement of out-of-pocket expenses. Proxies may also be solicited from Newkirk stockholders by personal interview, telephone and telegram by Newkirk directors, officers and employees, who will not receive additional compensation for performing that service. Arrangements also will be made with brokerage houses and other custodians, nominees and fiduciaries for the forwarding of proxy materials to the beneficial owners of Newkirk shares held by those persons, and Newkirk will reimburse them for any reasonable expenses that they incur.

THE MERGER

Background of the Merger

In pursuing its strategy for enhancing shareholder value, Lexington regularly considered opportunities for acquisitions, joint ventures and other significant transactions.

Lexington s senior management believed that its business plan was sound and offered opportunities for future growth, but it believed that it would be difficult to replicate the significant growth Lexington experienced in 2004 and 2005. Lexington s common shares reached an all-time high closing price of $25.19 on July 12, 2005.

Between July 12, 2005 and December 31, 2005, the per share price of Lexington s common shares declined approximately 15% to $21.30, at which point Lexington did not believe that either the implied value of its assets based on private market transactions, or the unique value of its large, high-quality portfolio of single-tenant net lease properties, had been appropriately reflected in its stock price.

Lexington s senior management believed that the influx of foreign and institutional investors seeking alternatives to stock and bond investments had created highly favorable market conditions for the disposition of real estate investments. Senior management had been capitalizing on this market opportunity by accelerating disposition activity and recycling capital. At the same time, due to historically low capitalization rates, Lexington faced increased reinvestment risk with proceeds from asset sales and believed it would be difficult to achieve rates of return commensurate with its past performance. Furthermore, the concern over rising interest rates was causing public investors to view the net lease sector less favorably.

During the fourth quarter of 2005, Lexington met with several investment banks to discuss alternatives to enhance shareholder value. In November 2005, representatives of Wachovia Securities met with E. Robert Roskind, Lexington s Chairman, and T. Wilson Eglin, Lexington s Chief Executive Officer, President and Chief Operating Officer, to discuss potential opportunities for a strategic transaction involving Lexington.

By the end of 2005, Lexington senior management believed that market conditions existed that could potentially lead to a strategic transaction that enhanced shareholder value relative to what Lexington could achieve going forward in the then current competitive acquisition environment and limited growth opportunities. Accordingly, Lexington s senior management determined to actively investigate the feasibility and potential value of a sale or other strategic transaction involving Lexington.

At a regularly scheduled meeting of Lexington s board of trustees on January 16, 2006, Mr. Roskind and Mr. Eglin informed Lexington s board of trustees that Lexington s senior management had discussions regarding potential strategic alternatives for Lexington with Wachovia Securities. At that meeting, Lexington s board of trustees authorized management to continue such discussions with its financial advisor, Wachovia Securities.

On February 17, 2006, Mr. Roskind received a call from a large institutional real estate investor (which we refer to as Bidder A). Bidder A indicated that it would be interested in evaluating a strategic transaction with Lexington, including a sale of Lexington, and estimated that it valued Lexington at approximately $24.00 per share. Mr. Roskind informed Bidder A that Lexington would consider Bidder A s indication of interest and would contact Bidder A if Lexington were willing to allow Bidder A to formally evaluate Lexington.

A special meeting of Lexington s board of trustees was held on February 24, 2006, at which meeting Wachovia Securities was to discuss with Lexington s board of trustees certain potential strategic transactions involving Lexington. At the meeting, Mr. Eglin suggested that Lexington explore an additional potential strategic transaction involving a joint venture or series of joint ventures with respect to all or substantially all of Lexington s wholly-owned assets and a related share repurchase and/or special dividend. Lexington s board of trustees asked Wachovia Securities to delay its presentation until the next meeting of Lexington s board of trustees and tabled a vote on whether to retain Wachovia Securities. Until the March 14, 2006 regularly scheduled meeting of Lexington s board of trustees, senior management worked with Wachovia Securities and

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Paul Hastings to determine the range of potential strategic transactions available to Lexington, including the feasibility of the joint venture alternative.

On March 13, 2006, Lexington executed a confidentiality agreement with Bidder A. Lexington informed Bidder A that it expected to engage a financial advisor and that Bidder A would be contacted by such advisor.

At the March 14, 2006 meeting, Lexington s senior management proposed that Lexington s board of trustees retain Wachovia Securities to act as Lexington s financial advisor with respect to potential strategic transactions that would enhance value for Lexington s shareholders. Representatives of Wachovia Securities discussed the current REIT market environment and the market s perspective of Lexington. Wachovia Securities also discussed a process by which Lexington could explore certain strategic alternatives without initially making a public announcement.

Lexington s board of trustees discussed various alternatives to enhance shareholder value, including continuing to operate Lexington under management s current business plan, an outright sale of Lexington for cash or an alternative strategic transaction. Lexington s board of trustees discussed the risks and benefits of each of these alternatives and strategies, including the challenges that the size of Lexington s portfolio could present with respect to a sale of Lexington. Lexington s board also discussed additional strategies that it might pursue to enhance shareholder value, including the potential sale of a large number of non-core assets followed by a special dividend to shareholders.

Lexington s board of trustees discussed a variety of potential transaction parties which Lexington and Wachovia Securities collectively believed had sufficient assets, or access to sufficient capital, to consummate an acquisition of Lexington. Wachovia Securities next discussed the process and timing of a potential strategic transaction, including the benefits of a non-public auction process in which the universe of potential parties to a transaction could be narrowed following receipt of indications of interest. Wachovia Securities explained that a non-public auction process could maximize shareholder value while reducing disruption to Lexington and its management and reducing business and market risk that could affect consummation of a transaction.

At the close of the March 14, 2006 meeting, Lexington s board of trustees unanimously determined that Lexington should undertake a formal process to explore strategic alternatives, potentially including a sale or other strategic transaction. Lexington s board of trustees authorized senior management to engage Wachovia Securities as Lexington s strategic financial advisor subject to the negotiation and execution of mutually satisfactory engagement letters. Lexington and Wachovia Securities entered into an engagement letter on April 19, 2006.

During the weeks prior to the March 14 board meeting and through the remainder of March and most of April 2006, Lexington s senior management worked with Wachovia Securities and considered approximately 50 potential qualified transaction parties. These entities included Bidder A, a broad cross-section of public REITs, other public companies, pension funds, pension fund advisors, closed-end investment funds, open-end fund sponsors, commingled/closed-end funds and buyout funds. Lexington s senior management and Wachovia Securities approached 33 entities that Lexington and Wachovia Securities collectively believed were qualified to complete a strategic transaction with Lexington. Concurrently, Lexington s general counsel and Paul Hastings prepared a form of confidentiality agreement that Wachovia Securities distributed to 28 of these entities. Lexington negotiated and executed confidentiality agreements with 19 of these entities, 18 of which ultimately conducted at least some due diligence and discussed with Wachovia Securities the possibility of a strategic transaction.

During this period, an online data room was prepared to facilitate access to due diligence materials by those potential transaction parties that had executed confidentiality agreements and had elected to move forward in the process. A bid-procedures letter was distributed to the 33 interested transaction parties. The letter set a deadline of April 21, 2006 for transaction parties to submit nonbinding preliminary indications of interest to enter into a negotiated strategic transaction with Lexington.

Newkirk was not initially identified as a potential qualified transaction party, but at the suggestion of a potential qualified transaction party, who turned down the invitation to participate in the bid process, Wachovia

Securities subsequently approached Newkirk to participate in Lexington s confidential process. On March 17, 2006, Newkirk signed a confidentiality agreement with Lexington.

Between March 17, 2006 and May 8, 2006, management of Newkirk periodically advised members of Newkirk s board of directors on an informal basis as to Newkirk s interest in pursuing a strategic transaction with Lexington and the status of discussions with Lexington.

From March 28, 2006 through July 21, 2006, members of Newkirk s management and representatives of Bear Stearns, Katten Muchin and Post Heymann & Koffler LLP (which we refer to as Post Heymann) conducted a due diligence review of, among other things, Lexington s business and operations, financial condition and material contracts.

On April 21, 2006, Lexington received three written non-binding, preliminary indications of interest to engage in a strategic transaction with Lexington. Two bidders, including Bidder A, indicated interest in acquiring all of Lexington s outstanding common shares for cash at a per share valuation of $23.00 and $24.50. The third bidder, Newkirk, indicated interest in a merger with Lexington with an exchange ratio of 0.81 Lexington common shares for each share of Newkirk common stock. Based on the closing price of Lexington common shares and Newkirk common stock on April 21, 2006, Newkirk s offer valued Lexington s common shares at $22.44 per share.

Bidder A indicated that it was interested in acquiring all of Lexington s outstanding common shares and operating partnership units for a cash purchase price of $24.50 for each share and each unit. Bidder A further indicated that it was willing to structure the transaction in a manner that would be tax-efficient for holders of Lexington s operating partnership units by offering them the opportunity to exchange their operating partnership units for senior preferred partnership units. Bidder A did not provide extensive detail regarding such tax structuring, stating only that these units would earn a fixed rate of return to be agreed upon with Lexington.

The second bidder (which we refer to as Bidder B) indicated that it was interested in acquiring Lexington for a cash purchase price of $23.00 for each share and operating partnership unit. Bidder B indicated that it would review additional information regarding the tax position of the holders of Lexington s operating partnership units and would make a proposal for them as part of its final bid.

Lexington s board of trustees met on April 24, 2006 to discuss and evaluate the various bidders and the relative merits of their respective proposals. At the request of Mr. Roskind, the Chairman of Lexington s board of trustees, Stanley R. Perla, an independent trustee of Lexington, did not participate in the meeting because of his position as Director of Internal Audit of Vornado, a significant equity holder of Newkirk.

At the request of Lexington s board of trustees, Wachovia Securities and Paul Hastings also participated in the April 24 meeting. Messrs. Roskind and Eglin and representatives from Wachovia Securities summarized the three indications of interest. Wachovia Securities also presented an overview of Newkirk. Lexington s board of trustees discussed the relative strengths and weaknesses of the various bids. Bidder A and Bidder B had indicated that they were willing to acquire Lexington for cash; however, the per share price indicated by Bidder B was significantly lower than that of Bidder A. Wachovia Securities informed Lexington s board of trustees that it believed that both Bidder A and Bidder B had access to sufficient capital to close a transaction, and it believed Bidder A had conducted significantly more due diligence than Bidder B.

Lexington s board of trustees then discussed with Wachovia Securities whether Bidder B might be willing to increase its bid to a more competitive level if allowed to enter into the next round of the process. Mr. Roskind explained that, in recent conversations, Bidder B had specifically indicated that it would have difficulty increasing the valuation set forth in its initial bid letter and that it was, therefore, unlikely to increase its offer price. Based on Lexington s board of trustees evaluation of the three proposals and the discussions with Lexington s senior management and Wachovia

Securities, Lexington s board of trustees determined to proceed with a subsequent round of negotiations with Bidder A and Newkirk.

Members of Lexington s senior management who were participating in the meeting were then excused from the meeting so that the independent trustees (except for Mr. Perla who did not attend the meeting) could discuss the strategic transaction process and their fiduciary duties with Paul Hastings. The independent trustees

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determined that because of potential perceived conflicts of interest between Lexington s shareholders and Lexington s executive officers (who may have been entitled to a severance payment in the event of a change of control of Lexington) it was appropriate to form a special committee of Lexington s board of trustees consisting of Geoffrey Dohrmann, James Grosfeld, Kevin Lynch (later appointed chairman) and Seth M. Zachary (which we refer to as the Lexington special committee). Carl D. Glickman recused himself from participating on the Lexington special committee because of his relationship with Bear Stearns. The Lexington special committee was authorized to analyze the proposed terms and conditions of potential strategic transactions involving Lexington, to retain outside experts, advisors and consultants at its discretion for the purpose of analyzing strategic alternative transactions and to make a recommendation to Lexington s board of trustees whether it was in the best interests of Lexington to enter into any particular strategic transaction.

Lexington s special committee determined that Lexington s senior management should continue leading Lexington s investigation of a strategic transaction under Lexington s special committee s supervision and that the Lexington special committee should meet regularly during the course of the strategic transaction process to carry out its oversight of the process. The Lexington special committee discussed, but never definitively determined, committee fees (in lieu of the per meeting fees otherwise previously approved by Lexington s board of trustees for committee meetings generally) equal to $35,000 per member and an additional $15,000 to the chairman. On September 8, 2006, Lexington s board of trustees, upon a recommendation from Lexington s special committee, approved the fees as discussed by Lexington s special committee.

Following the April 24, 2006 meeting, Wachovia Securities delivered a bid-procedures letter to Bidder A and Newkirk, indicating that best and final bids would be due on Friday, May 19, 2006. From April 24 through May 19, Lexington s senior management and other key employees met separately with each of the two final-round bidders in a series of bidder-specific due diligence meetings.

On May 3, 2006, Lexington posted a draft cash merger agreement on its online data room.

On May 4, 2006, Lexington s special committee met to receive an update from senior management and Wachovia Securities on the status of the strategic transaction process. Paul Hastings advised Lexington s special committee that Bidder A was a client of Paul Hastings and as a result of Mr. Zachary s position as chairman of Paul Hastings, Mr. Zachary would participate in the evaluation of the proposal by Bidder A, but would not participate in any vote on Bidder A s proposal.

At the May 4, 2006 meeting, Wachovia Securities updated Lexington s special committee on the strategic transaction process and the status of the two bidders.

On May 5, 2006, Lexington distributed a draft stock merger agreement to Newkirk.

On May 7, 2006, Messrs. Roskind and Eglin had dinner with representatives of Bidder A.

On May 8, 2006, Lexington, Wachovia Securities and Paul Hastings met with Newkirk, Bear Stearns and Katten Muchin, counsel to Newkirk, to discuss Newkirk s comments to the draft stock merger agreement.

Also, on May 8, 2006, at a meeting of Newkirk s board of directors, Peter Braverman, the President of Newkirk confirmed with each board member that they had received Lexington s Annual Report on Form 10-K and materials prepared by Wachovia Securities for distribution to potential purchasers of Lexington. At the meeting Mr. Braverman further updated Newkirk s board of directors with respect to the discussions to date between Newkirk s management and Lexington s management with respect to the possible acquisition of, or business combination with, Lexington. In particular, Mr. Braverman advised Newkirk s board of directors that Lexington had retained Wachovia Securities to seek strategic transactions and that, in connection therewith, Newkirk had entered into a confidentiality agreement with Lexington pursuant to which Newkirk received certain information regarding Lexington. Mr. Braverman further advised the board that in connection with management s review of Lexington, management believed that the leverage required to acquire Lexington in a cash transaction would not be advantageous to Newkirk and discussions had begun with Lexington s management about business combinations. In this regard, Mr. Braverman advised that a proposed merger with Lexington was being discussed with Lexington as the surviving entity. At the May 8, 2006 meeting, Newkirk s board of directors was advised that Lexington had established a timetable under which final offers were to be made by May 19, 2006. The board established a special committee consisting of Newkirk s independent directors to review the transaction. The special committee authorized Newkirk management to continue discussions with Lexington and to update the committee on a regular basis. Also at the May 8, 2006 meeting Newkirk s board of directors agreed to formally retain Bear Stearns as its investment advisor in connection with the proposed transaction with Lexington.

Newkirk s special committee met on each of May 10, 12 and 15, 2006 and were provided with updates from Newkirk s management as to the status of negotiations with Lexington at each meeting.

On May 10, 2006, counsel for Bidder A delivered to Paul Hastings a brief memo outlining certain points of Bidder A s bid and a revised draft of the merger agreement.

At the May 10, 2006 meeting, the members of Newkirk s special committee elected Richard Frary as chairman of the special committee.

On May 10, 2006, members of the board of Newkirk were provided with a legal memorandum outlining their fiduciary duties with respect to the proposed merger.

On May 11, 2006, Lexington s special committee met to receive an update from senior management and Wachovia Securities on the status of the strategic transaction process. The special committee discussed issues associated with comparing the potential two final bids since one involved cash and the other involved stock.

On May 12, 2006, counsel for Newkirk delivered to Paul Hastings a revised draft of the merger agreement based on the discussions at the May 8, 2006 meeting.

On May 14, 2006, Newkirk informed Messrs. Roskind and Eglin and Wachovia Securities that it would consider revising its initial indication of interest to include alternative strategic transactions providing Lexington shareholders with a combination of cash and stock in the combined company.

On May 15, 2006, Bidder A informed Wachovia Securities that it would not be able to support a valuation at the price indicated in its bid letter, and that, as a result, it was withdrawing from the strategic transaction process. Bidder B was therefore approached to re-enter the process.

At the May 15, 2006 meeting of Newkirk s special committee, management advised the special committee of the possibility of considering alternative proposals providing Lexington shareholders with a combination of cash and stock in the combined company. The special committee authorized management to explore these alternative proposals with Lexington.

Also on May 15, 2006, Newkirk s attorneys delivered to Paul Hastings draft merger agreements contemplating the range of proposals then being considered.

On May 16, 2006, Newkirk indicated that it was interested only in a stock for stock merger.

On May 16, 2006, the members of Newkirk s board were provided with financial analyses prepared by management and Bear Stearns reviewing the transaction and various valuation analyses of Newkirk, Lexington and the combined company.

On May 17, 2006, the full Newkirk board met and received a presentation first from management and then from Bear Stearns reviewing the transaction and various valuation analyses of Newkirk, Lexington and the combined company.

A representative of Post Heymann advised the board as to the basic terms of the proposed merger agreement including closing conditions, non-solicitation and fiduciary out provisions, as well as termination rights and termination fees and answered questions from Newkirk s directors regarding various aspects of the merger agreement. Following the presentations of management and Bear Stearns, the Newkirk directors who were not on the special committee left the meeting. Thereafter, the special committee discussed with Bear Stearns, among other things, the information presented by management and Bear Stearns and the matters described below under Recommendation of Newkirk s Board of Directors and Newkirk s Reasons for the Merger. The special committee, by unanimous vote, then recommended that Newkirk s board of directors approve the submission by Newkirk of a proposal to Lexington to effect the merger of Newkirk with

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and into Lexington, subject to the issuance by Bear Stearns of a fairness opinion and the entry into of a definitive merger agreement providing for an exchange ratio of 0.80 to 1, the appointment of Michael L. Ashner as Chairman of the surviving entity and representation on the board of the surviving entity of designees of Newkirk.

Immediately following the special committee meeting on May 17, 2006, the board of directors of Newkirk, by unanimous vote, authorized the submission by management of a merger proposal with Lexington on the terms recommended by the special committee.

From May 17, 2006 through June 28, 2006 Newkirk management promptly updated the special committee members as to developments relating to the proposed transaction with Lexington.

On May 18, 2006, Newkirk delivered to Paul Hastings a revised draft merger agreement for its original proposal which included, among other revisions, a provision allowing Lexington to pay up to $32,500,000 in change of control payments to its executives in connection with the proposed merger and up to $6,000,000 in excise taxes incurred by the executives in connection with such payments, and to vest all of the restricted stock issued by Lexington, in exchange for a waiver by each executive of any rights triggered by the proposed merger under their employment agreements with Lexington.

On May 19, 2006, Bear Stearns delivered Newkirk s final bid in accordance with Wachovia Securities bid instructions, together with another draft of the stock merger agreement. Newkirk proposed a stock for stock merger whereby each share of Newkirk common stock would be exchanged for 0.80 Lexington common shares.

Later on May 19, 2006, Lexington s board of trustees held a special meeting to discuss Newkirk s final bid. Mr. Perla did not attend this meeting, but Mr. Glickman did attend. The board of trustees requested an update on the possibility of inviting Bidder B back into the strategic transaction process. Mr. Roskind informed Lexington s board of trustees that Bidder B indicated that it was currently bidding in another strategic transaction process. Bidder B informed Mr. Roskind that if it was not successful in the other strategic transaction process, it would be in a position to conduct further due diligence on Lexington to determine whether it could revise its preliminary indication of interest. Lexington s board of trustees, including the members of Lexington s special committee, authorized Lexington s management and Wachovia Securities to invite Bidder B back into the strategic transaction process.

Also, at the May 19, 2006 special meeting, Lexington s senior management and Lexington s board of trustees discussed Newkirk s requirement that, after giving effect to payments and vesting provisions contained in Newkirk s draft merger agreement, Lexington s executive officers waive any rights triggered by the proposed merger under the executive s employment agreements with Lexington.

Between May 19, 2006 and May 23, 2006, Lexington s senior management and Wachovia Securities met with representatives of Newkirk and Bear Stearns to discuss the proposed merger. In addition, during this period, Paul Hastings and Katten Muchin continued to negotiate the terms of the draft merger agreement.

From May 19, 2006 through July 21, 2006, members of Lexington s management and Newkirk s management met on numerous occasions both in person and telephonically, independently and together with their respective counsel and/or financial advisors, to negotiate the terms of the merger agreement.

On May 23, 2006, at a regularly scheduled meeting of Lexington s board of trustees, which included Messrs. Glickman and Perla, Lexington s senior management and Wachovia Securities updated the board of trustees on the status of the strategic transaction process, including the Newkirk bid.

At the meeting, Mr. Roskind informed Lexington s board of trustees that Bidder B requested at least a week to conduct further due diligence in order to determine whether it could revise its preliminary indication of interest. During this period, Lexington management and Paul Hastings conducted additional in-depth due diligence on Newkirk.

On May 30, 2006, Messrs. Roskind, Eglin and Glickman met with Mr. Ashner. Later on May 30, 2006, Messrs. Roskind, Eglin, Grosfeld and Lynch met with Mr. Ashner.

Between May 30, 2006 and June 9, 2006, Lexington s senior management, together with Wachovia Securities and Paul Hastings, met on several occasions with Newkirk s senior management, as well as Bear Stearns and Katten Muchin Rosenman, to negotiate the terms of the merger agreement and ancillary documents. During this time period, Bidder B informed Lexington that it would not be in a position to revise its preliminary indication of interest.

On June 9, 2006, Mr. Lynch, as chairman of the compensation committee of Lexington s board of trustees, requested that Lexington s general counsel contact FPL Partners, an independent compensation consultant, to arrange for a call between a representative of FPL Partners and Mr. Lynch regarding the payment and waiver under Lexington s employment agreements proposed by Newkirk.

On June 13, 2006, Lexington s full board of trustees held a special meeting to discuss Newkirk s proposal. Messrs. Perla and Glickman recused themselves from the meeting. Lexington s senior management provided Lexington s board of trustees with a status update of the negotiations with Newkirk. Lexington s senior management reported that it was working through the accounting treatment of the proposed merger with Lexington s independent registered public accounting firm, KPMG LLP.

At this meeting, Wachovia Securities discussed Newkirk and the proposed merger with Lexington s board of trustees. The board of trustees then discussed in detail the impact of the accounting treatment of the proposed merger.

On June 14, 2006, Mr. Roskind cancelled a special meeting of Lexington s board of trustees scheduled for June 15, 2006 to allow Lexington s senior management and KPMG LLP sufficient time to complete a review of the accounting treatment of the proposed merger.

On June 20, 2006, Mr. Lynch conducted a telephone interview with FPL Partners and authorized Lexington s general counsel to continue to provide FPL Partners with documentation of the employment arrangements of Lexington s executive officers.

At a June 22, 2006 meeting of the Lexington special committee, Paul Hastings reviewed with the committee the terms of the then current draft of the merger agreement in detail. Lexington s senior management then left the meeting and the special committee met in executive session. The Lexington special committee then reviewed the activity of the Lexington special committee to date and the existing employment arrangements with Lexington s executive officers and discussed the possible role of FPL Partners in assisting the Lexington special committee in reviewing the employment arrangements.

On June 27, 2006, Lexington s board of trustees held a special meeting. Messrs. Perla and Glickman were not present at the special meeting. Lexington s senior management and Wachovia Securities updated the board of trustees with respect to the progress of the merger negotiations. Following the special meeting, Lexington s special committee met outside of the presence of Lexington s senior management to discuss the potential merger with Wachovia Securities and Paul Hastings.

Later on June 27, 2006, Mr. Lynch formally engaged FPL Partners to review the employment arrangements with Lexington s executive officers and to assist Lexington s special committee in determining whether any payments should be made to Lexington s executive officers in connection with the proposed merger.

On June 28, 2006, Newkirk s board of directors was provided with further analyses from Bear Stearns incorporating updated financial information prepared by Newkirk management with respect to the valuation of Newkirk, Lexington and the combined company. The updated analyses were substantially identical to those previously provided except they were updated to provide for potential change in control compensation payments to Lexington s management as well as details on transactions consummated by Lexington and Newkirk from May 17, 2006 to June 28, 2006.

On June 29, 2006, at a special meeting of both Newkirk s special committee and Newkirk s board of directors, representatives of management and Bear Stearns made a further presentation to the full board of directors similar to the presentation made at the May 17, 2006 meeting. The presentation provided updated financial information to provide for potential change in control compensation payments to Lexington s management as well details on transactions consummated by Lexington and Newkirk from May 17, 2006 to June 29, 2006. The board again had the opportunity to discuss the merger with management and Bear Stearns.

On June 29, 2006, Lexington s board of trustees held a special meeting. Mr. Perla was not present at the special meeting, but Mr. Glickman was in attendance for part of the meeting. Paul Hastings and Mr. Glickman reminded Lexington s board of Trustees that Mr. Glickman would participate in parts of the meeting, but would recuse himself in the event of a vote on any transaction involving Newkirk. Wachovia Securities discussed financial analyses of Lexington, Newkirk and the combined company resulting from the proposed merger. Lexington s board of trustees engaged in an extended discussion regarding Wachovia Securities presentation. Paul Hastings then reviewed the status of Lexington s and Paul Hastings due diligence of Newkirk and the terms of the merger agreement. Paul Hastings noted that due to Mr. Ashner s exclusivity agreement with Winthrop, Newkirk was requiring that, in the event Mr. Ashner terminated his employment with Lexington to preserve such exclusivity agreement, Mr. Ashner would be entitled to a full severance payment. Lexington s board of trustees requested that Lexington s senior management negotiate the point with Newkirk so that Mr. Ashner would only be entitled to receive a portion of his severance payment. Mr. Glickman, members of Lexington s management and Wachovia Securities left the meeting so the Lexington special committee could meet with Paul Hastings.

At the conclusion of the June 29th meeting, the Lexington special committee met with senior management and Wachovia Securities. The Lexington special committee observed that while the transaction structure appeared to be beneficial to Lexington and accomplished many of the goals originally expressed when the board determined to explore strategic alternatives, the financial modeling used in the presentation was based on the assumption that Lexington s investments would remain static. The special committee requested a review of the impact of the merger assuming that Lexington was able to implement senior management s expected growth strategy.

Between June 29, 2006 and July 5, 2006, Paul Hastings had several conversations with Katten Muchin to negotiate issues in the draft merger agreement, including, in each case, among others, the scope of the representations and warranties being made by each company and the covenants of each company prior to closing.

On July 5, 2006, Lexington s special committee met with Paul Hastings and FPL Partners. FPL Partners presented the results of its review of the employment arrangements with Lexington s executive officers. Lexington s special committee determined that, in light of such review, no additional compensation should be payable to Lexington s executive officers in connection with the proposed merger.

On July 12, 2006, Lexington s special committee held another meeting. At the meeting, Lexington s senior management provided a supplemental presentation to the special committee regarding the positive, negative and neutral impacts of the potential merger on certain of Lexington s corporate objectives.

On July 13, 2006, representatives of Newkirk and Lexington s management, along with representatives of Wachovia Securities and Bear Stearns, met. At the meeting, Lexington provided Newkirk with a copy of material provided to Lexington s special committee at its July 12, 2006 meeting.

On the evening of July 13, 2006, Messrs. Roskind and Eglin had dinner with Mr. Ashner to discuss the terms of the proposed merger.

On July 14, 2006, Bidder A contacted Mr. Roskind about the possibility of reentering the confidential process.

On July 18, 2006, Lexington and Bidder A amended the confidentiality agreement between them to allow Bidder A additional time to complete its review of Lexington.

Prior to a July 19, 2006 meeting of Lexington s special committee, Lexington s executive officers informed Mr. Lynch that they would waive any rights triggered by the proposed merger under the employment agreements.

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At the July 19, 2006 meeting, Lexington s special committee met with Paul Hastings and FPL Partners to discuss the terms of waiver agreements with Lexington s executive officers and the proposed employment agreement with Mr. Ashner.

On July 20, 2006, Newkirk s board of directors was provided with further analyses incorporating the final merger terms prepared by Newkirk management and Bear Stearns with respect to the valuation of Newkirk, Lexington and the combined company. The updated analyses were substantially similar to those previously provided except they included revised models utilizing updated information provided by Lexington s management as well as materials provided by Lexington to its special committee on July 12th, eliminated the $32,500,000 in change of control payments to Lexington executives and up to $6,000,000 in excise taxes incurred by the executives in connection with such payments, and took into account a special $0.17 per share dividend to Lexington shareholders.

On July 21, 2006, Lexington s board of trustees held a meeting to consider the proposed merger. Messrs. Glickman and Perla were not in attendance because of the potential conflicts of interest discussed above. Mr. Roskind informed Lexington s board of trustees that he did not believe Bidder A would make an additional bid for Lexington. Mr. Roskind provided an update on the status of the negotiations regarding the merger agreement, including that, in exchange for a waiver by the executive officers of any rights under their employment agreements, Newkirk agreed that Lexington could pay a special dividend of $0.17 per common share prior to the closing. After presentations from Lexington s senior management, Wachovia Securities and Paul Hastings, each member of Lexington s special committee recommended the proposed merger, as described by Lexington s senior management, Wachovia Securities and Paul Hastings, to Lexington s board of trustees. Lexington s board of trustees agreed to meet on July 23, 2006 to allow time for Lexington s senior management and Paul Hastings to finalize the merger agreement and ancillary documents and Wachovia Securities to prepare for the meeting.

On July 21, 2006, at special meetings of each of Newkirk s board of directors and the special committee, representatives of Newkirk management and Bear Stearns made a presentation describing the July 20th analyses. The board was advised that the updated analyses were substantially similar to those previously provided except they included revised models utilizing updated information provided by Lexington s management as well as materials provided by Lexington to its special committee on July 12th, eliminated the $32,500,000 in change of control payments to Lexington executives and up to $6,000,000 in excise taxes incurred by the executives in connection with such payments, and took into account a special $.17 per share dividend to Lexington shareholders. The board again had the opportunity to discuss the merger with management and Bear Stearns. Also at the July 21, 2006 meeting, Mr. Ashner recommended that, in light of the substantial time commitments required of the special committee, the board approve the payment of a fee of $50,000 for each special committee member and $100,000 for the chairman of the special committee. The board approved these payments.

Between July 21, 2006 and July 23, 2006, Lexington, Newkirk and their respective counsel negotiated the outstanding terms of the merger agreement and the ancillary documents, finalized the schedules and resolved certain diligence issues.

On July 23, 2006, Lexington s board of trustees held a meeting to consider the proposed merger. Mr. Perla attended the meeting, but Mr. Glickman did not attend the meeting. Representatives of Wachovia Securities and Paul Hastings also participated in the meeting. In advance of the meeting, each member of Lexington s board received a copy of the merger agreement and related documents and an updated presentation to be made by Wachovia Securities. At the meeting, Mr. Roskind informed Lexington s board of trustees that Bidder A would not make a formal proposal or bid. Wachovia Securities then reviewed the terms of the proposed merger agreement and Paul Hastings again reviewed Lexington s trustees standard of conduct and the duties of trustees relating to the proposed merger under Maryland law. During the meeting, Wachovia Securities rendered an oral opinion to Lexington s board of trustees, subsequently confirmed in a written opinion, to the effect that, as of July 23, 2006, subject to and based on the assumptions made, procedures followed, matters considered and limitations on the opinion and the review undertaken, as set forth in the opinion, the 0.80 exchange ratio pursuant to the merger agreement was fair, from a financial point of view, to Lexington. After asking several questions regarding the accounting treatment of the proposed merger, Mr. Perla recused himself from the meeting.

Also on July 23, 2006, a special meeting of the board of directors of Newkirk was held. Participating at the meetings were representatives of Bear Stearns, Katten Muchin and Post Heymann. In advance of the meeting, each member of Newkirk s board received a copy of the merger agreement and related documents. Representatives of Katten Muchin advised the board that the terms of the merger agreement were consistent with those outlined at the May 17, 2006 meeting and customary for transactions of the nature of the merger. At the meeting, Bear Stearns provided its oral opinion (which was subsequently confirmed in writing) to the effect that, as of that date and subject to and based on the assumptions made, procedures followed, matters considered and limitations of the review undertaken as set forth in its opinion, the consideration to be received by public holders of shares of Newkirk common stock pursuant to the merger agreement who were not entering into voting or other agreements in connection with the Merger, was fair, from a financial point of view, to such holders. The special committee of Newkirk s board of directors, by unanimous vote, recommended that the board of directors of Newkirk approve the merger agreement and, following such recommendation, the board of directors, by unanimous vote, approved the merger agreement and the merger. Newkirk s board of directors also resolved to recommend that Newkirk stockholders adopt the merger agreement and authorized Newkirk management to execute and deliver the merger agreement and the agreements contemplated thereby.

Lexington s board of trustees then discussed at length the terms of the proposed merger and a variety of positive and negative considerations concerning the transaction and the overall strategic alternatives available to Lexington. These factors are described in more detail below under the heading Factors Considered by Lexington s Board of Trustees and Reasons for the Merger.

At the conclusion of the July 23, 2006 meeting, the members of Lexington s board of trustees still present at the meeting unanimously approved, among other things, the merger agreement and the merger and directed that the merger agreement and the merger be submitted for consideration by Lexington s common shareholders at a special meeting of such shareholders.

Late in the evening of July 23, 2006, Lexington and Newkirk executed the merger agreement and issued a joint press release announcing the transaction.

On September 11, 2006, Newkirk and Lexington entered into Amendment No. 1 to the merger agreement which extended the outside closing date from January 31, 2007 to March 31, 2007 and also clarified the respective obligations of the parties with respect to the registration statement that would be filed on behalf of the MLP unitholders.

On October 13, 2006, Newkirk and Lexington entered into Amendment No. 2 to the merger agreement which (i) clarified that the holders of common partnership units in Lexington s operating partnerships will receive a special distribution of $0.17 per share payable by Lexington prior to the closing of the merger if declared and paid by Lexington and (ii) delays the closing until on or about December 29, 2006, unless the parties otherwise agree to accelerate the closing date.

Recommendation of Lexington s Board of Trustees and Lexington s Reasons for the Merger

Recommendation of Lexington s Board of Trustees.

Lexington s board of trustees has approved the merger agreement, the merger and the related transactions and declared that the merger agreement, the merger and the related transactions, including the adoption of the Amended and

Restated Declaration of Trust, are advisable and fair to, and in the best interests of, Lexington and its shareholders. Lexington s board of trustees recommends that Lexington common shareholders vote FOR approval of the merger agreement, the merger and the related transactions, including the adoption of the Amended and Restated Declaration of Trust and the issuance of Lexington common shares under and as contemplated by the merger agreement.

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Lexington s Reasons for the Merger.

In determining whether to approve the merger agreement, the merger and the related transactions, Lexington s board of trustees considered a variety of factors that might impact the short-term and long-term interests of Lexington and its shareholders. As part of its deliberations, Lexington s board of trustees took into consideration the support of the merger by Lexington s senior management and considered the historical, recent and prospective financial condition, results of operations, property holdings, share price, capitalization, and operating, strategic and financial risks of Lexington and Newkirk, considered separately for each entity and on a combined basis for the combined company.

Benefits of the Merger.

In connection with its determination, Lexington s board of trustees consulted with Lexington s senior management, as well as its financial and legal advisors, and considered a number of factors, including, among others, the following positive factors (the order does not reflect the relative significance):

Larger Size. With a total enterprise value in excess of $4.6 billion at the time the merger agreement was signed, the combined company would be the largest net lease REIT, and among the largest capitalized diversified REITs in the United States. As a result of the larger size, the combined company:

is expected to have greater operating and financial flexibility and better access to capital markets;

should have a broader and deeper investment pipeline; and

should be able to consider future transactions that would not otherwise be possible;

Efficiency of Portfolio Acquisition. The opportunity to acquire through a single transaction a portfolio of high quality properties, together with an experienced management team, that could not be easily replicated through acquisitions of individual assets;

Diversification of Assets. The combined company will have a pool of assets that is far more diversified than Lexington s stand-alone portfolio in terms of tenant credit, property type, location, tenant industry and lease characteristics, thereby lessening the impact of exposure to particular industry sectors, markets and tenants;

Stronger Balance Sheet. The combined company will have a stronger balance sheet because of Newkirk s lower debt to equity ratio, substantial cash balances and unleveraged assets;

Management Synergy. Lexington s board of trustees believes that the combined company will benefit from the complementary skill sets of Lexington s and Newkirk s management teams, as well as the combined deal flow of the companies, thus further broadening the growth opportunities for the combined company;

Ownership Diversity. The combined company will have a broader shareholder base than Lexington. Lexington s board of trustees believes that this broader shareholder base will enhance shareholder liquidity;

Tenant Quality Improvement. The combined company will have a majority of investment grade tenants due to the credit quality of Newkirk s tenants;

Continued Representation in Management and on the Combined Company s Board. Five of the seven executive officers of the combined company will be current executive officers of Lexington serving in similar capacities and (ii) eight of the eleven members of Lexington s board of trustees will be appointed by Lexington as members of the board of trustees of the combined company;

Enhanced Investment Opportunities. Newkirk contributes a debt investment platform to the combined company. The merger allows Lexington to circumvent the start-up investment and opportunity costs of developing its own debt platform; and

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Opinion of Financial Advisor. Lexington s board of trustees also considered the financial presentation of Wachovia Securities, including its opinion, dated July 23, 2006, as to the fairness, from a financial point of view as of the date of the opinion, to Lexington of the exchange ratio, as more fully described elsewhere in this joint proxy statement/prospectus.

Risks of the Merger.

Lexington s board of trustees recognized that there are risks associated with the merger and the merger agreement, including the following risks (the order does not reflect the relative significance):

Integration Risks. The operations, technologies and personnel of the two companies may not be successfully integrated. The merger will include risks commonly associated with similar transactions, including unanticipated liabilities, unanticipated costs and diversion of management s attention. The combined company may also experience operational interruptions or the loss of key employees or customers;

Strategic Benefits may not be Realized. The anticipated strategic and financial benefits of the merger may not be realized;

Significant Dilution. The merger is expected to be dilutive to per share funds from operations in the future. Future events that could increase such dilution include adverse changes in:

- the expected costs of the merger and the expected costs of integrating Newkirk s business with Lexington s business;
- the combined company s ability to achieve anticipated cost savings from the merger; and
- general economic conditions and their effect on the REIT industry, including the combined company;

Expenses of the Merger. Lexington and Newkirk are expected to incur one-time, pre-tax closing costs of approximately $35.5 million in connection with the merger inclusive of one-time pre-tax expenses of approximately $12.5 million related to the termination of Newkirk s advisory agreement with NKT Advisors in connection with the merger. Lexington also expects to incur one-time, pre-tax cash and non-cash costs related to the integration of Lexington and Newkirk, which cannot be estimated at this time. The combined company may incur additional unanticipated costs and expenses in connection with the merger;

Possible Repayment/Refinancing of Debt. Consummation of the merger could trigger a mandatory prepayment (including a penalty in some cases) of Lexington s or Newkirk s debt unless appropriate lender consents or waivers are received. If those consents and waivers cannot be obtained prior to consummation of the merger, the existing debt of Lexington and Newkirk might need to be repaid and/or refinanced. This may result in higher than-anticipated transaction expenses to Lexington;

Fixed Merger Consideration. The exchange ratio is fixed and will not fluctuate as a result of changes in the price of Lexington common shares or Newkirk common stock. If the ratio of Newkirk s stock price to Lexington s share price upon the consummation of the merger were to be less than 0.80 to 1, then Lexington may be viewed as having paid more for Newkirk stock than it might otherwise have to pay if the exchange ratio had not been fixed;

Termination Fee. Each company agreed to pay the other party a termination fee of $25.0 million in specified circumstances, including where a third party acquires or seeks to acquire the terminating party within a specified time period after termination. The terminating party must also reimburse the other party for up to $5.0 million of expenses in specified circumstances, which would be credited against any subsequent termination fee, if payable. See The Merger Agreement Termination ; and

Other Negative Factors. Lexington s board of trustees also considered the other risks of the merger described in Risk Factors Risks Relating to the Merger.

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The above discussion of the factors considered by Lexington s board of trustees is not intended to be exhaustive, but does set forth the principal positive and negative factors considered by Lexington s board of trustees. Lexington s board of trustees approved the merger agreement, the merger and the related transactions and recommended approval by Lexington s shareholders of the merger agreement, the merger and the related transactions, including the adoption of the Amended and Restated Declaration of Trust and the Amended and Restated By-laws and the issuance of Lexington common shares under and as contemplated by the merger agreement in light of the various factors described above and other factors that each member of Lexington s board of trustees believed to be appropriate.

In view of the wide variety of factors considered by Lexington s board of trustees with its evaluation of the merger and the complexity of these matters, Lexington s board of trustees did not consider it practical and did not attempt to quantify, rank or otherwise assign relative weights to the specific factors it considered in reaching its decision. Rather, Lexington s board of trustees made its recommendation based on the totality of information presented to and the investigation conducted by it. In considering the factors discussed above, individual trustees may have given different weights to different factors.

Recommendation of Newkirk s Board of Directors and Newkirk s Reasons for the Merger

Recommendation of Newkirk s Board of Directors.

Newkirk s board of directors, upon the recommendation of Newkirk s special committee, has unanimously approved the merger agreement, the merger and the related transactions and declared that the merger agreement, the merger and the related transactions are advisable and fair to, and in the best interests of, Newkirk and its stockholders. Newkirk s board of directors recommends that holders of Newkirk s voting securities vote FOR approval of the merger agreement, the merger and the related transactions.

Newkirk s Reasons for the Merger.

In determining whether to approve the merger agreement, the merger and the related transactions, Newkirk s board of directors considered a variety of factors that might impact the long-term as well as short-term interests of Newkirk and its stockholders. In its deliberations, Newkirk s board of directors considered the support of the merger by Newkirk s senior management, the historical, recent and prospective financial condition, results of operations, property holdings, share price, capitalization, and operating, strategic and financial risks of Lexington and Newkirk, considered separately for each entity and on a combined basis for the combined company.

Benefits of the Merger.

In making the determination described above, Newkirk s board of directors consulted with its legal advisors, accountants and financial advisors. Newkirk s board of directors considered a number of factors, including the following principal positive factors (the order does not reflect the relative significance):

Larger Size. With a total enterprise value in excess of $4.6 billion at the time the merger agreement was signed, the combined company would be the largest net lease REIT, and among the largest capitalized diversified REITs in the United States. As a result of the larger size, the combined company:

- is expected to have greater operating and financial flexibility and better access to capital markets;
- should have a broader and deeper investment pipeline;

should be better positioned for future growth through development and enhanced cash flow; and

should be able to consider future transactions that would not otherwise be possible;

Diversification of Assets. The combined company will have a pool of assets that is far more diversified than Newkirk s stand-alone portfolio in terms of tenant credit, property type, location, tenant industry and lease characteristics, thereby lessening the impact of exposure to particular industry sectors, markets and tenants;

Elimination of External Advisory Structure. The combined company will be self-managed thereby eliminating the external advisory structure under which Newkirk presently operates. The board believes that internally managed REITs are typically viewed more favorably by the capital markets;

Average Lease Term Extension. The combined company would have leases with a substantially longer weighted average lease term compared to Newkirk, which will ease the significant rent-roll down challenge Newkirk faces in the future;

Management Synergy. Newkirk s board of directors believes that the combined company will benefit from the complementary skill sets of Lexington s and Newkirk s management teams, as well as the combined deal flow of the companies, thus further broadening the growth opportunities for the combined company;

Ownership Diversity. The combined company will have a broader stockholder base than Newkirk. Newkirk s board of directors believes that this broad stockholder base will enhance stockholder liquidity;

Continued Representation in Management and Lexington s Board. Michael L. Ashner, the Chairman and Chief Executive Officer of Newkirk, and Lara Johnson, the Executive Vice President of Newkirk, are to be retained by Lexington in similar capacities. In addition, three members of Newkirk s board of directors, including Michael L. Ashner, will be appointed to the board of trustees of Lexington;

Exchange Ratio. Newkirk s board of directors believes that the 0.80 exchange ratio for the merger consideration that will be paid in Lexington common shares represents a fair valuation of Lexington from Newkirk s perspective. Newkirk s board of directors also believes it is beneficial that the exchange ratio is fixed and that it will not fluctuate as a result of changes in the price of Newkirk s common stock or Lexington common shares;

Due Diligence Review. The results of the due diligence review of, among other things, Lexington s business and operations, financial condition and management practices and procedures, conducted on behalf of Newkirk by Newkirk s management, financial advisors and legal counsel; and

Opinion of Financial Advisor. Newkirk s board of directors also considered the financial presentation of Bear Stearns, including its opinion, dated July 23, 2006, as to the fairness, from a financial point of view and as of the date of the opinion, to Newkirk of the merger consideration to be paid by Lexington pursuant to the merger agreement, as more fully described elsewhere in this joint proxy statement/prospectus.

Risks of the Merger.

Newkirk s board of directors recognized that there are risks associated with the merger and the merger agreement, including the following risks (the order does not reflect the relative significance):

Strategic Benefits may not be Realized. The anticipated strategic and financial benefits of the merger may not be realized;

Integration Risks. The operations, technologies and personnel of the two companies may not be successfully integrated. The merger will include risks commonly associated with similar transactions, including unanticipated liabilities, unanticipated costs and diversion of management s attention. The combined company may also experience operational interruptions or the loss of key employees or customers;

Reduction in Dividends for Newkirk Shareholders. It is anticipated that the combined company will pay a per share dividend that is 25% less than the current dividend paid by Newkirk after giving effect to the exchange ratio;

Expenses of the Merger. Lexington and Newkirk are expected to incur one-time, pre-tax closing costs of approximately $35.5 million in connection with the merger inclusive of one-time pre-tax expenses of approximately $12.5 million related to the termination of Newkirk s advisory agreement in connection with the merger. Lexington also expects to incur one-time, pre-tax cash and non-cash costs related to the integration of Lexington and Newkirk, which cannot be estimated at this time. The combined company may incur additional unanticipated costs and expenses in connection with the merger;

Possible Repayment/Refinancing of Debt. Consummation of the merger could trigger a mandatory prepayment (including a penalty in some cases) of Lexington s or Newkirk s debt unless appropriate lender consents or waivers are received. If those consents and waivers cannot be obtained prior to consummation of the merger, the existing debt of Lexington and Newkirk might need to be repaid and/or refinanced. This may result in higher than-anticipated transaction expenses to Lexington;

Fixed Merger Consideration. The exchange ratio is fixed and will not fluctuate as a result of changes in the price of Lexington common shares or Newkirk common stock. If the ratio of Newkirk s stock price to Lexington s share price upon the consummation of the merger were to be more than 0.80 to 1, then Lexington may be viewed as having paid less for Newkirk stock than it might otherwise have to pay if the exchange ratio had not been fixed;

Termination Fee. Each company agreed to pay the other party a termination fee of $25.0 million in specified circumstances, including where a third party acquires or seeks to acquire the terminating party within a specified time period following termination. The terminating party may also be required to reimburse the other party for up to $5.0 million of expenses, inclusive of the termination fee. See The Merger Agreement Termination ; and

Other Negative Factors. Newkirk s board of directors also considered the other risks of the merger described in Risk Factors Risks Relating to the Merger.

The above discussion of the factors considered by Newkirk s board of directors is not intended to be exhaustive, but does set forth the principal positive and negative factors considered by Newkirk s board of directors. Newkirk s board of directors approved the merger agreement, the merger and the related transactions and recommended approval by Newkirk s stockholders of the merger agreement, the merger and the related transactions in light of the various factors described above and other factors that each member of Newkirk s board of directors believed to be appropriate.

In view of the wide variety of factors considered by Newkirk s board of directors with its evaluation of the merger and the complexity of these matters, Newkirk s board of directors did not consider it practical and did not attempt to quantify, rank or otherwise assign relative weights to the specific factors it considered in reaching its decision. Rather, Newkirk s board of directors made its recommendation based on the totality of information presented to and the investigation conducted by it. In considering the factors discussed above, individual trustees may have given different weights to different factors.

Opinion of Lexington s Financial Advisor, Wachovia Securities

Overview

Pursuant to an engagement letter dated April 17, 2006, Lexington s board of trustees retained Wachovia Securities to act as its financial advisor to assist Lexington in exploring strategic alternatives to enhance shareholder value. In selecting Wachovia Securities, Lexington s board of trustees considered, among other things, the fact that Wachovia Securities is an internationally recognized investment banking firm with substantial experience advising companies in the real estate industry as well as substantial experience providing strategic advisory services. Wachovia Securities, as part of its investment banking business, is continuously engaged in the evaluation of businesses and their debt and equity securities in connection with mergers and acquisitions; underwritings, private placements and other securities offerings; senior credit financings; valuations; and general corporate advisory services.

At the July 23, 2006 meeting of Lexington s board of trustees, Wachovia Securities rendered its opinion to Lexington s board of trustees, that as of July 23, 2006, and subject to and based on the assumptions made, procedures followed, matters considered and limitations on the review undertaken, in its opinion, the 0.80 to 1 exchange ratio pursuant to the merger agreement was fair, from a financial point of view to Lexington.

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The full text of Wachovia Securities opinion, dated July 23, 2006, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken by Wachovia Securities, is attached as Annex D to this joint proxy statement/prospectus. We urge you to read the opinion carefully and in its entirety. This summary is qualified in its entirety by reference to the full text of the opinion.

Wachovia Securities opinion does not address the merits of the underlying decision by Lexington to enter into the merger agreement and does not and shall not constitute a recommendation to any holders of Lexington common shares as to how they should vote in connection with the merger.

Although Wachovia Securities evaluated the fairness of the exchange ratio, from a financial point of view, to Lexington, the exchange ratio itself was determined by Lexington and Newkirk through arm s-length negotiations. Lexington did not provide specific instructions to, or place any limitations on, Wachovia Securities with respect to the procedures to be followed or factors to be considered by it in performing its analyses or providing its opinion.

In arriving at its opinion, Wachovia Securities, among other things:

Reviewed the merger agreement, including the financial terms of the merger agreement;

Reviewed Annual Reports to Shareholders and Annual Reports on Form 10-K for Lexington for the five years ended December 31, 2005;

Reviewed the Annual Report to Shareholders and Annual Report on Form 10-K for Newkirk for the year ended December 31, 2005;

Reviewed certain interim reports to shareholders and Quarterly Reports on Form 10-Q for Lexington and Newkirk;

Reviewed certain business, financial, and other information regarding each of Lexington and Newkirk that was publicly available;

Reviewed certain business, financial, and other information regarding Lexington (and the combined company following the merger) and its prospects, including financial forecasts, which were furnished to Wachovia Securities by Lexington s management, and discussed the business and prospects of Lexington (and the combined company following the merger) with Lexington s management;

Reviewed certain business, financial, and other information regarding Newkirk and its prospects, including financial forecasts, which were furnished to it by the managements of Lexington and Newkirk, and discussed the business and prospects of Newkirk and the combined company following the merger with the managements of Lexington and Newkirk;

Participated in discussions and negotiations among representatives of Lexington and Newkirk and their financial and legal advisors;

Reviewed the reported prices and trading activity of each of Lexington common shares and Newkirk common stock;

Compared certain publicly available business, financial, and other information regarding each of Lexington and Newkirk with similar information regarding certain other publicly traded companies that it deemed relevant;

Compared the proposed financial terms of the merger agreement with the financial terms of certain other business combinations and transactions that it deemed relevant;

Reviewed the potential pro forma impact of the merger on Lexington s financial statements; and

Considered other information such as financial studies, analyses, and investigations as well as financial and economic and market criteria that it deemed relevant.

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In connection with its review, Wachovia Securities relied upon the accuracy and completeness of the foregoing financial and other information, and did not assume any responsibility for any independent verification of such information. Wachovia Securities also assumed the accuracy and completeness of the financial forecasts provided by Lexington and Newkirk for purposes of its opinion. With respect to the financial forecasts, Wachovia Securities assumed that the estimates and judgments expressed by management of each of Newkirk and Lexington in such forecasts were reasonably formulated and that they were the best currently available estimates and judgments of the respective managements of each of Lexington and Newkirk regarding the anticipated future financial performance, in the case of Lexington, Lexington, in the case of Newkirk, Lexington and Newkirk and, in the case of the combined company following the merger, Lexington, and that such combined company forecasts will be realized in the amount and timeframes contemplated thereby. Wachovia Securities assumes no responsibility for and expressed no view as to any such forecasts or the assumptions upon which they are based. In arriving at its opinion, Wachovia Securities did not prepare or obtain any independent evaluations or appraisals of the assets or liabilities of either Lexington or Newkirk nor was Wachovia Securities provided with any such evaluations or appraisals.

In rendering its opinion, Wachovia Securities assumed that the merger will be consummated on the terms described in the merger agreement, without waiver of any material terms or conditions, and that in the course of obtaining any necessary legal, regulatory or third-party consents or approvals, no restrictions will be imposed that will have an adverse effect on the merger, Lexington or other actions contemplated by the merger agreement in any respect meaningful to Wachovia Securities opinion. Wachovia Securities opinion was necessarily based on economic, market, financial and other conditions and the information made available to Wachovia Securities as of July 23, 2006. Wachovia Securities opinion did not address any of the provisions of the Second Amended and Restated Newkirk Partnership Agreement.

Wachovia Securities opinion did not address the merits of the underlying decision by Lexington to enter into the merger agreement and does not and shall not constitute a recommendation to any holders of Lexington common shares as to how they should vote in connection with the merger. In addition, Wachovia Securities did not express any opinion with respect to the prices at which Lexington common shares will trade at any time.

The following summaries of Wachovia Securities financial analyses present some information in tabular format. In order to fully understand the financial analyses used by Wachovia Securities, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Accordingly, the analyses listed in the tables and described below must be considered as a whole. Considering any portion of such analyses and the factors considered, without considering all analyses and factors, could create a misleading or incomplete view of the process underlying Wachovia Securities opinion.

Lexington Analysis

Historical Stock Trading Analysis. Wachovia Securities reviewed the closing trading prices of Lexington common shares for the 12-month period ended July 21, 2006, the last trading day prior to the announcement of the merger. Wachovia Securities compared the high and low closing prices over such 12-month period to Lexington s common share closing price of $20.97 on July 21, 2006. The following table summarizes this review.

Lexington Common Share Closing Price

Time Period/Trading Days	**Price per Share**	**Time Period/Trading Days**	**Price per Share**
July 21, 2006	$ 20.97	180-Day Average	$ 21.19

10-Day Average	$	21.13	52-Week High (8/2/05)	$	24.32
30-Day Average	$	20.80	Last 12 Months Average	$	21.66
60-Day Average	$	20.83	Last 12 Months Median	$	21.49
90-Day Average	$	20.89	52-Week Low (6/14/06)	$	19.89

Analyst Consensus Net Asset Value Analysis. Wachovia Securities reviewed equity research analyst estimates of net asset value per share for Lexington. Wachovia Securities compared the high and low of the analyst estimates to Lexington s common share closing price of $20.97 on July 21, 2006, the last trading day prior to the announcement of the merger. The following table summarizes this review.

	Implied Lexington Common Share Price
High:	$ 25.00
Low:	$ 18.46

Comparable Companies Analysis. Using publicly available information, including estimated funds from operations (FFO) per share for 2006 published by First Call Corporation, a division of Thomson Financial Services (First Call), Wachovia Securities analyzed certain trading multiples of selected publicly traded net lease REITs that it believed were reasonably comparable to Lexington. These companies included the following:

American Financial Realty Trust;

National Retail Properties, Inc.;

Newkirk Realty Trust, Inc.;

Realty Income Corporation;

Spirit Finance Corporation

For each of the comparable companies, Wachovia Securities calculated the multiple of equity market price to the consensus estimate of its 2006 FFO per share, as reported by First Call, based on the closing share prices as of July 21, 2006. Wachovia Securities calculated the high and low trading multiples for the comparable companies and applied these multiples to the consensus First Call 2006 FFO per share estimate for Lexington of $1.91 which resulted in the following range of implied share prices for each Lexington common share:

	2006 FFO Multiple	Implied Lexington Common Share Price
High:	16.8x	$ 32.10
Low:	7.1x	$ 13.55

None of the companies utilized in the above analyses for comparative purposes is identical to Lexington. Accordingly, a complete analysis of the results of the foregoing calculations cannot be limited to a quantitative review of such results and involves complex considerations and judgments concerning the differences in the financial and operating characteristics of the comparable companies and other factors that could affect the public trading value of the comparable companies as well as the potential trading value of Lexington.

Precedent Transactions Analysis. Using publicly available information, including FFO estimates published by First Call, Wachovia Securities examined selected transactions involving publicly traded real estate companies announced since January 2001. The selected precedent transactions included the following:

Acquiror	**Target**
Brandywine Realty Trust	Prentiss Properties Trust
DRA Advisors LLC	Capital Automotive REIT
Eaton Vance/ProLogis	Keystone Property Trust
Commercial Net Lease Realty Inc.	Captec Net Lease Realty
General Electric Capital	Franchise Finance Corp. of America

For each of the selected precedent transactions, Wachovia Securities calculated the multiple of the equity transaction price to the target company s forward 12-month FFO per share based upon First Call consensus estimates. Wachovia Securities determined the high and low multiples for the precedent transactions and applied these figures to the consensus First Call 2006 FFO estimate for Lexington of $1.91 per share to arrive at the following range of implied share prices for each Lexington common share:

	Transaction FFO Multiple	Implied Lexington Common Share Price	
High:	14.5x	$	27.70
Low:	8.1x	$	15.47

Premiums Paid Analysis. Wachovia Securities reviewed the same transactions used in the precedent transactions analysis to determine the premium or discount paid by the acquiror relative to the closing market price of the target company s common shares for the day prior and relative to the average of the closing market prices of the target company s common shares for the 10 trading days prior to the public announcement of the respective transaction.

Using publicly available information, Wachovia Securities calculated, among other things, the high and low premium paid in these selected transactions and applied these figures to the closing price of Lexington common shares on July 21, 2006 and to the average closing price of Lexington common shares for the 10 trading days ended July 21, 2006. This analysis resulted in the following range of implied share prices for each Lexington common share:

	Implied Lexington Common Share Price	
High:	$	24.53
Low:	$	20.55

Dividend Discount Analysis. Wachovia Securities performed a dividend discount analysis of Lexington s common shares using First Call consensus FFO per share estimates through 2008, grown at 3.0% per year thereafter, and Lexington management s projected dividends per share for 2006 through 2010. Wachovia Securities calculated the implied present values of projected cash dividends for Lexington for 2006 through 2010 using discount rates ranging from 9.0% to 11.0%. Wachovia Securities then calculated implied terminal values in 2010 based on multiples ranging from 9.5x to 11.5x 2011 FFO per share. These implied terminal values were then discounted at discount rates ranging from 9.0% to 11.0% to arrive at implied present values. Wachovia Securities derived a range of implied per share prices for Lexington common shares based on the sum of the respective implied present value of Lexington s projected cash dividends and the implied present value of Lexington s terminal value in 2010. Discount rates utilized in this analysis were derived from historic REIT equity returns and FFO multiples were derived based upon current and historic trading levels of Lexington common shares. This analysis resulted in the following range of implied share prices for each Lexington common share:

	Implied Lexington Common Share Price	
High:	$	23.50
Low:	$	18.95

Newkirk Analysis

Historical Stock Trading Analysis. Wachovia Securities reviewed the closing trading prices of Newkirk common stock from November 1, 2005, the pricing date of Newkirk s IPO, through July 21, 2006, the last trading day prior to the announcement of the merger. Wachovia Securities compared the high and low closing

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prices over such period to the Newkirk common stock s closing price of $16.95 on July 21, 2006. The following table summarizes this review.

Newkirk Common Share Closing Price

Time Period/Trading Days	Price per Share	Time Period/Trading Days	Price per Share
July 21, 2006	$ 16.95	150-Day Average	$ 17.04
10-Day Average	$ 17.24	52-Week High (3/15/06)	$ 18.87
30-Day Average	$ 17.15	Last 12 Months Average	$ 16.76
60-Day Average	$ 17.31	Last 12 Months Median	$ 16.99
90-Day Average	$ 17.58	52-Week Low (11/2/05)	$ 15.05
		IPO Price (11/1/05)	$ 16.00

Analyst Consensus Net Asset Value Analysis. Wachovia Securities reviewed equity research analyst consensus estimates of net asset value per share for Newkirk. Wachovia Securities compared the high and low of the analyst consensus estimates to the Newkirk common stock s closing price of $16.95 on July 21, 2006, the last trading day prior to the announcement of the merger. The following table summarizes this review.

	Implied Newkirk Common Share Price
High:	$ 18.00
Low:	$ 17.50

Comparable Companies Analysis. Using publicly available information, including estimated FFO per share for 2006 published by First Call, Wachovia Securities analyzed certain trading multiples of selected publicly traded net lease REITs that it believed were reasonably comparable to Newkirk. These companies included the following:

American Financial Realty Trust;

Lexington Corporate Properties Trust;

National Retail Properties, Inc.;

Realty Income Corporation;

Spirit Finance Corporation

For each of the comparable companies, Wachovia Securities calculated the multiple of equity market price to the consensus estimate of its 2006 FFO per share, as reported by First Call, based on the closing share prices as of July 21, 2006. Wachovia Securities calculated the high and low trading multiples for the comparable companies and applied these multiples to the adjusted consensus First Call 2006 FFO per share estimate for Newkirk of $2.39. The consensus FFO estimate for Newkirk was adjusted to exclude the estimate of Friedman Billings Ramsey & Co. since it was not updated since March 17, 2006 and to include Credit Suisse s FFO estimate as of June 19, 2006, the date on which it announced it dropped equity research coverage on Newkirk. This analysis resulted in the following range of implied share prices for each Newkirk common share:

	2006 FFO Multiple	Implied Newkirk Common Share Price
High:	16.8x	$ 40.17
Low:	10.5x	$ 25.12

None of the companies utilized in the above analyses for comparative purposes is identical to Newkirk. Accordingly, a complete analysis of the results of the foregoing calculations cannot be limited to a quantitative review of such results and involves complex considerations and judgments concerning the differences in the financial and operating characteristics of the comparable companies and other factors that could affect the public trading price of the comparable companies as well as the potential trading price of Newkirk.

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Precedent Transactions Analysis. Using publicly available information, including FFO estimates published by First Call, Wachovia Securities examined selected transactions involving publicly traded real estate companies announced since January 2001. The selected precedent transactions included the following:

Acquiror	Target
Brandywine Realty Trust	Prentiss Properties Trust
DRA Advisors LLC	Capital Automotive REIT
Eaton Vance/ProLogis	Keystone Property Trust
Commercial Net Lease Realty Inc.	Captec Net Lease Realty
General Electric Capital	Franchise Finance Corp. of America

For each of the selected precedent transactions, Wachovia Securities calculated the multiple of the equity transaction price to the target company s forward 12-month FFO per share based upon First Call consensus estimates. Wachovia Securities determined the high and low multiples for the precedent transactions and applied these figures to the adjusted consensus First Call 2006 FFO estimate for Newkirk of $2.39 per share to arrive at the following range of implied share prices for each share of Newkirk common stock:

	Transaction FFO Multiple	Implied Newkirk Common Share Price	
High:	14.5x	$	34.66
Low:	8.1x	$	19.36

Premiums Paid Analysis. Wachovia Securities reviewed the same transactions used in the precedent transactions analysis to determine the premium or discount paid by the acquiror relative to the closing market price of the target company s common shares for the day prior and relative to the average of the closing market prices of the target company s common shares for the 10 trading days prior to the public announcement of the respective transaction.

Using publicly available information, Wachovia Securities calculated, among other things, the high and low premium paid in these selected transactions and applied these figures to the closing price of Newkirk common stock on July 21, 2006 and to the average closing price of Newkirk common stock for the 10 trading days ended July 21, 2006. This analysis resulted in the following range of implied share prices for each share of Newkirk common stock:

	Implied Newkirk Common Share Price	
High:	$	19.83
Low:	$	16.61

Dividend Discount Analysis. Wachovia Securities performed a dividend discount analysis of Newkirk s common stock using First Call adjusted consensus FFO per share estimates and Newkirk management s projected dividends per share for 2006 through 2008. Wachovia Securities calculated the implied present values of projected cash dividends for Newkirk for 2006 through 2008 using discount rates ranging from 9.0% to 11.0%. Wachovia Securities then calculated implied terminal values in 2008 based on multiples ranging from 7.0x to 11.0x 2009 FFO per share. These implied terminal values were then discounted at discount rates ranging from 9.0% to 11.0% to arrive at implied present values. Wachovia Securities derived a range of implied per share prices for the Newkirk common stock based on the sum of the respective implied present value of Newkirk s projected cash dividends and the implied present value of Newkirk s terminal value in 2008. Discount rates utilized in this analysis were derived from historic REIT equity returns and FFO multiples were derived based upon current and historic trading levels of the Newkirk common stock. This analysis resulted in the following range of implied share prices for each share of Newkirk common stock:

	Implied Newkirk Common Share Price	
High:	$	19.30
Low:	$	13.18

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Combined Company Analyses

Historical Stock Price Ratio Analyses. Wachovia Securities compared the exchange ratio of the merger to the historical ratio of the closing price of the Newkirk common stock to that of Lexington common shares on July 21, 2006 and average closing prices of the Newkirk common stock to Lexington common shares over various periods since November 1, 2005, the pricing date of Newkirk s IPO. The following table presents the results of this analysis:

	Premium / (Discount)
July 21, 2006	(1.0)%
10 Trading Days	(1.9)%
30 Trading Days	(3.0)%
60 Trading Days	(3.7)%
90 Trading Days	(4.9)%
January 1, 2006 to July 21, 2006	(1.2)%
Since November 1, 2005	1.1%

Contribution Analysis. Wachovia Securities reviewed and analyzed First Call consensus estimates for Lexington and adjusted First Call consensus estimates for Newkirk and compared the relative contributions to the combined company s amounts. Wachovia Securities also compared the relative contributions of each company based upon the market equity value (including units of limited partnership interest on an as if converted basis) of each of Lexington and Newkirk as of July 21, 2006. The following table presents the results of this analysis:

Contribution Analysis

	Contribution %
FFO Estimates Based on Consensus Analysts Forecasts as Reported by First Call*	
2006	
Lexington	44.4%
Newkirk	55.6%
2007	
Lexington	48.9%
Newkirk	51.1%
2008	
Lexington	51.0%
Newkirk	49.0%
Market Common Equity Value	
Lexington	52.9%
Newkirk	47.1%
Economic Ownership of Lexington Realty Trust	
Lexington	53.2%
Newkirk	46.8%

* Adjusted estimates for Newkirk.

Relative Valuation Analysis. Wachovia Securities calculated the implied exchange ratios, based upon the individual valuation analyses of Lexington and Newkirk, derived from the respective historical stock trading analyses, analyst consensus net asset value analyses, comparable companies analyses, precedent transactions analyses, premiums paid analyses and the dividend discount analyses. The following table is a summary of the ranges of exchange ratios implied by comparing the applicable Lexington analysis to the applicable Newkirk analysis.

	Low	High
Historical Stock Trading	0.6188x	0.9487x
Analyst Consensus Net Asset Value	0.7000x	0.9751x
Comparable Companies	0.7825x	2.9652x
Precedent Transactions	0.6990x	2.2400x
Premiums Paid	0.6770x	0.9650x
Dividend Discount	0.5606x	1.0187x

Pro Forma Merger Analysis. Using First Call consensus estimates for Lexington and adjusted First Call consensus estimates for Newkirk, Wachovia Securities analyzed certain pro forma effects of the merger, including, among other things, the impact of the merger on FFO per share estimates for Lexington for 2007 and 2008. The pro forma merger analysis implied that the merger would be dilutive to Lexington s 2007 and 2008 FFO per share after taking into account transaction costs, purchase accounting adjustments required by U.S. GAAP and other transaction adjustments.

Additionally, Wachovia Securities analyzed certain pro forma effects of the merger, including the impact of the merger on Lexington management s estimates of FFO per share and adjusted funds from operations (AFFO) per share, for 2007 through 2009 based on several scenarios. The results of the pro forma merger analysis implied that the merger would be dilutive to Lexington s 2007 FFO per share and accretive to Lexington s 2008 and 2009 FFO per share after taking into account the effects of growth that would not exist without the merger and operating synergies, transaction costs, purchase accounting adjustments as required by U.S. GAAP and other transaction adjustments. The results of the analysis also implied that the merger would be accretive to Lexington s AFFO per share in each year from 2007 through 2009.

Additional Matters

The summary above does not purport to be a complete description of the analyses performed by Wachovia Securities, but describes, in summary form, the material elements of the analyses underlying its opinion dated July 23, 2006. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to a partial analysis or summary description. In arriving at its opinion, Wachovia Securities considered the results of all of its analyses as a whole and did not attribute any particular weight to any analysis or factor considered by it. Wachovia Securities believes that the summary provided and the analyses described above must be considered as a whole and that selecting portions of these analyses, without considering all of them, would create an incomplete view of the process underlying its analyses and opinion.

In performing its analyses, Wachovia Securities made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond Lexington s and Newkirk s control. No company, transaction or business used in the analyses described above is identical to Lexington, Newkirk or the merger. Any estimates contained in Wachovia Securities analysis are not necessarily indicative of future results or actual values, which may be significantly more or less favorable than those suggested by these estimates. The analyses performed were prepared solely as a part of Wachovia Securities analysis of the fairness, from a financial point of view, of the merger consideration taken in the aggregate to be received by holders of Lexington common shares pursuant to the terms of the merger agreement and were conducted in connection with the delivery by Wachovia Securities of its opinion dated July 23, 2006, to Lexington s board of trustees. The merger consideration was determined through negotiations between Lexington, Newkirk, members of their respective senior management teams and respective advisors, and was approved by Lexington s board of trustees. Wachovia Securities did not recommend any specific consideration to Lexington or that any given consideration constituted the only appropriate consideration for the merger.

Wachovia Securities opinion was one of the many factors taken into consideration by Lexington s board of trustees in making its determination to approve the merger. Wachovia Securities analyses summarized above should not be viewed as determinative of the opinion of Lexington s board of trustees with respect to Lexington s value or of whether Lexington s board of trustees would have been willing to agree to a different form of consideration.

Wachovia Securities is a nationally recognized investment banking and advisory firm and a subsidiary of Wachovia Corporation. Wachovia Securities and its affiliates provide a full range of financial advisory, securities and lender services for which it receives customary fees. Wachovia Securities and its affiliates (including Wachovia Corporation and its affiliates) have, in the past, had or currently have other relationships with each of Newkirk or Lexington. In connection with unrelated matters, Wachovia Securities and its affiliates in the past have provided financing services to Lexington. Wachovia Securities acted as placement agent for Lexington for secured mortgage indebtedness of $10.1 million in aggregate principal amount in 2005, $51.5 million in aggregate principal amount in 2004 and $13.4 million in aggregate principal amount in 2003. Additionally, Wachovia Securities acted as lender to Lexington for $7.7 million of secured mortgage indebtedness in 2004. In addition, Wachovia Securities acted as sole book-running manager in public offerings of Lexington common shares for $61.7 million in July 2005, $127.2 million in February 2004, $102.6 million in October 2003, $77.0 million in April 2003 and $42.6 million in September 2002. Furthermore, Wachovia Securities acted as lead arranger for Lexington s $200.0 million credit facility in June 2005, pursuant to which Wachovia Securities committed $45.0 million. Wachovia Securities also acted as placement agent for Lexington in a private placement of Lexington common shares of $35.0 million in June 2004. Wachovia Securities also maintains active equity research on Lexington. In addition, Wachovia Securities currently, and in the future may, provide similar or other banking and financial services to, and maintain its relationship with, Lexington and Newkirk. Additionally, in the ordinary course of its business, Wachovia Securities may trade in the securities of Lexington and Newkirk and their respective affiliates for its own account and for the accounts of its customers and accordingly, may at any time hold a long or short position in such securities. An affiliate of Wachovia Securities held, as of July 23, 2006, approximately 616,000 Lexington common shares.

Pursuant to a letter agreement dated April 19, 2006, Lexington engaged Wachovia Securities as its exclusive financial advisor with respect to a possible strategic transaction. Wachovia Securities and Lexington amended the engagement on June 29, 2006. Pursuant to the terms of the agreement, as amended, Lexington has agreed to pay Wachovia Securities fees consisting of:

- An opinion fee of $1.1 million payable upon delivery of an opinion; and
- A transaction fee of $9.5 million against which such opinion fee will be credited.

Lexington has also agreed to reimburse Wachovia Securities for its expenses incurred in performing its services, including the fees and expenses of Wachovia Securities counsel, subject to a maximum total reimbursement of $125,000, and to indemnify Wachovia Securities and its affiliates, their respective directors, officers, agents and employees and each person, if any, controlling Wachovia Securities or any of its affiliates against certain liabilities and expenses, including certain liabilities under federal securities laws, related to or arising out of Wachovia Securities engagement and any related transactions.

Opinion of Newkirk s Financial Advisor, Bear Stearns

Pursuant to an engagement letter dated June 13, 2006, Newkirk s board of directors retained Bear Stearns to act as its financial advisor with respect to a possible transaction with Lexington. In selecting Bear Stearns, Newkirk s board of directors considered, among other things, the fact that Bear Stearns is an internationally recognized investment banking firm with substantial experience advising companies in the real estate industry as well as substantial experience providing strategic advisory services. Bear Stearns, as part of its investment banking business, is continuously engaged in the evaluation of businesses and their debt and equity securities in connection with mergers and acquisitions; underwritings, private placements and other securities offerings; senior credit financings; valuations; and general corporate advisory services.

At the July 23, 2006 meeting of Newkirk s board of directors, Bear Stearns delivered its oral opinion, which was subsequently confirmed in writing, that, as of July 23, 2006, and based upon and subject to the assumptions, qualifications and limitations set forth in the written opinion, the exchange ratio of 0.80, as defined in the Bear Stearns written opinion, was fair, from a financial point of view, to the public stockholders of Newkirk who did not enter into voting or other types of agreements in connection with the merger.

The full text of Bear Stearns written opinion is attached as Annex E to this joint proxy statement/prospectus and you should read the opinion carefully and in its entirety. The opinion sets forth the assumptions made, some of the matters considered and qualifications to and limitations of the review undertaken by Bear Stearns. The Bear Stearns opinion is subject to the assumptions and conditions contained therein and is necessarily based on economic, market and other conditions and the information made available to Bear Stearns as of the date of the Bear Stearns opinion.

In reading the discussion of the fairness opinion set forth below, you should be aware that Bear Stearns opinion:

- was provided to Newkirk s board of directors for its benefit and use;
- did not constitute a recommendation to the board of directors of Newkirk or to the stockholders of Newkirk as to how to vote in connection with the merger or otherwise; and
- did not address Newkirk s underlying business decision to pursue the merger, the relative merits of the merger as compared to any alternative business strategies that might exist for Newkirk, the financing of the merger or the effects of any other transaction in which Newkirk might engage.

Although Bear Stearns evaluated the fairness of the exchange ratio, from a financial point of view, to Newkirk public stockholders, the exchange ratio itself was determined by Newkirk and Lexington through arm s-length negotiations. Newkirk did not provide specific instructions to, or place any limitations on, Bear Stearns with respect to the procedures to be followed or factors to be considered by it in performing its analyses or providing its opinion.

In connection with rendering its opinion, Bear Stearns:

- reviewed a draft dated July 23, 2006 of the Agreement and Plan of Merger in substantially final form;
- reviewed Newkirk s Annual Reports to Shareholders and Annual Report on Form 10-K for the years ended December 31, 2005, its Quarterly Reports on Form 10-Q for the period ended March 31, 2006, its preliminary results for the quarter ended June 30, 2006 and its Current Reports on Form 8-K filed since December 31, 2005;
- reviewed certain operating and financial information relating to Newkirk s businesses and prospects, including projections and projected acquisitions for the five years ended December 31, 2011 all as prepared and provided to Bear Stearns by Newkirk s management (which we refer to as the Newkirk projections);
- reviewed certain estimates of revenue enhancements, cost savings and other combination benefits expected to result from the merger, all as prepared and provided to Bear Stearns by Newkirk s and Lexington s managements, which Bear Stearns refers to as the synergies;
- met with certain members of Newkirk s senior management to discuss Newkirk s and Lexington s businesses, operations, historical and projected financial results and future prospects;
- reviewed Lexington s Annual Reports to Shareholders and Annual Reports on Form 10-K for the years ended December 31, 2003, 2004 and 2005, its Quarterly Reports on Form 10-Q for the period ended March 31, 2006, its preliminary results for the quarter ended June 30, 2006 and its Current Reports on Form 8-K filed since December 31, 2005;

reviewed certain operating and financial information relating to Lexington s business and prospects, including projections and projected acquisitions for the 10 years ended December 31, 2016, (i) as prepared and provided to Bear Stearns by Lexington s management in a Confidential Information Memorandum dated March 24, 2006 and adjusted by Newkirk s management and (ii) as prepared by Lexington s management and provided to Bear Stearns on July 13, 2006 and as adjusted by Newkirk s management (which we refer to collectively as the Lexington projections and together with the Newkirk projections as the projections);

met with certain members of Lexington s senior management to discuss Lexington s business, operations, historical and projected financial results and future prospects;

reviewed the historical prices, trading multiples and trading volumes of the Newkirk common stock and Lexington common shares;

reviewed publicly available financial data, stock market performance data and trading multiples of companies which Bear Stearns deemed generally comparable to Newkirk and Lexington;

reviewed the terms of recent mergers and acquisitions involving companies which Bear Stearns deemed generally comparable to Newkirk;

performed discounted cash flow analyses based on various of the Newkirk projections and Lexington projections;

reviewed the relative contributions of Newkirk and Lexington to the combined company on a pro forma basis;

reviewed the pro forma financial results, financial condition and capitalization of Newkirk and the combined company giving effect to the merger; and

conducted such other studies, analyses, inquiries and investigations as Bear Stearns deemed appropriate.

Bear Stearns relied upon and assumed, without independent verification, the accuracy and completeness of the financial and other information provided to or discussed with it by Newkirk and Lexington, including, without limitation, the projections and the synergies, or obtained by Bear Stearns from public sources. With respect to the projections and the synergies, Bear Stearns relied on representations that they were reasonably prepared on bases reflecting the best currently available estimates and judgments of the senior management of each of Newkirk and Lexington, respectively, as to the expected future performance of Newkirk, Lexington and the combined company following the merger. Bear Stearns did not assume any responsibility for the independent verification of any such information, including, without limitation, the projections and the synergies, and Bear Stearns further relied upon the assurances of the senior management of each of Newkirk and Lexington that they are unaware of any facts that would make the information, the projections and the synergies incomplete or misleading.

In arriving at its opinion, Bear Stearns did not perform or obtain any independent appraisal of the assets or liabilities, contingent or otherwise, of Newkirk or Lexington, nor was Bear Stearns furnished with any such appraisals. In rendering its opinion, Bear Stearns analyzed the merger as a strategic business combination, and did not solicit, nor was it asked to solicit, third party acquisition interest in Newkirk. Bear Stearns has assumed that the merger will qualify as a tax-free reorganization within the meaning of Section 368(a) of the Code. Bear Stearns assumed that the merger will be consummated in a timely manner and in accordance with the terms of the merger agreement without any limitations, restrictions, conditions, amendments or modifications, regulatory or otherwise, that collectively would have a material effect on Newkirk, Lexington or the combined company.

Bear Stearns did not express any opinion as to the price or range of prices at which the Newkirk common stock or the Lexington common shares may trade subsequent to the announcement or consummation of the merger.

The following is a brief summary of the material financial analyses performed by Bear Stearns and presented to Newkirk s board of directors in connection with rendering its fairness opinion.

Some of the financial analyses summarized below include summary data and information presented in tabular format. In order to understand fully the financial analyses, the summary data and tables must be read together with the full text of the analyses. Considering the summary data and tables alone could create a misleading or incomplete view of Bear Stearns financial analyses.

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Comparable Company Analysis. Bear Stearns analyzed selected historical and 2006 and 2007 estimated operating information for Newkirk provided by management of Newkirk and compared this data to that of five publicly traded triple-net lease REITs, deemed by Bear Stearns to be generally comparable to Newkirk. No company or transaction used in the analysis described below is directly comparable to Newkirk or the contemplated merger. The analyses performed by Bear Stearns are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses. Bear Stearns used the earnings forecasts for these companies from publicly available data, First Call and selected Wall Street equity research reports. In conducting its analysis, Bear Stearns analyzed the multiples of the following comparable companies:

Realty Income Corporation
National Retail Properties, Inc.
Entertainment Properties Trust
Spirit Finance Corporation
Getty Realty Corp.

Bear Stearns reviewed, among other things, the comparable companies multiples of price to fiscal year 2006 and 2007 estimated (2006E and 2007E) funds from operations, FFO, and adjusted funds from operations, AFFO. The multiples are based on closing stock prices of the companies on July 21, 2006. The following table summarizes the analysis:

PRICE / FFO and PRICE / AFFO

	Price/FFO		**Price/AFFO**	
	2006E	**2007E**	**2006E**	**2007E**
Realty Income Corporation	13.4x	12.7x	13.3x	12.7x
National Retail Properties, Inc.	13.0	12.4	12.9	12.3
Entertainment Properties Trust	11.9	11.2	12.6	11.6
Spirit Finance Corporation	10.7	9.2	10.9	9.8
Getty Realty Corp.	14.3	13.9	15.4	15.0
Lexington Corporate Properties Trust	11.4	10.8	12.1	11.4
Newkirk Realty, Inc.	7.0	7.9	7.7	9.1
Newkirk Realty, Inc. at July 19, 2006	6.9	7.8	7.6	9.0

Comparable Precedent Transaction Analysis. Bear Stearns analyzed publicly available financial information relating to four merger and acquisition transactions involving companies in the triple-net lease REIT industry which Bear Stearns deemed generally comparable to the transaction contemplated by the merger agreement. No company or transaction used in the analyses described below is directly comparable to Newkirk or the contemplated merger. The analyses performed by Bear Stearns are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses.

The precedent transactions in the Bear Stearns analysis were (Target/Acquiror):

Capital Automotive REIT/DRA Advisors, LLC
US Restaurant Properties, Inc./CNL Restaurant Properties, Inc.
Captec Net Lease Realty, Inc./Commercial Net Lease Realty, Inc.
TriNet Corporate Realty Trust, Inc./Starwood Financial Trust

Bear Stearns reviewed, among other things, the ratio of the price to one year forward FFO implied in the respective precedent transactions. Bear Stearns observed that these precedent transactions were both (i) not directly comparable to the contemplated merger and (ii) occurred over an extended time period. Bear Stearns further observed that the valuation of triple net lease REITS has varied over the past 8 years (the period when these precedent transactions occurred).

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Discounted Cash Flow Analysis. Bear Stearns performed illustrative relative discounted cash flow analyses, DCF, on Newkirk and Lexington based on projections for the six years from 2006 through 2011 from Newkirk management and projections provided by Lexington in a Confidential Information Memorandum dated March 24, 2006 as adjusted by Newkirk management as well as projections provided by Lexington on July 13, 2006 as adjusted by Newkirk management.

Bear Stearns calculated illustrative relative net present value ranges of the common stocks of Newkirk and Lexington and the implied exchange ratio by using the projections from both companies existing portfolios, consolidated joint ventures and unconsolidated joint ventures. Bear Stearns used a range of weighted average cost of capital, or WACC, of 9.0% to 10.5% for Newkirk and 8.0% to 9.5% for Lexington, both assuming an equity risk premium of 5.0%. Bear Stearns used a range of exit capitalization rates of 7.00% to 8.00% in 2011. The following table summarizes the DCF analysis using the projections provided by Newkirk and Lexington on July 13, 2006 and, in the case of Lexington, as adjusted by Newkirk management: