

LEXINGTON REALTY TRUST

Form DEF 14A

April 13, 2007

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 14A INFORMATION  
Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-11(c) or §240.14a-12

**LEXINGTON REALTY TRUST**

(Name of Registrant as Specified In Its Organizational Documents)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

- o Fee paid previously with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**LEXINGTON REALTY TRUST  
One Penn Plaza, Suite 4015  
New York, New York 10119-4015  
(212) 692-7200**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD MAY 22, 2007**

To the Shareholders of  
Lexington Realty Trust:

The 2007 Annual Meeting of Shareholders of Lexington Realty Trust will be held at the New York offices of Paul, Hastings, Janofsky & Walker LLP, 75 East 55th Street, New York, New York 10022 on Tuesday, May 22, 2007, at 10:00 a.m., Eastern time, for the following purposes:

- (1) to elect 11 trustees to serve until the 2008 Annual Meeting of Shareholders;
- (2) to consider and vote upon a proposal to approve and adopt the Lexington Realty Trust 2007 Equity-Based Award Plan;
- (3) to consider and vote upon a proposal to ratify the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2007; and
- (4) to transact such other business as may properly come before the 2007 Annual Meeting or any adjournment or postponement thereof.

Only holders ( Shareholders ) of record at the close of business on March 23, 2007 are entitled to notice of and to vote at the 2007 Annual Meeting of Shareholders or any adjournments or postponements thereof.

By Order of the Board of Trustees,

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

New York, New York  
April 16, 2007

**PLEASE COMPLETE, SIGN AND DATE THE ENCLOSED PROXY AND RETURN IT PROMPTLY IN THE ENVELOPE PROVIDED OR AUTHORIZE YOUR PROXY BY INTERNET OR TELEPHONICALLY BY FOLLOWING THE PROCEDURES DESCRIBED ON THE ENCLOSED PROXY CARD, WHETHER OR NOT YOU PLAN TO ATTEND THE 2007 ANNUAL MEETING. The Proxy may be revoked by you at any time by written notice to the Company prior to its exercise or by submitting a later dated or authorized proxy. Giving your proxy will not affect your right to vote in person if you attend the meeting and affirmatively indicate your intention to vote at such meeting.**



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**LEXINGTON REALTY TRUST**  
**One Penn Plaza, Suite 4015**  
**New York, New York 10119-4015**  
**(212) 692-7200**

**PROXY STATEMENT**  
**FOR ANNUAL MEETING OF SHAREHOLDERS**  
**TO BE HELD MAY 22, 2007**

**QUESTIONS AND ANSWERS**

**Why did I receive this proxy?**

The Board of Trustees of Lexington Realty Trust is soliciting proxies to be voted at the 2007 Annual Meeting of Shareholders, which we refer to herein as the Annual Meeting. The Annual Meeting will be held Tuesday, May 22, 2007, at 10:00 a.m. Eastern time at the New York offices of Paul, Hastings, Janofsky & Walker LLP, 75 East 55th Street, New York, New York 10022. This proxy statement summarizes the information you need to know to vote by proxy or in person at the Annual Meeting. You do not need to attend our Annual Meeting in person in order to vote.

All references to the Company, we, our and us in this proxy statement mean Lexington Realty Trust. All references to Shareholder and you refer to a holder of record of the beneficial interests designated as common shares, par value \$0.0001 per share, of the Company, which we refer to as common shares, as of the close of business on Friday, March 23, 2007, which we refer to as the Record Date.

**When was this proxy statement mailed?**

This proxy statement, the enclosed proxy card, the Annual Report to Shareholders, which includes our Annual Report on Form 10-K for the year ended December 31, 2006, that contains financial statements audited by KPMG LLP, our independent registered public accounting firm, and their reports thereon dated February 28, 2007, were mailed to Shareholders beginning on or about April 16, 2007. Except as specifically incorporated herein by reference, the Annual Report is not part of the proxy solicitation material.

**Who is entitled to vote?**

All Shareholders as of the close of business on the Record Date (Friday, March 23, 2007) are entitled to vote at the Annual Meeting.

In addition to Shareholders, NKT Advisors, LLC, which we refer to as NKT Advisors, as the holder of the only outstanding share of our special voting preferred stock, par value \$0.0001 per share, which we refer to as the Special Voting Preferred Stock, will be entitled to notice of, and to vote at, the Annual Meeting or any adjournments or postponements thereof.

In connection with our merger with Newkirk Realty Trust, Inc., which we refer to as Newkirk, we issued to NKT Advisors, the former external adviser to Newkirk, one share of Special Voting Preferred Stock entitling NKT Advisors to vote on all matters for which Shareholders are entitled to vote. NKT Advisors is an affiliate of Michael L. Ashner, our Executive Chairman and Director of Strategic Acquisitions. The number of votes that NKT Advisors is entitled to cast with respect to the Special Voting Preferred Stock is equal to the number of units of limited partnership

interest, or MLP Units, in The Lexington Master Limited Partnership, one of our operating partnerships, outstanding immediately following Newkirk's initial public offering (on a post 0.80 reverse unit split in connection with the merger), less the number of such MLP Units redeemed or held by us, which we refer to as the Voting MLP Units. At March 23, 2007, the number of votes that NKT Advisors is entitled to cast on account of the Special Voting Preferred Stock is 34,586,615.

NKT Advisors has agreed to cast its votes in respect of the Special Voting Preferred Stock in proportion to the votes it receives from holders of the Voting MLP Units, subject to the following limitations. First, Vornado Realty Trust and its affiliates, which we refer to as Vornado, do not have the right to vote for board members at all times



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when any affiliate of Vornado Realty Trust is serving or standing for election as a board member, which is the case at the Annual Meeting. In addition, at all other times, Vornado's right to vote in the election of trustees will be limited to the number of Voting MLP Units that it owns not to exceed 9.9% of our outstanding common shares on a fully diluted basis (presently 11,292,136 Voting MLP Units). NKT Advisors will be entitled to vote in its sole discretion to the extent the voting rights of Vornado's affiliates are so limited. Accordingly, NKT Advisors will be able to vote 8,149,594 Voting MLP Units, the number of Voting MLP Units held by Vornado and its affiliates, for Proposal No. 1 (Election of Trustees), in its sole discretion. Simultaneous with the mailing of this proxy statement to Shareholders, NKT Advisors is mailing a copy of this proxy statement to holders of Voting MLP Units, together with a form on which holders of Voting MLP Units can indicate their preference on the matters set forth in this proxy statement.

There was no other class of voting securities outstanding at the Record Date other than common shares and Special Voting Preferred Stock.

### **What is the quorum for the Annual Meeting?**

In order for any business to be conducted, the holders of a majority of the votes entitled to be cast at the Annual Meeting must be present, either in person or represented by proxy. For the purpose of determining the presence of a quorum, abstentions and broker non-votes (which occur when shares held by brokers or nominees for beneficial owners are voted on some matters but not on others) will be counted as present. As of the Record Date, 68,145,124 common shares and 34,586,615 Voting MLP Units were issued and outstanding for a total of 102,731,739 votes entitled to be cast.

### **How many votes do I have?**

Each common share outstanding on the Record Date is entitled to one vote on each item submitted for consideration. If a Shareholder is a participant in our Dividend Reinvestment Plan, the proxy card enclosed herewith represents shares in the participant's account, as well as shares held of record in the participant's name as part of such plan.

### **How do I vote?**

By Mail: Vote, sign, date your proxy card and mail it in the postage-paid envelope.

In Person: Vote at the Annual Meeting.

By Telephone: Call toll-free 1-866-540-5760 and follow the instructions. You will be prompted for certain information that can be found on your proxy card.

Via Internet: Log on to [www.proxyvoting.com/lxp](http://www.proxyvoting.com/lxp) and follow the on-screen instructions. You will be prompted for certain information that can be found on your proxy card.

### **How do I vote my shares that are held by my broker?**

If you have shares held by a broker, you may instruct your broker to vote your shares by following the instructions that the broker provides to you. Most brokers offer voting by mail, telephone and on the Internet.

### **What am I voting on?**

You will be voting on the following proposals:

- (1) to elect 11 trustees to serve until the 2008 Annual Meeting of Shareholders;
- (2) a proposal to approve and adopt the Lexington Realty Trust 2007 Equity-Based Award Plan;

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- (3) a proposal to ratify the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2007; and
- (4) to transact such other business as may properly come before the 2007 Annual Meeting or any adjournment or postponement thereof.

**Will there be any other items of business on the agenda?**

The Board of Trustees is not presently aware of any other items of business to be presented for a vote at the Annual Meeting other than the proposals noted above. Nonetheless, in case there is an unforeseen need, your proxy gives discretionary authority to Patrick Carroll and Paul R. Wood with respect to any other matters that might be brought before the meeting.

**How many votes are required to act on the proposals?**

Assuming a quorum is present at the Annual Meeting, (i) the affirmative vote of the holders of a plurality of the common shares cast at the Annual Meeting will be sufficient to elect each candidate for election as a trustee, and (ii) the affirmative vote of a majority of the votes cast on the proposal at the Annual Meeting, will be sufficient to (A) adopt the Lexington Realty Trust 2007 Equity-Based Award Plan, provided that the total votes cast on the proposal represents at least 50% in interest of all securities entitled to vote thereon or (B) ratify the appointment of KPMG LLP as our independent registered public accounting firm. Therefore, abstentions as to the election of trustees will not affect the election of the candidates receiving a plurality of the votes cast. If you abstain or withhold votes or your shares are treated as broker non-votes, your abstention, withheld vote or broker non-votes will not be counted as votes cast and will have no effect on the result of the vote on the election of trustees or the ratification of the appointment of KPMG LLP as our independent registered public accounting firm, and will have the effect of a vote against the proposal to approve and adopt the Lexington Realty Trust 2007 Equity-Based Award Plan, unless for the purpose of the New York Stock Exchange listing standards, holders of over 50% in interest of all securities entitled to vote thereon cast votes, in which event broker non-votes will not have any effect on the result of the votes on this proposal.

**What happens if I authorize my proxy without voting on all proposals?**

When you return a properly executed proxy card or authorize your proxy telephonically or by Internet, we will vote the shares that the proxy card or authorization represents in accordance with your directions. If you return the signed proxy card with no direction on a proposal, **we will vote your proxy in favor of (FOR) Proposals No. 1, No. 2 and/or No. 3, as the case may be.**

**What if I want to change my vote after I return my proxy?**

You may revoke your proxy at any time before its exercise by:

- (i) delivering written notice of revocation to our Secretary, Paul R. Wood, at c/o Lexington Realty Trust, One Penn Plaza, Suite 4015, New York, New York 10119-4015;
- (ii) submitting to us a duly executed proxy card bearing a later date;
- (iii) authorizing a proxy via the Internet or by telephone at a later date; or

(iv) appearing at the Annual Meeting and voting in person;

provided, however, that no such revocation under clause (i) or (ii) shall be effective until written notice of revocation or a later dated proxy card is received by Paul R. Wood, our Secretary, at or before the Annual Meeting, and no such revocation under clause (iii) shall be effective unless received on or before 11:59 p.m., Eastern time, on May 21, 2007.

Attendance at our Annual Meeting will not constitute a revocation of a proxy unless you affirmatively indicate at our Annual Meeting that you intend to vote your shares in person by completing and delivering a written ballot.

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### **Will anyone contact me regarding this vote?**

It is contemplated that brokerage houses will forward the proxy materials to Shareholders at our request. In addition to the solicitation of proxies by use of the mails, our trustees, officers and regular employees may solicit proxies by telephone, facsimile, e-mail, or personal interviews without additional compensation. We have retained The Altman Group, Inc., an outside proxy solicitation firm, in connection with the Annual Meeting. We reserve the right to engage additional solicitors and pay compensation to them for the solicitation of proxies.

### **Who has paid for this proxy solicitation?**

We will bear the cost of preparing, printing, assembling and mailing the proxy, proxy statement and other materials that may be sent to Shareholders in connection with this solicitation. We have retained The Altman Group, Inc., an outside proxy solicitation firm, in connection with the Annual Meeting and will pay \$9,000 for its services. We may also reimburse brokerage houses and other custodians, nominees and fiduciaries for their expenses incurred in forwarding solicitation materials to the beneficial owners of shares held of record by such persons.

### **How do I submit a proposal for the 2008 Annual Meeting of Shareholders?**

In order to be eligible for inclusion in our proxy materials for the 2008 Annual Meeting of Shareholders, any shareholder proposal to take action at such meeting must be received at our principal executive office located at One Penn Plaza, Suite 4015, New York, New York 10119-4015, Attention: Paul R. Wood, Secretary, no later than December 18, 2007. Any such proposals shall be subject to the requirements of the proxy rules adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

In addition, if you desire to bring business (including trustee nominations) before the 2008 Annual Meeting of Shareholders, you must comply with our bylaws, which currently require that you provide written notice of such business to our Secretary no later than December 18, 2007. For additional requirements, Shareholders should refer to our bylaws, a current copy of which may be obtained from our Secretary.

Our Board of Trustees will review any shareholder proposals that are timely submitted and will determine whether such proposals meet the criteria for inclusion in the proxy solicitation materials or for consideration at the 2008 Annual Meeting of Shareholders. In addition, the persons named in the proxies retain the discretion to vote proxies on matters of which we are not properly notified at our principal executive offices on or before 60 days prior to the 2008 Annual Meeting of Shareholders, and also retain such authority under certain other circumstances.

### **What does it mean if I receive more than one proxy card?**

It means that you have multiple accounts at the transfer agent and/or with brokers. Please complete and return all proxy cards to ensure that all your shares are voted.

### **How do I receive future proxy materials electronically?**

If you are a Shareholder of record, you may, if you wish, receive future proxy statements and annual reports online. To do so, please log on to **Investor ServiceDirect**<sup>®</sup> at [www.melloninvestor.com/isd](http://www.melloninvestor.com/isd) where step-by-step instructions will prompt you through enrollment. You will need to refer to your account number on the proxy card. If you later wish to receive the statements and reports by regular mail, this e-mail enrollment may be cancelled.

If you are not a Shareholder of record, please contact your broker.

**Can I find additional information on the Company's website?**

Yes. Our website is located at *www.lxp.com*. Although the information contained on our website is not part of this proxy statement, you can view additional information on the website, such as our code of business conduct and ethics, corporate governance guidelines, charters of board committees and reports that we file and furnish with the Securities and Exchange Commission, which we refer to as the SEC. Copies of our code of business conduct and ethics, corporate governance guidelines and charters of board committees also may be obtained by written request addressed to Lexington Realty Trust, One Penn Plaza, Suite 4015, New York, New York 10119-4015, Attention: Investor Relations.

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AND EXECUTIVE OFFICERS**

The following table indicates, as of March 23, 2007, (a) the number of common shares beneficially owned by each person known by us to own in excess of five percent of the outstanding common shares, and (b) the percentage such shares represent of the total outstanding common shares. All shares were owned directly on such date with sole voting and investment power unless otherwise indicated.

<b>Name of Beneficial Owner</b>	<b>Beneficial Ownership of Shares(1)</b>	<b>Percentage of Class</b>
Apollo Real Estate Advisors III LP	18,687,236(2)	21.5%
Vornado Realty Trust	8,149,594(3)	10.7%
Barclays Global Investors, NA, et. al.	4,576,934(4)	6.7%
The Vanguard Group, Inc.	3,772,723(5)	5.5%

- (1) For purposes of this table, a person is deemed to have beneficial ownership of any shares as of a given date which such person has the right to acquire within 60 days after such date. For purposes of computing the percentage of outstanding shares held by each beneficial owner named above on a given date, any security which such person or persons has the right to acquire within 60 days after such date is deemed to be outstanding, but is not deemed to be outstanding for the purpose of computing the percentage ownership of any other beneficial owner.
- (2) Based on information contained in a Form 4 filed with the SEC on March 13, 2007. According to such Form 4, AP LXP Holdings LLC owns 18,687,236 MLP Units. AP LXP Holdings LLC is wholly owned by Apollo Real Estate Investment Fund III, L.P., the general partner of which is Apollo Real Estate Advisors III, L.P., the general partner of which is Apollo Real Estate Capital Advisors III, Inc. (all located at Two Manhattanville Road, Suite 203, Purchase, New York 10577).
- (3) Based on information contained in a Form 3 filed with the SEC on January 10, 2007. According to such Form 3, Vornado Realty Trust's wholly-owned subsidiaries, Vornado Realty L.P., Vornado Newkirk LLC and VNK L.L.C. own 6,129,580.9, 1,188,932.1 and 831,080.9 MLP Units, respectively. Vornado Realty Trust is located at 888 Seventh Avenue, New York, New York 10119 and Vornado Realty L.P. is located at 210 Route 4 East, Paramus, New Jersey 07652.
- (4) Based on information contained in a Schedule 13G filed with the SEC on January 23, 2007. According to such Schedule 13G, (i) Barclays Global Investors, NA (45 Fremont Street, San Francisco, CA 94105), (ii) Barclays Global Fund Advisors (45 Fremont Street, San Francisco, CA 94105), (iii) Barclays Global Investors, Ltd (Murray House, 1 Royal Mint Court, London, EC3N 4HH), and (iv) Barclays Global Investors Japan Trust and Banking Company Limited (Ebisu Prime Square Tower 8<sup>th</sup> Floor, 1-1-39 Hiroo Shibuya-Ku, Tokyo 150-0012 Japan), are deemed to be the beneficial owners of an aggregate of 4,576,934 common shares as a result of their holding common shares in trust accounts for the economic benefit of the beneficiaries of those accounts.
- (5)

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Based on information contained in a Schedule 13G/A filed with the SEC on February 14, 2007. The address of The Vanguard Group, Inc. is 100 Vanguard Blvd., Malvern, PA 19355.



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The following table indicates, as of March 23, 2007, (a) the number of common shares beneficially owned by each trustee and each executive officer, and by all trustees and executive officers as a group, and (b) the percentage such shares represent of the total outstanding common shares. All shares were owned directly on such date with sole voting and investment power unless otherwise indicated.

Name of Beneficial Owner	Beneficial Ownership of Shares(1)	Percentage of Class
Michael L. Ashner	1,128,613(2)	1.6%
E. Robert Roskind	2,384,938(3)	3.4%
Richard J. Rouse	508,868(4)	*
T. Wilson Eglin	455,571(5)	*
Patrick Carroll	256,850(6)	*
John B. Vander Zwaag	74,672(7)	*
Paul R. Wood	30,245(8)	*
William J. Borruso	1,250	*
Clifford Broser	2,500	*
Geoffrey Dohrmann	32,332(9)	*
Carl D. Glickman	193,012	*
James Grosfeld	18,798	*
Richard Frary	10,500	*
Kevin W. Lynch	24,306	*
All trustees and executive officers as a group (14 persons)	5,122,455	7.3%

\* Represents beneficial ownership of less than 1.0%

- (1) For purposes of this table, a person is deemed to have beneficial ownership of any shares as of a given date which such person has the right to acquire within 60 days after such date. For purposes of computing the percentage of outstanding shares held by each beneficial owner named above on a given date, any security which such person or persons has the right to acquire within 60 days after such date is deemed to be outstanding, but is not deemed to be outstanding for the purpose of computing the percentage ownership of any other beneficial owner.
- (2) Includes (i) 847,543 limited partnership units, held directly by Mr. Ashner or indirectly by Mr. Ashner through his individual retirement account, his wife's individual retirement account, a trust for his children and the Ashner Family Evergreen Foundation, a New York not for profit corporation, of which Mr. Ashner is a director, in The Lexington Master Limited Partnership, which is one of our operating partnership subsidiaries, which are currently exchangeable, on a one-for-one basis, for common shares and (ii) 281,070 common shares held directly by Mr. Ashner, all of which are currently subject to a lockup provision in Mr. Ashner's Employment Agreement. Excludes 3,500,000 common shares held by Winthrop Realty Trust, of which Mr. Ashner is Chairman and Chief Executive Officer.
- (3) Includes (i) 1,519,154 limited partnership units, held by directly by Mr. Roskind or indirectly by Mr. Roskind through his wife and entities controlled by Mr. Roskind, in Lepercq Corporate Income Fund L.P., Lepercq

Corporate Income Fund II L.P. and Net 3 Acquisition L.P., each of which is one of our operating partnership subsidiaries, which are currently exchangeable, on a one-for-one basis, for common shares, (ii) 336,756 common shares held directly by Mr. Roskind, (iii) 131,233 common shares held directly by Mr. Roskind which are subject to performance or time-based vesting requirements or a lockup/claw-back agreement, (iv) 167,843 common shares held in trust in which Mr. Roskind is beneficiary, (v) 33,620 common shares owned of record by The LCP Group, L.P., an entity controlled by Mr. Roskind, which Mr. Roskind disclaims beneficial ownership of to the extent of his pecuniary interest, and (vi) 196,332 common shares held by The Roskind Family Foundation, Inc., over which Mr. Roskind shares voting and investment power. 181,902 common shares and 620,000 operating partnership units are pledged by Mr. Roskind as security for loans and 114,464 common shares are held in a margin account.

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- (4) Includes (i) 101,438 limited partnership units held by Mr. Rouse in Lepercq Corporate Income Fund L.P. and Lepercq Corporate Income Fund II L.P., which are currently exchangeable, on a one-for-one basis, for common shares, (ii) 118,454 common shares held directly by Mr. Rouse, (iii) 165,751 common shares held directly by Mr. Rouse which are subject to performance or time-based vesting requirements or a lockup/claw-back agreement, and (iv) 123,225 common shares held in trust in which Mr. Rouse is beneficiary. 86,402 operating partnership units are pledged by Mr. Rouse as security for a loan and 58,917 common shares are held in margin accounts.
- (5) Includes (i) 107,142 common shares held directly by Mr. Eglin, (ii) 217,566 common shares held directly by Mr. Eglin which are subject to performance or time-based vesting requirements or a lockup/claw-back agreement, and (iii) 130,863 common shares held in trust in which Mr. Eglin is beneficiary.
- (6) Includes (i) 63,652 common shares held directly by Mr. Carroll, (ii) 115,312 common shares held directly by Mr. Carroll which are subject to performance or time-based vesting requirements or a lockup/claw-back agreement, and (iii) 77,886 common shares owned of record by Mr. Carroll's wife, which Mr. Carroll disclaims beneficial ownership of.
- (7) Consists of common shares held directly by Mr. Vander Zwaag which are subject to performance or time-based vesting requirements or a lockup/claw-back agreement.
- (8) Includes (i) 22,394 common shares held directly by Mr. Wood, (ii) 2,251 common shares held directly by Mr. Wood which are subject to time-based vesting requirements and (iii) 5,600 common shares held in trust in which Mr. Wood is a beneficiary.
- (9) A portion of these common shares are held in a margin account.

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**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our trustees, executive officers and beneficial owners of more than 10 percent of the total outstanding common shares to file initial reports of ownership and reports of changes in ownership of common shares and other equity securities with the SEC and the New York Stock Exchange. Trustees, executive officers and beneficial owners of more than 10 percent of the total outstanding common shares are required to furnish us with copies of all Section 16(a) forms they file. Based on a review of the copies of such reports furnished to us and written representations from our trustees and executive officers, we believe that during the 2006 fiscal year our trustees, executive officers and beneficial owners of more than 10 percent of the total outstanding common shares complied with all Section 16(a) filing requirements applicable to them, except that (i) the grants of (A) 484 common shares to Mr. Dohrmann, (B) 576 common shares to Mr. Glickman, (C) 627 common shares to Mr. Grosfeld, (D) 909 common shares to Mr. Lynch, (E) 973 common shares to Mr. Perla, and (F) 422 common shares to Mr. Zachary, on April 27, 2006 were inadvertently reported late on May 3, 2006 and (ii) the grant of 2,251 common shares to Mr. Wood, and the disposition of 1,903 common shares as a payment of tax liabilities, were inadvertently reported late on January 4, 2007. Upon discovery, these transactions were promptly reported.

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**PROPOSAL NO. 1**

**ELECTION OF TRUSTEES**

**Board of Trustees**

Our Board of Trustees currently consists of 11 trustees and each of our current trustees is nominated to be elected at the Annual Meeting with respect to which this proxy statement is being distributed. Election of our trustees requires the affirmative vote of a plurality of the votes cast at the Annual Meeting. The 11 nominees for trustee are Michael L. Ashner, E. Robert Roskind, Richard J. Rouse, T. Wilson Eglin, William J. Borruso, Clifford Broser, Geoffrey Dohrmann, Carl D. Glickman, James Grosfeld, Richard Frary and Kevin W. Lynch. Each nominee has consented to being named in this proxy statement and to serve if elected. Background information relating to the nominees for election appears below.

**The enclosed proxy, if properly completed, signed, dated and returned, and any proxy properly authorized via internet or telephone to vote is withheld or a contrary vote is indicated, will be voted FOR the election of these 11 nominees.** In the event any such nominee becomes unavailable for election, votes will be cast, pursuant to authority granted by proxy, for such substitute nominee as may be designated by our Board of Trustees. All trustees serve for a term of one year (or until our 2008 Annual Meeting of Shareholders) and until their respective successors are elected and qualify.

The following information relates to the nominees for election as our trustees:

<b>Name</b>	<b>Business Experience</b>
MICHAEL L. ASHNER Age 54	Mr. Ashner served as Chairman and the Chief Executive Officer of Newkirk until consummation of the merger with Newkirk, a position he held since June 2005. On December 31, 2006, Mr. Ashner was appointed as a trustee and our Executive Chairman and Director of Strategic Acquisitions. Mr. Ashner also serves as a trustee and the Chairman and Chief Executive Officer of Winthrop Realty Trust, positions he has held since January 2004. Since 1996 he has also served as the Chief Executive Officer of Winthrop Realty Partners, L.P., which we refer to as Winthrop, a real estate investment and management company. Mr. Ashner devotes the business time to us as is reasonably required to perform his duties. Mr. Ashner served as a director and Chief Executive Officer of Shelbourne Properties I, Inc., Shelbourne Properties II, Inc. and Shelbourne Properties III, Inc., three real estate investment trusts, from August 2002 until their liquidation in April 2004. Mr. Ashner also serves on the board of directors of NBTY, Inc., a manufacturer and distributor of nutritional supplements.
E. ROBERT ROSKIND Age 62	Mr. Roskind became Co-Vice Chairman on December 31, 2006, and served as our Chairman from October 1993 to December 31, 2006 and our Co-Chief Executive Officer from October 1993 to January 2003. Mr. Roskind also serves as the Chairman of Lexington Strategic Asset Corp. ( LSAC ). He founded The LCP Group, L.P., a real estate

advisory firm, in 1973 and has been its Chairman since 1976. Mr. Roskind also serves as Chairman of Crescent Hotels and Resorts, as a member of the Board of Directors of LCP Investment Corporation, a Japanese real estate investment trust listed on the Tokyo Stock Exchange, and as a member of the Board of Directors of LCP Reit Advisors, the external advisor to LCP Investment Corporation, each of which is an affiliate of the LCP Group L.P. Mr. Roskind spends approximately 25% of his business time on the affairs of The LCP Group L.P. and its affiliates; however, Mr. Roskind prioritizes his business time to address our needs ahead of The LCP Group L.P.

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<b>Name</b>	<b>Business Experience</b>
RICHARD J. ROUSE Age 61	Mr. Rouse became Co-Vice Chairman on December 31, 2006, served, and continues to serve as our Chief Investment Officer since January 2003 and as one of our trustees since October 1993. He served as our President from October 1993 to April 1996, was our Co-Chief Executive Officer from October 1993 until January 2003, and since April 1996 served as our Vice Chairman. Mr. Rouse also serves as Chief Investment Officer of LSAC.
T. WILSON EGLIN Age 42	Mr. Eglin has served as our Chief Executive Officer since January 2003, our Chief Operating Officer since October 1993, our President since April 1996 and as a trustee since May 1994. He served as one of our Executive Vice Presidents from October 1993 to April 1996. Mr. Eglin also serves as Chief Executive Officer and President and a member of the Board of Directors of LSAC.
WILLIAM J. BORRUSO Age 61	Mr. Borruso has served as a trustee since December 31, 2006. Mr. Borruso retired from Pricewaterhouse Coopers LLP, independent certified public accountants, in June 2005 after 27 years as a partner. Mr. Borruso is a certified public accountant. From October 2005 to December 2006, Mr. Borruso served as a director of LSAC.
CLIFFORD BROSER Age 46	Mr. Broser has served as a trustee since December 31, 2006. Mr. Broser has been associated with Vornado since 1989. Since 1997 Mr. Broser has been a Senior Vice President in Vornado's acquisitions group where he has been responsible for real estate acquisitions and financings. Vornado is a diversified REIT with a current market cap in excess of \$23 billion, making it one of the largest REITs in the industry.
GEOFFREY DOHRMANN Age 56	Mr. Dohrmann has served as a trustee since August 2000. Mr. Dohrmann co-founded Institutional Real Estate, Inc., a real estate-oriented publishing and consulting company in 1987 and is currently its President and Chief Executive Officer. Mr. Dohrmann also belongs to the advisory boards for the National Real Estate Index, The Journal of Real Estate Portfolio Management and American Real Estate Society. Mr. Dohrmann is also a fellow of the Homer Hoyt Institute and the American Real Estate Society and holds the Counselors of Real Estate (CRE) designation.
CARL D. GLICKMAN Age 80	Mr. Glickman has served as a trustee since May 1994. Mr. Glickman has been President of The Glickman Organization, a real estate development and management firm, since 1953. Mr. Glickman is a Director and a member of the Audit Committee of the Board of Directors of Bear Stearns Companies, Inc. and a member of the Board of Trustees of Cleveland State University.
JAMES GROSFELD Age 69	Mr. Grosfeld has served as a trustee since November 2003. He also serves as a Director and member of the Audit Committee of the Board of Directors of Copart, Inc. and a Director of BlackRock, Inc. He has served on the Advisory Board of the Federal National Mortgage Association and as Director of Interstate Bakeries Corporation, Addington Resources, Ramco-Gershenson Properties Trust and

BlackRock Investors. He was Chairman and Chief Executive Officer of Pulte Home Corporation from 1974 to 1990. He received his B.A. from Amherst College in 1959 and L.L.B. from Columbia Law School in 1962.



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**Name**

**Business Experience**

RICHARD FRARY  
Age 59

Mr. Frary has served as a trustee since December 31, 2006. Mr. Frary is the founding partner and majority shareholder of Tallwood Associates, Inc. a private merchant banking firm founded in 1990 primarily engaged in real estate acquisition, management and development. He also serves on the board of directors of Tarragon Corporation, a publicly traded real estate investment trust, and the board of trustees of Johns Hopkins University.

KEVIN W. LYNCH  
Age 54

Mr. Lynch has served as a trustee from May 2003 to the present and from May 1996 to May 2000. Mr. Lynch co-founded and has been a Principal of The Townsend Group since 1983. The Townsend Group is a real estate consulting firm to institutional investors in the United States. Mr. Lynch is a frequent industry speaker and member of the Pension Real Estate Association and the National Council of Real Estate Investment Fiduciaries. He currently sits on the Real Estate Advisory Board for New York University and is a Director and a member of the Audit Committee of the Board of Directors of First Industrial Realty Trust.

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**MANAGEMENT AND CORPORATE GOVERNANCE**

**Our Board of Trustees**

Our Board of Trustees held 18 meetings during the fiscal year ended December 31, 2006. Each trustee attended at least 75% of the aggregate of the total number of meetings of our Board of Trustees and all committees of the Board of Trustees on which he served.

Effective December 31, 2006 and pursuant to our Agreement and Plan of Merger with Newkirk, the size of our Board of Trustees was increased from nine members to 11 members and Stanley R. Perla and Seth M. Zachary resigned from our Board of Trustees and each of Michael L. Ashner, Richard Frary, Clifford Broser and William J. Borruso were appointed to our Board of Trustees. Our Board of Trustees has determined that a majority of our trustees are independent as defined by the applicable listing standards of the New York Stock Exchange.

We expect all trustees to attend each annual general meeting of shareholders, but from time to time other commitments prevent all trustees from attending each meeting. All trustees that were trustees at such time attended the most recent annual meeting of shareholders, which was held on May 23, 2006.

**Trustee Independence**

Our Board of Trustees has adopted the following categorical standards for independence:

A trustee who is, or has been within the last three years, an employee of the Company, or whose immediate family member is, or has been within the last three years an executive officer, of the Company may not be deemed independent. Employment as an interim Chairman, Chief Executive Officer or other executive officer will not disqualify a trustee from being considered independent following that employment.

A trustee who has received, or who has an immediate family member who has received, during any twelve-month period within the last three years, more than \$100,000 in direct compensation from the Company, other than trustee and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), may not be deemed independent. Compensation received by a trustee for former service as an interim Chairman, Chief Executive Officer or other executive officer and compensation received by an immediate family member for service as a non-executive employee of the Company will not be considered in determining independence under this test.

(A) A trustee who is, or whose immediate family member is, a current partner of a firm that is the Company's internal or external auditor; (B) a trustee who is a current employee of such a firm; (C) a trustee who has an immediate family member who is a current employee of such a firm and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or (D) a trustee who was, or whose immediate family member was, within the last three years (but is no longer) a partner or employee of such a firm and personally worked on the Company's audit within that time may not be deemed independent.

A trustee who is, or whose immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the Company's present executive officers at the time serves or served on that company's compensation committee may not be deemed independent.

A trustee who is a current employee or general partner, or whose immediate family member is a current executive officer, general partner or significant equity holder (i.e., in excess of 10%) of an entity that has made

payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1,000,000 or 2% of such other entity's consolidated gross revenues, may not be deemed independent.

A trustee who is, or whose immediate family member is, affiliated with or employed by a tax-exempt entity that received significant contributions (i.e., more than 2% of such entity's consolidated gross revenues or more than \$1,000,000 in a single fiscal year, whichever amount is lower) from the Company, any of its affiliates, any executive officer or any affiliate of an executive officer within the preceding twelve-month

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period may not be deemed independent, unless the contribution was approved in advance by the Board of Trustees.

For purposes of these categorical standards:

**affiliate** means any consolidated subsidiary of the Company and any other entity that controls, is controlled by or is under common control with the Company, as evidenced by the power to elect a majority of the board of directors or comparable governing body of such entity;

**executive officer** means an **officer** within the meaning of Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended; and

**immediate family** means spouse, parents, children, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers-and sisters-in-law and anyone (other than employees) sharing a person's home, but excluding any person who is no longer an immediate family member as a result of legal separation or divorce, or death or incapacitation.

Pursuant to our Corporate Governance Guidelines, our Board of Trustees, acting through the Nominating and Corporate Governance Committee, undertook its annual review of trustee independence in the first quarter of 2007. During this review, our Board of Trustees, in light of the categorical standards set forth above (which are also documented in our Corporate Governance Guidelines), considered transactions and relationships between each trustee or any member of his or her immediate family and us and our subsidiaries and affiliates, including those under **Certain Relationships and Related Transactions**, below. Our Board of Trustees also considered whether there were any transactions or relationships between trustees or any member of his immediate family (or any entity of which a trustee or an immediate family member is an executive officer, general partner or significant equity holder) and members of our senior management or their affiliates. The purpose of this review was to determine whether any such relationships or transactions existed that were inconsistent with the determination that a trustee is independent.

As a result of this review, our Board of Trustees affirmatively determined that all of the trustees nominated for election at the Annual Meeting are independent of us and our management under the standards set forth in our Corporate Governance Guidelines, with the exception of Messrs. Ashner, Broser, Roskind, Rouse and Eglin. Messrs. Ashner, Roskind, Rouse and Eglin are not considered independent because of, among other things, their employment as executives officers of the Company. Mr. Broser is not considered independent because he is a Senior Vice President of Vornado Realty Trust, a party to a Letter Agreement, among us and others, which, among other things, provides for indemnification of Vornado Realty Trust in certain situations.

In determining Mr. Borruso's independence, our Board of Trustees considered his relationship with Lexington Strategic Asset Corp., one of our majority owned subsidiaries to which, through an affiliate, we serve as the advisor. Prior to his appointment as one of our trustees, Mr. Borruso served as an independent director of LSAC.

## **Committees of our Board of Trustees**

Our Board of Trustees has four standing committees: the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee and the Executive Committee.

*Audit Committee.* The Audit Committee of our Board of Trustees was established in accordance with Section 10A-3 of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act. The principal functions of the Audit Committee are described below under the heading **Audit Committee Report** and are contained in a written charter, which we refer to as the Audit Committee Charter. The Audit Committee members are Messrs. Borruso

(Chairperson), Dohrmann and Lynch, each of whom were determined by our Board of Trustees to be independent as that term is used in applicable listing standards of the New York Stock Exchange. Our Board of Trustees has determined that Mr. Borruso qualifies as an Audit Committee Financial Expert in accordance with Item 407(d)(5) of Regulation S-K. None of the current Audit Committee members serves on the audit committees of more than three publicly registered companies. During the fiscal year ended December 31, 2006, the Audit Committee met 14 times, including quarterly telephonic meetings with management, an internal

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audit consulting firm and our independent registered public accounting firm, to discuss matters concerning, among other matters, financial accounting matters, the audit of our consolidated financial statements for the year ended December 31, 2006, and the adequacy of our internal controls over financial reporting.

**Report of the Audit Committee of our Board of Trustees**

Management is responsible for the Company's internal controls and financial reporting process. The independent registered public accounting firm is responsible for performing an independent audit of the Company's consolidated financial statements in accordance with auditing standards generally accepted in the United States of America, attesting to management's assessment of, and the effectiveness of, the Company's internal control over financial reporting in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States), and issuing a report thereon. The Audit Committee's responsibility is to monitor and oversee these processes. The Audit Committee charter is designed to assist the Audit Committee in complying with applicable provisions of the Securities Exchange Act of 1934, as amended, and the New York Stock Exchange's listing rules, all of which relate to corporate governance and many of which directly or indirectly affect the duties, powers and responsibilities of the Audit Committee. Among these duties, powers and responsibilities of the Audit Committee as provided in the Audit Committee Charter, the Audit Committee:

- has sole power and authority concerning the engagement and fees of independent registered public accounting firms,

- reviews with the independent registered public accounting firm the scope of the annual audit and the audit procedures to be utilized,

- pre-approves audit and permitted non-audit services provided by the independent registered public accounting firm,

- reviews the independence of the independent registered public accounting firm,

- reviews the adequacy of the Company's internal accounting controls, and

- reviews accounting, auditing and financial reporting matters with the Company's independent registered public accounting firm and management.

In connection with these responsibilities, the Audit Committee met with management and the independent registered public accounting firm to review and discuss the December 31, 2006 audited consolidated financial statements. The Audit Committee has discussed with the independent registered public accounting firm the matters required to be discussed by Statement of Auditing Standards No. 61. The Audit Committee also received written disclosures and the letter from the independent registered public accounting firm required by Independence