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Land & Buildings Issues Open Letter to Lexington Realty Trust Shareholders

Believes New Truly Independent Perspectives are Critical to Help Reverse Lexington's Long-Term Underperformance for Shareholders Under Current Board and Management

Announces Intent to Nominate Highly Qualified Candidates for Election to the Board at Company's 2022 Annual Meeting

Highlights Need for Fresh Leadership and a Full Review to Determine the Right Path Forward for LXP

Launches Website www.RehabilitateLXP.com

L&B Hosting a Conference Call on Wednesday November 17th at 11:00 am

Stamford, CT (November 15, 2021) – Today Land & Buildings Investment Management, LLC (together with its affiliates, "Land & Buildings"), a significant shareholder of Lexington Realty Trust ("LXP," "Lexington" or the "Company") (NYSE: LXP), announced it has issued an open letter to LXP shareholders detailing why it believes new independent voices – selected with input from shareholders, not appointed by the incumbent trustees – are urgently needed in the boardroom to help the Company reverse its track record of consistent underperformance under the current Board and management team. To that end, Land & Buildings announced in the letter that it intends to nominate highly qualified candidates, including Land & Buildings' Jonathan Litt, for election to the LXP Board of Trustees (the "Board") at the upcoming 2022 Annual Meeting of Shareholders (the "Annual Meeting").

Land & Buildings will be hosting a conference call on Wednesday November 17th at 11:00 am ET to discuss the issues plaguing LXP and the right path forward to maximizing value for all shareholders. Click here to register.

The full text of the letter is below:

Dear Fellow Lexington Realty Trust Shareholders,

As a significant shareholder of Lexington Realty Trust, Land & Buildings believes the Company has meaningful opportunities in front of it. Transaction volume for the type of industrial warehouse assets that make up the bulk of LXP's portfolio is set to reach a record level in 2021. Secular and cyclical drivers of demand signal that strong rent growth is on pace to continue, and record leasing and absorption levels have pushed vacancies to all-time lows. In short, Lexington should be ideally positioned to take advantage of this perfect market to help it finally close the consistent discount between the Company's net asset value and its share price.

Unfortunately, we are highly concerned by the state of LXP and believe urgent change is required.

In their recent public letter, Lexington's CEO and Chairman and Lead Independent Trustee claim that "delivering value for you, the Company's shareholders," is LXP's top priority.[1] The facts tell a different story. We believe Lexington's actions and track record reveal a Board and management team that has:

- Consistently failed to deliver adequate performance for shareholders;
- Perpetually shifted strategies while making costly capital allocation missteps, and;
- Dismissed our repeated attempts to explore a constructive solution that would benefit all shareholders.

This is why we intend to nominate highly qualified trustee candidates, including Mr. Litt as a direct shareholder representative, in order to help begin to reverse Lexington's track record of undervaluation and its culture of insularity.

These individuals will stand ready to work with the other trustees in the boardroom to objectively evaluate the right pathway for Lexington and all its shareholders.

Lexington Has Consistently Failed to Deliver for Shareholders Under the Current Board and Management

Over nearly any time period since T. Wilson Eglin's term as CEO began in 2003, Lexington's total shareholder returns have lagged those of its Industrial and Proxy Peers[2]. In our view, this underperformance, during a roughly 17-year stretch that has generally been a tremendous market for the real estate sector, stems primarily from the lack of a focused strategy which resulted in an inability to close LXP's discount to net asset value.

Total Shareholder Returns	Since CEO (Jan '03)	Trailing 10 Years	Trailing 5 Years	Trailing 3 Years	Trailing 1 Year
Lexington Realty Trust	**267%**	**231%**	**67%**	**71%**	**20%**
Industrial Peers Average	*755%*	*519%*	*149%*	*86%*	*33%*
LXP Performance vs. Industrial Peers	**-488%**	**-288%**	**-81%**	**-15%**	**-13%**
Proxy Peers Average	*757%*	*358%*	*99%*	*65%*	*40%*
LXP Performance vs. Proxy Peers	**-490%**	**-127%**	**-32%**	**6%**	**-20%**

For perspective, consider that Lexington's share price today is below where it was when Mr. Eglin became CEO in 2003, a period during which the REIT Index has more than tripled.[3]

Further, during Mr. Eglin's tenure LXP's earnings declined by 60% and its dividend has been reduced by over 60%. Adding insult to injury for shareholders is the fact that Mr. Eglin has been paid more than $65 million in total compensation for overseeing this value destruction.

[1] Lexington Realty Trust Sends Letter to Shareholders, October 6, 2021

[2] Industrial Peers defined by Land & Buildings as STAG, MNR, PLD, DRE, FR, TRNO, REXR, EGP; Proxy Peers defined by the Company in its 2021 proxy statement (DEF 14A page 28) as competitor peer group EGP, EPRT, FR, GTY, NNN, OLP, PSB, REXR, STAG, STOR, TRNO, VER, WPC. Total shareholder returns through August 16, 2021, the day Land & Buildings' investment in LXP was disclosed in Form 13F.

[3] FTSE NAREIT All Equity REITs Index, a price index.

You will consistently see the Company call out its three-year performance versus its proxy peers, during which it outperformed this group by 6%. That is because in the 18 years since Mr. Eglin took over, this is literally one of the only periods it is possible to cherry-pick during which the Company has not materially underperformed. We believe LXP's shareholders deserve better.

A Perpetually Shifting Strategy and Pattern of Capital Allocation Missteps

According to LXP, the Company has "substantially completed" the "transformation" (a word used 13 times in its recent press release and letter) it has been undergoing for years. The reality is that the Company has been in a perpetual state of transition for more than a decade.

As LXP's management team and Board have struggled to settle on a strategy, the result has been a never-ending string of non-core dispositions and about faces. Consider the following examples:

- Months after acquiring Newkirk Realty Trust, Inc. (formerly NYSE:NKT) ("Newkirk"), with a material retail portfolio:

  > "**We are marketing all of our retail properties for sale**, in addition to other non-core properties, in an effort to exit the retail asset class." – Mr. Eglin, May 3, 2007
  >
  > Actual outcome: Lexington continued to buy retail after May 2007 and 12 years later finally exited the retail sector.

- After a decade-plus of growing its office portfolio:

  > "We continue to focus our efforts on dispositions from a strategic perspective, augmenting the transformation of our portfolio… while executing a **strategy that will reduce our office exposure.**" – Mr. Eglin, November 7, 2014
  >
  > Actual outcome: Lexington continued to buy office after November 2014 and seven years later still has not exited the office sector.

- Months after investing in manufacturing and cold storage assets:

  > "We are continuing to focus our efforts on warehouse distribution space with **less emphasis on industrial properties with special characteristics such as manufacturing and cold storage.**" – Mr. Eglin, May 8, 2019
  >
  > Actual outcome: Lexington reversed course after recently investing in manufacturing and cold storage assets, shifting investment focus to industrial warehouses.

Accompanying the inability to stick to a strategy has been a persistent poor track record of capital allocation – calling into question management and the Board's ability to make the right decisions for shareholders. Consider that during Mr. Eglin's tenure, he has overseen more than $800 million of asset impairments.

This inability to allocate capital appropriately in the absence of a coherent and consistent strategy has also plagued LXP when it comes to questionable M&A and equity issuance:

- Lexington's Board and management approved the issuance of stock to acquire Newkirk for $2 billion in 2006, buying office and retail assets, reducing pro forma exposure to industrial and taking on substantially above market rent leases:

  > "Going forward we will have roughly the same percentage of revenue from office properties, **less from industrial and a little bit more from retail**. So we will be a company that is starting to have more significant exposure to retail. **And I expect that will open up more avenues of growth for us."** – Mr. Eglin, July 24, 2006

  > "So I think there is a **great opportunity to continue to expand our core and add new lines of business** as we continue to grow." – Mr. Eglin, July 24, 2006

- Shortly after the Newkirk transaction, Mr. Eglin made clear the stock was at a discount to NAV, effectively acknowledging they were ok with issuing equity and diluting shareholders:

  > "Rare in the REIT sector, our shares last year traded below our net asset value" – Mr. Eglin, April 9, 2007

- Mr. Eglin and the Board recklessly issued $200 million in equity in May 2021 at $12.20 per share, at a nearly 6% implied cap rate, diluting shareholders by selling equity materially below the prevailing cap rate for its underlying assets. Consider that Monmouth Real Estate Investment Corporation (NYSE: MNR) ("Monmouth") had just agreed to sell their inferior industrial portfolio to Sam Zell's Equity Commonwealth (NYSE: EQC) for a mid-4% cap rate, yet the Company chose to issue equity at a material discount to the Monmouth valuation.

Lexington's Board and Management have Dismissed our Attempts to Explore a Constructive Solution – Instead Choosing to Fight to Entrench Themselves

Our desire was to work collaboratively behind the scenes with Lexington. It is our view – and we know one held by other Lexington shareholders – that given the underperformance and strategic missteps that have occurred under the watch of the incumbent Board and CEO, they do not have the credibility to unilaterally appoint new directors. Shareholders must have a say in this process, otherwise how can we expect anything besides more of the same disappointing results?

It quickly became apparent, however, that constructive engagement and shareholder input on directors was something the Board had no interest in.

Only nine business days after our first private letter to the Board, LXP issued its October 6th press release and letter to shareholders, accompanied by an 8-K filing disclosing full copies of our private correspondence to-date.

It is highly disappointing that the current Board and management team have seemingly chosen to fight to entrench themselves instead of working constructively towards a solution that would benefit all shareholders and avoid an unnecessary proxy contest. This is yet another example of leadership's suspect decision making and should cause all shareholders to question LXP's priorities and the Board's willingness (or lack thereof) to protect and enhance the best interests of shareholders. Change is clearly and urgently required.

The Path Forward to Realize Lexington's Full Potential

Lexington has a unique opportunity given the quality of its portfolio and current undervaluation to drive strong long-term shareholder value. However, the current management team and Board has consistently failed to deliver. There is an immediate need for the following, in our view:

- **Board refreshment** – The addition of fresh perspectives to the Board would provide shareholder representation, objectivity and differentiated real estate investment perspectives that would be solely focused on maximizing value for all shareholders.
- **CEO succession** – Mr. Eglin 17 years as CEO has seen substantial underperformance to its Proxy Peers and Industrial Peers due to repeatedly poor capital allocation and poor communication. We believe new leadership could drive shares higher, like its peers that generally trade at or above NAV.
- **Sell assets and return capital to shareholders** – A logical move is to sell assets and return capital to shareholders when trading at a discount to NAV like Lexington is today, which we believe could be readily executed in the active industrial transaction market.
- **Establish a succession planning and value creation committee** – This group should consist of two existing Board members as well as the candidates Land & Buildings intends to nominate, including Mr. Litt, if elected at the Annual Meeting.
- **Evaluate all strategic options** – Robust investor interest in industrial real estate, most recently evidenced by Monmouth selling at a 4% cap rate, highlights the substantial undervaluation of LXP and the need to evaluate the right pathway forward for the Company.

It is clear to us that neither this management team nor Board have the track record or a plan for the shares to trade at the private market value of the real estate, which is substantially higher than the current share price. We believe the addition of truly independent, highly qualified candidates to the Board is essential to help close the gap to NAV and to ensure shareholders' interests remain paramount in the boardroom.

While we continue to prefer a negotiated solution and remain open to continuing our dialogue with LXP, we must take all actions necessary to preserve our rights as shareholders, including nominating director candidates for election to the Board at the Annual Meeting.

Sincerely,

Jonathan Litt

Land & Buildings Investment Management, LLC

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