FORM S-3/A

Registration statement for specified transactions by certain issuers [amend]

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LEXINGTON CORPORATE PROPERTIES TRUST
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As filed with the Securities and Exchange Commission on September 10, 1999
Registration No. _____333-85631

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1
TO

FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

LEXINGTON CORPORATE PROPERTIES TRUST
(Exact name of registrant as specified in its charter)

MARYLAND	13-3717318
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

355 LEXINGTON AVENUE
NEW YORK, NEW YORK 10017
TELEPHONE NUMBER (212) 692-7260
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

T. WILSON EGLIN
PRESIDENT AND CHIEF OPERATING OFFICER
LEXINGTON CORPORATE PROPERTIES TRUST
355 LEXINGTON AVENUE
NEW YORK, NEW YORK 10017
(212) 692-7260 (Name, address, including zip code, and telephone number, including area code, of agent for service)

COPIES TO:
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399 PARK AVENUE
NEW YORK, NEW YORK 10022-4697
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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: AS SOON AS POSSIBLE AFTER THE EFFECTIVE DATE OF THIS REGISTRATION STATEMENT AND FROM TIME TO TIME AS DETERMINED BY MARKET CONDITIONS.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box./ /

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (the "Securities Act") other than securities offered only in connection with dividend or interest reinvestment plans, please check the following box./X/

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. / /

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

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PROSPECTUS

1,729,227 Shares

LEXINGTON CORPORATE PROPERTIES TRUST

Common Shares

THE COMPANY:

- We are a self-managed and self-administered real estate investment trust that acquires, owns and manages a geographically diversified portfolio of net leased office, industrial and retail properties.

- We are possibly issuing up to an aggregate 1,729,227 Common Shares in exchange for the redemption of an equal number of units of limited partnership interests in two of our controlled subsidiaries, Lepercq Corporate Income Fund L.P. and Lepercq Corporate Income Fund II L.P. We will not receive proceeds from any Common Shares which we may issue. We are not being assisted by any underwriter in connection with the issuance of any Common Shares.

TRADING SYMBOL:

- Lexington Corporate Properties Trust 355 Lexington Avenue New York, New York 10017 (212) 692-7260

- The Common Shares are listed on The New York Stock Exchange under the symbol "LXP." On August 19, 1999, the last reported sale price of a Common Share was $11.25.

THIS INVESTMENT INVOLVES RISK. YOU SHOULD REVIEW "RISK FACTORS" BEGINNING ON PAGE 6 FOR A DISCUSSION OF CERTAIN FACTORS THAT YOU SHOULD CONSIDER PRIOR TO INVESTING IN THE COMMON SHARES.

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NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THESE SECURITIES, OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

September__, 1999

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WHERE YOU CAN FIND MORE INFORMATION

Lexington Corporate Properties Trust (the "Company", "we" or "us") files annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). You may read and copy any materials that we have filed with the SEC at the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. We file information electronically with the SEC. The SEC maintains an Internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. The address of the SEC's Internet site is http://www.sec.gov.

The SEC allows us to "incorporate by reference" the information we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings we will make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934:

1. The Company's Annual Report on Form 10-K (Commission File No. 1-12386) for the year ended December 31, 1998, filed on March 5, 1999.

2. The Company's 1999 Proxy Statement on Schedule 14-A (Commission File No. 1-12386), filed on April 14, 1999.

3. The Company's Quarterly Report on Form 10-Q (Commission File No. 1-12386) for the quarter ended March 31, 1999, filed on May 14, 1999.

4. The Company's Current Report on Form 8-K (Commission File No. 1-12386) as of July 14, 1999 filed on August 3, 1999.

5. The Company's Quarterly Report on Form 10-Q (Commission File No. 1-12386) for the quarter ended June 30, 1999 filed on August 13, 1999.

You may request a copy of these filings, at no cost, by writing or telephoning us at the following address:

T. Wilson Eglin, President
Lexington Corporate Properties Trust
355 Lexington Avenue
New York, New York 10017
(212) 692-7260

This prospectus is part of a registration statement we filed with the SEC. You should rely only on the information or representations provided in this prospectus. We have not authorized anyone else to provide you with different information. You should not assume that the information in this prospectus or

any supplement is accurate as of any date other than the date on the front of those documents.

FORWARD-LOOKING STATEMENTS

In addition to historical information, we have made forward-looking statements in this prospectus and in the documents incorporated by reference in this prospectus, such as those pertaining to our capital resources, portfolio performance and result of operations. "Forward-looking statements" are projections, plans, objectives or assumptions about the Company. Forward-looking statements involve numerous risks and uncertainties and you should not place undue reliance on such statements since there can be no assurance that the events or circumstances reflected in these statements will actually occur. Certain such forward-looking statements can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "pro forma," "estimates," or "anticipates" or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy, plans or intentions. Such forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and they may be incapable of being realized. The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements: defaults or non-renewal of leases, increased interest rates and operating costs, failure to obtain necessary outside financing, difficulties in identifying properties to acquire and in effecting acquisitions, failure to successfully integrate acquired properties and operations, risks and uncertainties affecting property development and construction (including, without limitation, construction delays, costs overruns, inability to obtain necessary permits and public opposition to such activities), failure to qualify as a real estate investment trust under the Internal Revenue Code of 1986, as amended (the "Code"), environmental uncertainties, risks related to natural disasters, financial market fluctuations, changes in real estate and zoning laws and increases in real property tax rates. Our success also depends upon economic trends generally, including interest rates, income tax laws, governmental regulation, legislation, population changes and those risk factors discussed in this prospectus under the heading "Risk Factors." Readers are cautioned not to place undue reliance on forward-looking statements, which reflect management's analysis only. We assume no obligation to update forward-looking statements.

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the more detailed information and Consolidated Financial Statements and related Notes thereto incorporated by reference into this prospectus. All references to the "Company," "we" or "us" refer to Lexington Corporate Properties Trust, a Maryland real estate investment trust, and those entities owned or controlled, directly or indirectly, by Lexington Corporate Properties Trust.

THE COMPANY

We are a self-managed and self-administered real estate investment trust ("REIT") that acquires, owns and manages a geographically diversified portfolio of net leased office, industrial and retail properties. As of the date of this prospectus, we own 65 properties or interests therein (the "Properties," and each a "Property"). Substantially all of our leases are "net leases," under which the tenant is responsible for all costs of real estate taxes, insurance, ordinary maintenance and structural repairs. The Properties are located in 29 states, have approximately 10.9 million net rentable square feet and, under the terms of their applicable leases, currently generate approximately $75.5 million in annual rent. Our tenants, many of which are nationally recognized, include Bank One Arizona, N.A., General Motors, Fleet Mortgage Group , Inc., Circuit City Stores, Inc., The Hartford Fire Insurance Company, Honeywell, Inc., Kmart Corporation, Lockheed Martin Corporation, Northwest Pipeline Corporation, Ryder Integrated Logistics and Wal-Mart Stores, Inc.

Our senior executive officers average over 20 years of experience in the real estate investment and net lease business. We have diversified our portfolio by geographical location, tenant industry segment, lease term expiration and property type with the intention of providing steady internal growth with low volatility. We believe that such diversification should help insulate us from regional recession, industry specific downturns and price fluctuations by property type. Since January 1, 1998, we have also enhanced the value of our portfolio by acquiring $235 million of properties, aggregating

approximately 4.0 million net rentable square feet and accounting for approximately $26.4 million in annual rent. In addition, we have entered into an agreement to purchase an additional property for $43.1 million, which is a build-to-suit property currently under construction and expected to be ready for delivery no later than the fourth quarter of 1999. As part of our ongoing efforts, we expect to continue to effect portfolio and individual property acquisitions, either through joint ventures or for our own account, and dispositions, expand existing Properties, attract investment grade quality tenants, extend lease maturities in advance of expiration and refinance outstanding indebtedness, when advisable.

The Company, through a predecessor entity, commenced operations in 1993 as a REIT, with two operating partnership subsidiaries. This operating partnership structure enables us to acquire property by issuing to a seller, as a form of consideration, interests ("OP Units") in our subsidiary operating partnerships. The OP Units are redeemable, after certain dates, for Common Shares. See "Distributions On OP Units." We believe that this corporate structure facilitates our ability to raise capital and to acquire portfolio and individual properties by enabling us to structure transactions which may defer tax gains for a contributor of property while preserving the Company's available cash for other purposes, including the payment of distributions. We have used OP Units as a form of consideration in connection with the acquisition of 22 of our Properties.

Our executive offices are located at 355 Lexington Avenue, New York, New York 10017, and our telephone number is (212) 692-7260.

RISK FACTORS

An investment in the Common Shares offered hereby involves various risks. For a discussion of factors that should be considered in evaluating such an investment, see "Risk Factors" beginning on page 7.

SECURITIES TO BE OFFERED

This prospectus relates to the possible issuance by the Company of up to 1,729,227 shares (the "Redemption Shares") of common stock, par value $.0001 per share ("Common Shares"), if and to the extent that, certain holders, elect to tender up to an aggregate of 1,729,227 OP Units in the Operating Partnerships for redemption commencing on September 1, 1999 and quarterly thereafter. The Company is registering the Redemption Shares for sale to permit the holders thereof to sell such shares without restriction in the open market or otherwise, but the registration of such shares does not necessarily mean that any of such Units will be tendered for redemption or that any of such shares will be offered or sold by the holders thereof.

The Unit Holders and any agents or broker-dealers that participate in the distribution of Redemption Shares may be deemed to be "underwriters" within the meaning of the Securities Act of 1933, as amended (the "Securities Act"), and any profit on the sale of Redemption Shares and any commissions received by any such dealers or agents may be deemed to be underwriting commissions or discounts under the Securities Act.

DISTRIBUTION POLICY

Distributions are paid to our shareholders on a quarterly basis if, as and when declared by the Board of Trustees. Our current annualized distribution per Common Share is $1.20. In order to maintain our status as a REIT, we must distribute at least 95% of our "REIT taxable income" and 95% of any after-tax net income from foreclosure properties, in each case less any excess non-cash income, to our common shareholders. See "Federal Income Tax Considerations of Holding Shares in a REIT." Although we expect to continue our policy of making quarterly distributions, there can be no assurance that we will maintain distributions at the current level.

RISK FACTORS

Tax Impact to Unit Holders of Redemption of Units. Lepercq Corporate Income Fund L.P. ("LCIF") and Lepercq Corporate Income Fund II L.P.'s ("LCIF II" collectively the "Operating Partnerships") respective Partnership Agreements

provide that the redemption of Units will be treated by the Company, the Operating Partnerships and the redeeming Unit holder as a sale of the Units by such Unit holder to the Company at the time of redemption. Such sale will be fully taxable to the redeeming Unit holder. It is possible that the amount of gain recognized or even the tax liability resulting from such gain could exceed the fair market value of the redemption shares. See "Redemption of Units -- Tax Treatment of Redemption of Units."

Risks Involved in Single Tenant Leases. We focus our acquisition activities in net leased real properties or interests therein. Due to the fact that our net leased real properties are leased to single tenants, the financial failure of or other default by a tenant resulting in the termination of a lease is likely to cause a significant reduction in the operating cash flow of the lessor and might decrease the value of the property leased to such tenant. See "The Company -- The Net Lease Real Estate Business."

Dependence on Major Tenants. Revenues from several of our tenants and/or their guarantors constitute a significant percentage of our consolidated rental revenues. Currently, our five largest tenants/guarantors, which occupy eleven Properties, represent 39.0% of annualized revenues. The default, financial distress or bankruptcy of any of the tenants of such Properties could cause interruptions in the receipt of lease revenues from such tenants and/or result in vacancies in the respective Properties, which would reduce our revenues and increase operating costs until the affected property is re-let, and could decrease the ultimate sale value of each such Property. Upon the expiration of the leases that are currently in place with respect to these Properties, we may not be able to re-lease the vacant property at a comparable lease rate or without incurring additional expenditures in connection with such re-leasing.

On March 8, 1999, we entered into an agreement with FirstPlus Financial Group, Inc. ("FirstPlus"), our tenant in a Class-A 248,000 square foot office building in Dallas, Texas, to defer a portion of its monthly rent. Under the agreement FirstPlus deferred from March 1999 through June 1999 $100,000 of its $268,632 monthly rent. The agreement has been extended through September 30, 1999 whereby $126,000 of each month's rent for July, August and September will be deferred. These deferrals will be added with interest to future rental payments. Currently, FirstPlus represents 2.72% of our 1999 annualized revenue. The FirstPlus lease is scheduled to expire on August 31, 2012, however, FirstPlus announced that it was discontinuing operations in Dallas. In addition, a wholly owned subsidiary of FirstPlus filed for Chapter 11 bankruptcy protection in March 1999.

Leverage. We have incurred, and may continue to incur, indebtedness (secured and unsecured) in furtherance of our activities. Neither the Declaration of Trust nor any policy statement formally adopted by the Board of Trustees limits either the total amount of indebtedness or the specified percentage of indebtedness (based upon the total market capitalization of the Company) which may be incurred. Accordingly, we could become more highly leveraged, resulting in increased risk of default on our obligations and in an increase in debt service requirements which could adversely affect our financial condition and results of operations and our ability to pay distributions. Our current unsecured revolving credit facility with Fleet National Bank, as agent (the "Credit Facility") contains various covenants which limit the amount of secured and unsecured indebtedness we may incur.

Possible Inability to Refinance Balloon Payment on Mortgage Debt. A significant number of our Properties are subject to mortgages with balloon payments. As of the date of the prospectus, the scheduled balloon payments for the remainder of 1999 and the next five calendar years are as follows:

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- 1999 - $0;
- 2000 - $15.1 million;
- 2001 - $1.0 million;
- 2002 - $10.6 million;
- 2003 - $0; and
- 2004 - $25.3 million

Our Credit Facility matures in 2001. Our ability to make such balloon payments

will depend upon our ability either to refinance the mortgage related thereto or to sell the related property. Our ability to accomplish such goals will be affected by various factors existing at the relevant time, such as the state of the national and regional economies, local real estate conditions, available mortgage rates, our equity in the mortgaged properties, our financial condition, the operating history of the mortgaged properties and tax laws.

Uncertainties Relating to Lease Renewals and Re-letting of Space. We will be subject to the risks that, upon expiration of leases for space located in our Properties, the premises may not be re-let or the terms of re-letting (including the cost of concessions to tenants) may be less favorable than current lease terms. If we are unable to re-let promptly all or a substantial portion of our commercial units or if the rental rates upon such re-letting were significantly lower than expected rates, our net income and ability to make expected distributions to our shareholders would be adversely affected. There can be no assurance that we will be able to retain tenants in any of our Properties upon the expiration of their leases. Our scheduled lease expirations, as a percentage of annualized revenues for the remainder of 1999 and the next five years, are as follows:

- 1999 - 0%;
- 2000 - 0.87%;
- 2001 - 4.32%;
- 2002 - 3.76%
- 2003 - 2.52%; and
- 2004 - 0.20%

Defaults on Cross-Collateralized Properties. Although we do not generally cross-collateralize any of our Properties, we may determine to do so from time to time. As of the date of this prospectus, two of our Properties in Florida are cross-collateralized and 17 of our Properties are the subject of a segregated pool of assets with respect to which commercial mortgage pass-through certificates were issued. To the extent that any of our Properties are cross-collateralized, any default by us under the mortgage relating to one such Property will result in a default under the financing arrangements relating to any other Property which also provides security for such mortgage.

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

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

From time to time, in connection with the conduct of our business, and prior to the acquisition of any property from a third party or as required by our financing sources, we authorize the preparation of Phase I environmental

reports and, when necessary, Phase II environmental reports, with respect to our Properties. Based upon such environmental reports and our ongoing review of our Properties, as of the date of this prospectus, we are not aware of any environmental condition with respect to any of our Properties which we believe would be reasonably likely to have a material adverse effect on us. There can be no assurance, however, that the following will not expose us to material liability in the future:

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

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

Risks Relating to Acquisitions. A significant element of our business strategy is the enhancement of our portfolio through acquisitions of additional properties through joint ventures or for our own account. The consummation of any future acquisitions will be subject to satisfactory completion of our extensive valuation analysis and due diligence review and to the negotiation of definitive documentations. There can be no assurance that we will be able to identify and acquire additional properties or that we will be able to finance acquisitions in the future. In addition, there can be no assurance that any such acquisition, if consummated, will be profitable for us. If we are unable to consummate the acquisition of additional properties in the future, there can be no assurance that we will be able to increase the cash available for distribution to our shareholders.

Concentration of Ownership by Certain Investors. In three separate closings in 1997, we sold 2,000,000 Class A Senior Cumulative Convertible Preferred Shares of Beneficial Interest in the Company to Five Arrows Realty, L.L.C. ("Five Arrows"). The Convertible Preferred Shares are convertible at anytime into Common Shares on a one-to-one basis at $12.50 per share. In March 1997, we sold to an institutional investor in a private placement 8% Exchangeable Redeemable Secured Notes in the aggregate principal amount of $25 million. The Exchangeable Notes are exchangeable at $13.00 per share for our Common Shares beginning in 2000, subject to adjustment. Significant concentrations of ownership by certain investors may allow such investors to exert a greater influence over our management and affairs.

Uninsured Loss. We carry comprehensive liability, fire, extended coverage and carry rent loss insurance on most of our Properties, with policy specifications and insured limits customarily carried for similar properties. However, with respect to certain of the Properties where the leases do not provide for abatement of rent under any circumstances, we generally do not maintain rent loss insurance. In addition, there are certain types of losses (such as due to wars or acts of God) that generally are not insured because they are either uninsurable or not economically insurable. Should an uninsured loss or a loss in excess of insured limits occur, we could lose capital invested in a Property, as well as the anticipated future revenues from a Property, while remaining obligated for any mortgage indebtedness or other financial obligations

related to the Property. Any such loss would adversely affect our financial condition. We believe that the Properties are adequately insured in accordance with industry standards.

Adverse Effects of Changes in Market Interest Rates. The trading prices of equity securities issued by REITs have historically been affected by changes in broader market interest rates, with increases in interest rates resulting in decreases in trading prices, and decreases in interest rates resulting in increases in such trading prices. An increase in market interest rates could therefore adversely affect the trading prices of any equity securities issued by us.

Competition. The real estate industry is highly competitive. Our

principal competitors include national REITs, many of which are substantially larger and have substantially greater financial resources than us.

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

DESCRIPTION OF CAPITAL SHARES

The description of the Company's Capital Shares set forth below does not purport to be complete and is qualified in its entirety by reference to the Company's Declaration of Trust and By-laws, copies of which are incorporated by reference as exhibits to the Registration Statement of which this prospectus is a part. See "Where You Can Find More Information."

AUTHORIZED CAPITAL

The Company has an aggregate of 40,000,000 authorized Common Shares, 40,000,000 Excess Shares and 10,000,000 undesignated Preferred Shares (2,000,000 of which have been designated Class A Senior Cumulative Convertible Preferred Shares) available for issuance under its Declaration of Trust. Such shares (other than reserved shares) may be issued from time to time by us in the discretion of the Board of Trustees to raise additional capital, acquire assets, including additional real properties, redeem or retire debt or for any other business purpose. In addition, the undesignated Preferred Shares may be issued in one or more additional classes with such designations, preferences and relative participating, optional or other special rights including, without limitation, preferential dividend or voting rights, and rights upon liquidation, as shall be fixed by the Board of Trustees. Also, the Board of Trustees is authorized to classify and reclassify any unissued capital shares by setting or changing, in any one or more respects, the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications or terms or conditions of redemption of such capital shares. Such authority includes, without limitation,

subject to the provisions of the Declaration of Trust, authority to classify or reclassify any unissued capital shares into a class or classes of preferred shares, preferences shares, special shares or other shares, and to divide and reclassify shares of any class into one or more series of such class. In certain circumstances, the issuance of Preferred Shares, or the exercise by the Board of Trustees of such rights to classify or reclassify shares, could have the effect of deterring individuals or entities from making tender offers for the Common Shares or seeking to change incumbent management.

As of the date of this prospectus, we have also filed with the Commission a Registration Statement (Registration No. 333-49351) pursuant to which we may offer, from time to time, in one or more series (i) Common Shares, (ii) Preferred Shares and (iii) debt securities (the "Debt Securities"), which may be senior or subordinated debt securities, with an aggregate public offering price of up to $250,000,000. The Common Shares, Preferred Shares and Debt Securities may be offered, separately or together, in separate classes or series, in amounts, at prices and on terms to be determined from time to time.

In addition, we filed with the Commission Registration Statements (Registration Nos. 333-57853, 333-70217 and Nos. 333-76709) to register, for the possible issuance by us, 4,252,202 Common Shares to redeem up to 4,252,202 units of limited partnership interest in LCIF. Of these 4,252,202 possible redemptions, 765,385 have been redeemed as of the date hereof.

DESCRIPTION OF COMMON SHARES

Under the Declaration of Trust, the Company has authority to issue 40,000,000 Common Shares, par value $.0001 per share. Under the Maryland General Corporation Law (the "MGCL"), shareholders generally are not responsible for a corporation's debts or obligations.

As of the date of this prospectus, the Company had outstanding 17,148,542 Common Shares and had reserved for possible issuance upon redemption of Units of partnership interest in its operating partnerships an aggregate 6,021,709 Common Shares. All of the Common Shares and any Common Shares issued upon redemption of Units are tradable without restriction under the Securities Act (unless such shares are held by affiliates of the Company), either pursuant to the registration statement of which this prospectus is a part, pursuant to registration rights granted by the Company or otherwise. See "Registration Rights."

No prediction can be made as to the effect, if any, that future sales of Common Shares, or the availability of shares for future sale, will have on the market price prevailing from time to time. Sales of substantial amounts of Common Shares (including shares issued upon the redemption of Units or the exercise of options), or the perception that such sales could occur, could adversely affect the prevailing market price of the shares.

DESCRIPTION OF PREFERRED SHARES

Under the Declaration of Trust, the Company has authority to issue 10,000,000 Preferred Shares, 2,000,000 of which, designated as Class A Senior Cumulative Convertible Preferred Shares (the "Convertible Preferred Shares"), are outstanding as of the date of this prospectus, as described below. Preferred Shares may be issued from time to time, in one or more series, as authorized by the Board of Trustees of the Company. Prior to the issuance of shares of each series, the Board of Trustees is required by the MGCL and the Declaration of Trust to fix for each series, subject to the provisions of the Declaration of Trust regarding excess shares, $.0001 par value per share ("Excess Shares"), the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption, as are permitted by MGCL. The Convertible Preferred Shares are, and any other class of Preferred Shares will, if issued, be fully paid and nonassessable and the Convertible Preferred Shares are not, and any other class of Preferred Shares will not, if issued, be subject to preemptive rights. The Board of Trustees could authorize the issuance of Preferred Shares with terms and conditions that could have the effect of discouraging a takeover or other transaction that holders of Common Shares might believe to be

in their best interests or in which holders of some, or a majority, of the Common Shares might receive a premium for their shares over the then market price of such Common Shares.

TERMS OF CLASS A SENIOR CUMULATIVE CONVERTIBLE PREFERRED SHARES

In December 1996, the Company entered into an agreement with Five Arrows providing for the sale of up to 2,000,000 Convertible Preferred Shares. In three separate closings in 1997, the Company sold all 2,000,000 Convertible Preferred Shares for an aggregate price of $25 million. The Convertible Preferred Shares, which are convertible into Common Shares on a one-for-one basis at $12.50 per share, subject to adjustment, are entitled to quarterly distributions equal to the greater of $.295 per share or the product of 1.05 and the per share quarterly distribution on Common Shares. The current quarterly dividend paid to the holder of the Convertible Preferred Shares is $0.315 per share. The Convertible Preferred Shares may be redeemed by the Company after December 31, 2001 at a 6% premium over the liquidation preference of $12.50 per share (plus accrued and unpaid dividends), with such premium declining to zero on or after December 31, 2011. Each Convertible Preferred Share is entitled to one vote and holders are entitled to vote on all matters submitted to a vote of holders of outstanding Common Shares. In connection with such sale, we have entered into certain related agreements with Five Arrows, providing, among other things, for certain demand and piggyback registration rights with respect to

such shares and the right to designate a member or members of the Board of Trustees of the Company. Five Arrows' designee, John D. McGurk, is currently serving as a member of our Board of Trustees.

TERMS OF EXCHANGEABLE NOTES

In March 1997, we sold to an institutional investor in a private placement 8% Exchangeable Redeemable Secured Notes (the "Exchangeable Notes") in the aggregate principal amount of $25 million. The Exchangeable Notes are exchangeable at $13.00 per share for the Company's Common Shares beginning in 2000, subject to adjustment.

TRANSFER AGENT

The transfer agent and registrar for the Common Shares is ChaseMellon Shareholder Services LLC.

DESCRIPTION OF UNITS

The material terms of the Units, including a summary of certain provisions of each of the Operating Partnerships' Partnership Agreements (collectively the "Partnership Agreements"), are set forth below. The following description of the terms and provisions of the Units and certain other matters does not purport to be complete and is subject to and qualified in its entirety by reference to applicable provisions of Delaware law and the Partnership Agreements. For a comparison of the voting and other rights of holders of Units and our shareholders, see "Redemption of Units -- Comparison of Ownership of Units and Common Shares."

GENERAL

We are the sole stockholder of Lex GP-1, Inc., a Delaware corporation which is the general partner of each of the Operating Partnerships. We are also the sole stockholder of Lex LP-1, Inc. ("Lex LP-1"), a Delaware corporation which holds, as of the date of this prospectus, an approximately 76% and 65% limited partnership interest in LCIF and LCIF II, respectively. We indirectly hold Units in each of the Operating Partnerships through these entities.

Holders of Units hold limited partnership interests in one or both of the Operating Partnerships, and all holders of Units are entitled to share in cash distributions from, and in the profits and losses of, the Operating Partnerships. Each Unit may not receive distributions in the same amount as paid on each Common Share.

Holders of Units have the rights to which limited partners are entitled under the Partnership Agreements and the Delaware Revised Uniform Limited Partnership Act (the "Act"). The Units have not been registered pursuant to the federal or state securities laws and are not listed on any exchange or quoted on any national market system.

PURPOSES, BUSINESS AND MANAGEMENT

The purpose of each of the Operating Partnerships includes the conduct of any business that may be conducted lawfully by a limited partnership formed under the Act, except that the Partnership Agreements require the business of the Operating Partnerships to be conducted in such a manner that will permit us to continue to be classified as a REIT under Sections 856 through 860 of the Code, unless we cease to qualify as a REIT for reasons other than the conduct of the business of the Operating Partnerships. Subject to the foregoing limitation, each of the Operating Partnerships may enter into partnerships, joint ventures or similar arrangements and may own interests in any other entity.

We, as sole stockholder of the general partner of each of the Operating Partnerships, have the exclusive power and authority to conduct the business of the Operating Partnerships subject to the consent of the limited partners in certain limited circumstances discussed below. No limited partner may take part in the operation, management or control of the business of either of the Operating Partnerships by virtue of being a holder of Units.

ABILITY TO ENGAGE IN OTHER BUSINESSES; CONFLICTS OF INTEREST

The general partner may acquire assets directly and engage in activities outside of the Operating Partnerships, including activities in direct or indirect competition with the Operating Partnerships. Other persons

(including officers, trustees, employees, agents and other affiliates of the Company) are not prohibited under the Partnership Agreements from engaging in other business activities and will not be required to present any business opportunities to the Operating Partnerships.

DISTRIBUTIONS; ALLOCATIONS OF INCOME AND LOSS

The Partnership Agreements provide for the distribution of Operating Cash Flow, as determined in the manner provided in each of the Partnership Agreements, to the Company and certain limited partners in proportion to their percentage interests in each of the Operating Partnerships. "Operating Cash Flow" means, for any period, operating revenue from leases on real property investments, partnership distributions with respect to partnerships in which the Operating Partnerships have interests and interest on uninvested funds and other cash investment returns, less operating expenses, capital expenditures, regularly scheduled principal and interest payments (exclusive of balloon payments due at maturity) on outstanding mortgage and other indebtedness and any reserves established by the general partner. Neither the Company nor the limited partners are entitled to any preferential or disproportionate distributions of Operating Cash Flow and in no event may a partner receive a distribution of Operating Cash Flow with respect to a Unit if such partner is entitled to receive a distribution of Operating Cash Flow with respect to a Common Share for which such Unit has been redeemed or exchanged. The Partnership Agreements generally provide for the allocation to the general partner and the limited partners of items of each of the Operating Partnerships' income and loss in accordance with their representative percentage interests in the Operating Partnerships.

BORROWING BY THE PARTNERSHIP

Without the consent of holders of a majority of Units held by limited partners admitted to each of the Operating Partnerships upon the acquisition of their interests in Properties in exchange for Units in consideration therefore (the "Special Limited Partners"), the general partner is not authorized to cause either of the Operating Partnerships to borrow money and to issue and guarantee debt.

REIMBURSEMENT OF COMPANY; TRANSACTIONS WITH THE GENERAL PARTNER AND ITS AFFILIATES

Neither Lex GP-1 nor the Company receives any compensation for Lex GP-1's services as general partner of the Operating Partnerships. Lex GP-1 and Lex LP-1, however, as partners in each of the Operating Partnerships, have the same right to allocations and distributions as other partners of each of the Operating Partnerships. In addition, the Operating Partnerships will reimburse Lex GP-1 and the Company for all expenses incurred by them related to the operation of, or for the benefit of, the Operating Partnerships. In the event that certain expenses are incurred for the benefit of each of the Operating Partnerships and other entities (including us), such expenses are allocated by us, as sole stockholder of the general partner of each of the Operating Partnerships, to the Operating Partnerships and such other entities in a manner as we, as sole stockholder of the general partner of each of the Operating Partnerships, in our sole and absolute discretion deem fair and reasonable. The Operating Partnerships will reimburse us for all expenses incurred by us relating to any other offering of additional Units or capital stock (in such case based on the percentage of the net proceeds therefrom contributed to or otherwise made available to the Operating Partnerships). We have guaranteed the obligations of each of the Operating Partnerships in connection with the redemption of the Units pursuant to this prospectus.

Except as expressly permitted by the Partnership Agreements, we and our affiliates may not engage in any transactions with either of the Operating Partnerships except on terms that are fair and reasonable and no less favorable to the Operating Partnerships than would be obtained from an unaffiliated third party.

LIABILITY OF GENERAL PARTNER AND LIMITED PARTNERS

Lex GP-1, as the general partner of each of the Operating Partnerships, is ultimately liable for all general recourse obligations of each of the Operating Partnerships to the extent not paid by the Operating Partnerships. Lex GP-1 is not liable for the nonrecourse obligations of the Operating Partnerships.

The limited partners of each of the Operating Partnerships are not required to make additional contributions to the Operating Partnerships. Assuming that a limited partner does not take part in the control of the business of the Operating Partnerships and otherwise acts in conformity with the provisions of the Partnership Agreements, the liability of the limited partner for obligations of the Operating Partnerships under the Partnership Agreements and the Act is limited, subject to certain limited exceptions, generally to the loss of the limited partner's investment in the Operating Partnerships represented by his or her Units. The Operating Partnerships will operate in a manner the general partner deems reasonable, necessary and appropriate to preserve the limited liability of the limited partners.

EXCULPATION AND INDEMNIFICATION OF THE GENERAL PARTNER

The Partnership Agreements generally provide that Lex GP-1, as general partner of each of the Operating Partnerships (and the Company as the sole stockholder of the general partner of each of the Operating Partnerships) will incur no liability to either of the Operating Partnerships or any limited partner for losses sustained or liabilities incurred as a result of errors in judgment or of any act or omission if we carried out our duties in good faith. In addition, Lex GP-1 and the Company are not responsible for any misconduct or negligence on the part of their agents, provided Lex GP-1 and the Company appointed such agents in good faith. Lex GP-1 and the Company may consult with legal counsel, accountants, appraisers, management consultants, investment bankers and other consultants and advisors, and any action it takes or omits to take in reliance upon the opinion of such persons, as to matters that Lex GP-1 and the Company reasonably believe to be within their professional or expert competence, shall be conclusively presumed to have been done or omitted in good faith and in accordance with such opinion.

The Partnership Agreements also provide for indemnification of Lex GP-1 and the Company, the directors and officers of Lex GP-1 and the Company, and such other persons as Lex GP-1 and the Company may from time to time designate against any judgments, penalties, fines, settlements and reasonable expenses

actually incurred by such person in connection with the proceeding unless it is established that: (1) the act or omission of the indemnified person was material to the matter giving rise to the proceeding and either was committed in bad faith or was the result of active and deliberate dishonesty; (2) the indemnified person actually received an improper personal benefit in money, property or services; or (3) in the case of any criminal proceeding, the indemnified person had reasonable cause to believe that the act or omission was unlawful.

SALES OF ASSETS

Under the Partnership Agreements, Lex GP-1 generally has the exclusive authority to determine whether, when and on what terms the assets of the Operating Partnerships will be sold. The Operating Partnerships, however, are prohibited under the Partnership Agreements and certain contractual agreements from selling certain assets, except in certain limited circumstances. Lex GP-1 may not consent to a sale of all or substantially all of the assets of the Operating Partnerships and a merger of either of the Operating Partnerships with another entity requires the consent of holders of a majority of the outstanding Units held by the Special Limited Partners.

REMOVAL OF THE GENERAL PARTNER; TRANSFER; TRANSFER OF THE GENERAL PARTNER'S INTEREST

The Partnership Agreements provide that the limited partners may not remove Lex GP-1 as general partner of either of the Operating Partnerships. Lex GP-1 may not transfer any of its interests as the general partner of either of the Operating Partnerships and the Company may not transfer any of its indirect interests as a limited partner in either of the Operating Partnerships except to each other or Lex LP-1 except in connection with a merger or sale of all or substantially all of its assets. We also may not sell all or substantially all of our assets, or enter into a merger, unless the sale or merger includes the sale of all or substantially all of the assets of, or the merger of, the Operating Partnerships with partners of the Operating Partnerships receiving substantially the same consideration as holders of Common Shares.

RESTRICTIONS ON TRANSFER OF UNITS BY LIMITED PARTNERS

Unit holders now may transfer, subject to certain limitations, the economic rights associated with their Units without the consent of the general

partner, thereby eliminating the ability of the general partner to block, except in very limited circumstances, such assignments. However, a transferee will not be admitted to either of the Operating Partnerships as a substituted limited partner without the consent of the general partner. In addition, Unit holders may dispose of their Units by exercising their rights to have their Units redeemed for Common Shares. See "Redemption of Units."

REDEMPTION OF UNITS

Subject to certain limitations and on certain specified dates, Unit holders may require that the Operating Partnerships redeem their Units, by providing the Operating Partnerships with a notice of redemption. This prospectus relates to Common Shares that may be issued to holders of Units eligible for redemption commencing on September 1, 1999 and quarterly thereafter. The redeeming Unit holder will receive Common Shares in accordance with the terms set forth in the Partnership Agreement.

ISSUANCE OF ADDITIONAL LIMITED PARTNERSHIP INTERESTS

Lex GP-1 is authorized, in its sole and absolute discretion and without the consent of the limited partners, to cause the Operating Partnerships to issue additional Units to itself, to the limited partners or to other persons for such consideration and on such terms and conditions as Lex GP-1 deems appropriate. In addition, Lex GP-1 may cause each of the Operating Partnerships to issue additional partnership interests in different series or classes, which may be senior to the Units. Subject to certain exceptions, no additional Units may be issued to the Company, Lex GP-1 or Lex LP-1.

MEETINGS; VOTING

Each of the Partnership Agreements provide that limited partners shall not take part in the operation, management or control of the Operating Partnerships' business. The Partnership Agreements do not provide for annual meetings of the limited partners, and the Operating Partnerships do not anticipate calling such meetings.

AMENDMENT OF THE PARTNERSHIP AGREEMENTS

Each of the Partnership Agreements may be amended with the consent of Lex GP-1, Lex LP-1 and the Special Limited Partners representing a majority of Units held by such Special Limited Partners. Notwithstanding the foregoing, Lex GP-1 has the power, without the consent of the limited partners, to amend the Partnership Agreements in certain limited circumstances.

DISSOLUTION, WINDING UP AND TERMINATION

Each of the Operating Partnerships will continue until December 31, 2093, unless sooner dissolved and terminated. The Operating Partnerships will be dissolved prior to the expiration of their term, and their affairs wound up upon the occurrence of the earliest of: (1) the withdrawal of Lex GP-1 as general partner without the permitted transfer of the Company's interest to a successor general partner (except in certain limited circumstances); (2) the sale of all or substantially all of the Operating Partnerships' assets and properties; (3) the entry of a decree of judicial dissolution of the Operating Partnerships pursuant to the provisions of the Act or the entry of a final order for relief in a bankruptcy proceeding of the general partner; or (4) the entry of a final judgment ruling that the general partner is bankrupt or insolvent. Upon dissolution, Lex GP-1, as general partner, or any liquidator will proceed to liquidate the assets of the Operating Partnerships and apply the proceeds therefrom in the order of priority set forth in the Partnership Agreements.

REGISTRATION RIGHTS

We have filed the registration statement of which this prospectus is a part pursuant to our obligations in conjunction with certain agreements entered into in connection with the acquisition of certain properties. Under these agreements, executed in conjunction with the parties listed therein, we are obligated to use our reasonable efforts to keep the registration statement continuously effective for a period expiring on the date on which all of the Units covered by these agreements have been redeemed pursuant to the registration statement. Any shares that have been sold pursuant to such agreements, or have been otherwise transferred and new certificates for them have been issued without legal restriction on further transfer of such shares,

will no longer be entitled to the benefits of those agreements.

We have no obligation under these agreements to retain any underwriter to effect the sale of the shares covered thereby and the registration statement shall not be available for use for an underwritten public offering of such shares.

Pursuant to these agreements, we agreed to pay all expenses of effecting the registration of the Redemption Shares (other than underwriting discounts and commissions, fees and disbursements of counsel, and transfer taxes, if any) pursuant to the registration statement.

REDEMPTION OF UNITS

GENERAL

Each Unit holder may, subject to certain limitations, require that the Operating Partnerships redeem his or her Units, by delivering a notice to the Operating Partnerships. We have provided a guaranty of the Operating Partnerships' obligations. Upon redemption, such Unit holder will receive one Common Share (subject to certain anti-dilution adjustments) in exchange for each Unit held by such holder.

The Operating Partnerships and the Company will satisfy any redemption right exercised by a Unit holder through our issuance of the Redemption Shares pursuant to this prospectus or otherwise, whereupon we will acquire the Units being redeemed and will become the owner of the Units. Such an acquisition of Units by us will be treated as a sale of the Units by the redeeming Unit holders to us for federal income tax purposes. See "--Tax Treatment of Redemption of Units" below. Upon redemption, such Unit holder's right to receive distributions from the Operating Partnerships with respect to the Units redeemed will cease. The Unit holder will have rights to dividend distributions as a shareholder of the Company from the time of its acquisition of the Redemption Shares.

A Unit holder must notify Lex GP-1 and us of his or her desire to require the Operating Partnerships to redeem Units by sending a notice in the form attached as an exhibit to the Partnership Agreements, a copy of which is available from us. A Unit holder must request the redemption of all Units held by such holder. No redemption can occur if the delivery of Redemption Shares would be prohibited under the provisions of the Declaration of Trust designed to protect our qualification as a REIT.

TAX TREATMENT OF REDEMPTION OF UNITS

The following discussion summarizes certain federal income tax considerations that may be relevant to a limited partner who exercises his right to redeem a Unit.

The Partnership Agreements provide that the redemption of Units will be treated by us, the Operating Partnerships and the redeeming Unit holder as a sale of the Units by such Unit holder to us at the time of the redemption. Such sale will be fully taxable to the redeeming Unit holder.

The determination of gain or loss from the sale or other disposition will be based on the difference between the Unit holder's amount realized for tax purposes and his tax basis in such Unit. The amount realized will be measured by the fair market value of property received (e.g., Redemption Shares) plus the portion of the Operating Partnerships' liabilities allocable to the Unit sold. In general, a Unit holder's tax basis is based on the cost of the Unit, adjusted for the holder's allocable share of Operating Partnerships income, loss and distributions, and can be determined by reference to the Operating Partnerships' Schedule K-1's. To the extent that the amount realized exceeds the Unit holder's basis for the Unit disposed of, such Unit holder will recognize gain. It is possible that the amount of gain recognized or even the tax liability resulting from such gain could exceed the fair market value of the Redemption Shares received upon such disposition. EACH UNIT HOLDER SHOULD CONSULT WITH ITS OWN TAX ADVISOR FOR THE SPECIFIC TAX CONSEQUENCES RESULTING FROM A REDEMPTION OF ITS UNITS.

Generally, any gain recognized upon a sale or other disposition of Units will be treated as gain attributable to the sale or disposition of a capital asset. To the extent, however, that the amount realized upon the sale of a Unit attributable to a Unit holder's share of "unrealized receivables" of the Operating Partnerships (as defined in Section 751 of the Code) exceeds the basis

attributable to those assets, such excess will be treated as ordinary income. Unrealized receivables include, to the extent not previously included in Operating Partnerships income, any rights to payment for services rendered or to be rendered. Unrealized receivables also include amounts that would be subject to recapture as ordinary income if the Operating Partnerships had sold its assets at their fair market value at the time of the transfer of a Unit.

For individuals, trusts and estates, the maximum rate of tax on the net capital gain from a sale or exchange occurring after December 31, 1997 of a long-term capital asset (i.e., a capital asset held for more than 12 months) is 20%. The maximum rate for net capital gains attributable to the sale of depreciable real property held for more than 12 months is 25% to the extent of the prior depreciation deductions for "unrecaptured Section 1250 gain" (that is, depreciation deductions not otherwise recaptured as ordinary income under the existing depreciation recapture rules).

The Taxpayer Relief Act of 1997 (the "1997 Act") provides the IRS with the authority to issue regulations that could, among other things, apply these rates on a look-through basis in the case of "pass-through" entities such as the Operating Partnerships. The IRS has not yet issued such regulations, and if it does not issue such regulations in the future, the rate of tax that would apply to the disposition of a Unit by an individual, trust or estate would be determined based upon the period of time over which such individual, trust or estate held such Unit, (i.e., whether the Unit is a long-term capital asset or a short-term capital asset). No assurances can be provided that the IRS will not issue regulations that would provide that the rate of tax that would apply to the disposition of a Unit by an individual, trust or estate would be determined based upon the nature of the assets of the Operating Partnerships and the periods of time over which the Operating Partnerships held such assets. Moreover, no assurances can be provided that such regulations would not be applied retroactively. If such regulations were to apply to the disposition of a Unit, any gain on such disposition likely would be treated partly as gain from the sale of a long-term capital asset, partly as gain from the sale of a short-term capital asset and partly as gain from the sale of depreciable real property.

There is a risk that a redemption by either of the Operating Partnerships of Units issued in exchange for a contribution of property to the Operating Partnerships may cause the original transfer of property to the Operating Partnerships in exchange for Units to be treated as a "disguised sale" of property. Section 707 of the Code and the Treasury Regulations thereunder (the "Disguised Sale Regulations") generally provide that, unless one of the prescribed exceptions is applicable, a partner's contribution of property to a partnership and a simultaneous or subsequent transfer of money or other consideration (which may include the assumption of or taking subject to a liability) from the partnership to the partner will be presumed to be a sale, in whole or in part, of such property by the partner to the partnership. Further, the Disguised Sale Regulations provide generally that, in the absence of an applicable exception, if money or other consideration is transferred by a partnership to a partner within two years of the partner's contribution of property, the transactions are presumed to be a sale of the contributed property unless the facts and circumstances clearly establish that the transfers do not constitute a sale. The Disguised Sale Regulations also provide that if two years have passed between the transfer of money or other consideration and the contribution of property, the transactions will be presumed not to be a sale unless the facts and circumstances clearly establish that the transfers constitute a sale. EACH UNIT HOLDER IS ADVISED TO CONSULT WITH ITS OWN TAX ADVISOR TO DETERMINE WHETHER A REDEMPTION OF UNITS COULD BE SUBJECT TO THE DISGUISED SALE REGULATIONS.

COMPARISON OF OWNERSHIP OF UNITS AND COMMON SHARES

The information below highlights a number of the significant differences between the Operating Partnerships and the Company relating to, among other things, form of organization, permitted investments, policies and restrictions, management structure, compensation and fees, investor rights and federal income taxation, and compares certain legal rights associated with the ownership of Units and Common Shares, respectively. These comparisons are intended to assist Unit holders of the Operating Partnerships in understanding how their investment will be changed if their Units are redeemed for Common Shares. This discussion is summary in nature and does not constitute a complete discussion of these matters, and Unit holders should carefully review the balance of this prospectus and the registration statement of which this prospectus is a part for additional important information about the Company.

FORM OF ORGANIZATION AND ASSETS OWNED

The Operating Partnerships are organized as Delaware limited partnerships. The Operating Partnerships own interests (directly through subsidiaries) in Properties.

We are a Maryland statutory real estate investment trust. We believe that we have operated so as to qualify as a REIT under the Code, commencing with our taxable year ended December 31, 1993, and intend to continue to so operate. Our interest in the Operating Partnerships gives us an indirect investment in the properties owned by the Operating Partnerships. In addition, we own (either directly or through interests in subsidiaries other than the Operating Partnerships) interests in other Properties.

LENGTH OF INVESTMENT

The Operating Partnerships have a stated termination date of December 31, 2093.

We have a perpetual term and intend to continue our operations for an indefinite time period.

PURPOSE AND PERMITTED INVESTMENTS

The Operating Partnerships' purpose is to conduct any business that may be lawfully conducted by limited partnerships organized pursuant to the Act, provided that such business is to be conducted in a manner that permits the Company to be qualified as a REIT unless the Company ceases to qualify as REIT. The Operating Partnerships may not take, or refrain from taking, any action which, in the judgment of the general partner (which is wholly-owned by the Company) (i) could adversely affect the ability of the Company to continue to qualify as a REIT, (ii) could subject the general partner to any additional taxes under Section 857 or Section 4981 of the Code, or any other Section of the Code, or (iii) could violate any law or regulation of any governmental body (unless such action, or inaction, is specifically consented to by the general partner).

Under our Declaration of Trust, we may engage in any lawful activity permitted by the General Corporation Law of the State of Maryland. We are permitted by the Partnership Agreements to engage in activities not related to the business of the Operating Partnerships, including activities in direct or indirect competition with the Operating Partnerships, and may own assets other than its interest in the Operating Partnerships and such other assets necessary to carry out its responsibilities under the Partnership Agreements and its Declaration of Trust. In addition, we have no obligation to present opportunities to the Operating Partnerships and the Unit holders have no rights by virtue of the Partnership Agreements in any of our outside business ventures.

ADDITIONAL EQUITY

The Operating Partnerships are authorized to issue Units and other partnership interests (including partnership interests of different series or classes that may be senior to Units) as determined by the general partner, in its sole discretion.

The Board of Trustees may issue, in its discretion, additional equity securities consisting of Common Shares or Preferred Shares; provided, that the total number of shares issued does not exceed the authorized number of shares of capital stock set forth in the Company's Declaration of Trust. The proceeds of equity capital raised by the Company are not required to be contributed to the Operating Partnerships.

BORROWING POLICIES

The Operating Partnerships have no restrictions on borrowings, and the general partner has full power and authority to borrow money on behalf of the Operating Partnerships.

We are not restricted under our governing instrument from incurring borrowings.

We are not required to incur our indebtedness through the Operating Partnerships.

OTHER INVESTMENT RESTRICTIONS

Other than restrictions precluding investments by the Operating Partnerships that would adversely affect the qualification of the Company as a REIT, there are no restrictions upon the Operating Partnerships' authority to enter into certain transactions, including among others, making investments, lending Operating Partnerships funds, or reinvesting the Operating Partnerships' cash flow and net sale or refinancing proceeds.

Neither the Company's Declaration of Trust nor its By-laws impose any restrictions upon the types of investments made by us.

MANAGEMENT CONTROL

All management powers over the business and affairs of the Operating Partnerships are vested in the general partner of the Operating Partnerships, and no limited partner of the Operating Partnerships has any right to participate in or exercise control or management power over the business and affairs of the Operating Partnerships except (1) the general partner of the Operating Partnerships may not dispose of all or substantially all of the Operating Partnerships' assets without the consent of the holders of two-thirds of the outstanding Units, and (2) there are certain limitations on the ability of the general partner of the Operating Partnerships to cause or permit the Operating Partnerships to dissolve. See "--Vote Required to Dissolve the Operating Partnerships or the Company" below. The general partner may not be removed by the limited partners of the Operating Partnerships with or without cause.

The Board of Trustees has exclusive control over our business and affairs subject only to the restrictions in the Declaration of Trust and the By-laws. The Board of Trustees consists of seven trustees, which number may be increased or decreased by vote of at least a majority of the entire Board of Trustees pursuant to the By-laws of the Trust, but may never be fewer than the minimum permitted by the General Corporation Law of the State of Maryland. At each annual meeting of the shareholders, the successors of the class of trustees whose terms expire at that meeting will be elected. The policies adopted by the Board of Trustees may be altered or eliminated without a vote of the shareholders. Accordingly, except for their vote in the elections of trustees, shareholders have no control over our ordinary business policies.

FIDUCIARY DUTIES

Under Delaware law, the general partner of the Operating Partnerships is accountable to the Operating Partnerships as a fiduciary and, consequently, is required to exercise good faith and integrity in all of its dealings with respect to partnership affairs. However, under the Partnership Agreements, the general partner is under no obligation to take into account the tax consequences to any partner of any action taken by it, and the general partner is not liable for monetary damages for losses sustained or liabilities incurred by partners as a result of errors of judgment or of any act or omission, provided that the general partner has acted in good faith.

Under Maryland law, the trustees must perform their duties in good faith, in a manner that they reasonably believe to be in the best interests of the Company and with the care of an ordinarily prudent person in a like position. Trustees of the Company who act in such a manner generally will not be liable to the Company for monetary damages arising from their activities.

MANAGEMENT LIABILITY AND INDEMNIFICATION

As a matter of Delaware law, the general partner has liability for the payment of the obligations and debts of the Operating Partnerships unless limitations upon such liability are stated in the document or instrument evidencing the obligation. Under the Partnership Agreements, the Operating Partnerships have agreed to indemnify the general partner and any director or officer of the general partner from and against all losses, claims, damages, liabilities (joint or several) expenses (including legal fees and expenses), judgments, fines, settlements and other amounts incurred in connection with any actions relating to the operations of the Operating Partnerships in which the general partner or such director or officer is involved, unless: (1) the act was in bad faith and was material to the action; (2) such party received an improper personal

benefit; or (3) in the case of any criminal proceeding, such party had reasonable cause to believe the act was unlawful. The reasonable expenses incurred by an indemnitee may be reimbursed by the Operating Partnerships in advance of the final disposition of the proceeding upon receipt by the Operating Partnerships of an affirmation by such indemnitee of his, her or its good faith belief that the standard of conduct necessary for indemnification has been met and an undertaking by such indemnitee to repay the amount if it is determined that such standard was not met.

The Company's Declaration of Trust provides that the liability of the Company's trustees and officers to the Company and its shareholders for money damages is limited to the fullest extent permitted under Maryland law. The Declaration of Trust and state law provide indemnification to trustees and officers to the same extent that such trustees and officers, whether serving the Company, or, at its request, any other entity, to the full extent permitted under Maryland law.

ANTI-TAKEOVER PROVISIONS

Except in limited circumstances (see "Voting Rights" below), the general partner of the Operating Partnerships have exclusive management power over the business and affairs of the Operating Partnerships. The general partner may not be removed by the limited partners with or without cause. Under the Partnership Agreements, a limited partner may transfer his or her interest as a limited partner (subject to certain limited exceptions set forth in the Partnership Agreements), without obtaining the approval of the general partner except that the general partner may, in its sole discretion, prevent the admission to the Operating Partnerships of substituted limited partners.

The Declaration of Trust and By-laws of the Company contain a number of provisions that may have the effect of delaying or discouraging an unsolicited proposal for the acquisition of the Company or the removal of incumbent management. These provisions include, among others: (1) authorized capital shares that may be issued as Preferred Shares in the discretion of the Board of Trustees, with superior voting rights to the Common Shares; (2) a requirement that trustees may be removed only for cause and only by a vote of holders of at least 80% of the outstanding Common Shares; and (3) provisions designed to avoid concentration of share ownership in a manner

that would jeopardize our status as a REIT under the Code.

VOTING RIGHTS

All decisions relating to the operation and management of the Operating Partnerships are made by the general partner. See "Description of Units." As of the date of this prospectus, the Company held, through various subsidiaries, approximately 76% and 65% of the outstanding limited partner units in LCIF and LCIF II, respectively. As Units are redeemed by partners, the Company's percentage ownership of the Operating Partnerships will increase.

The Company is managed and controlled by a Board of Trustees presently consisting of seven members. Each trustee is to be elected by the shareholders at annual meetings of the Company. Maryland law requires that certain major corporate transactions, including most amendments to the Declaration of Trust, may not be consummated without the approval of shareholders as set forth below. All Common Shares have one vote, and the Declaration of Trust permits the Board of Trustees to classify and issue Preferred Shares in one or more series having voting power which may differ from that of the Common Shares. See "Description of Capital Shares."

The following is a comparison of the voting rights of the limited partners of the Operating Partnerships and the shareholders of the Company as they relate to certain major transactions:

A. AMENDMENT OF THE PARTNERSHIP AGREEMENTS OR THE DECLARATION OF TRUST.

The Partnership Agreements may be amended with the consent of Lex GP-1, Lex LP-1 and the Special Limited Partners representing a majority of Units held by such Special Limited Partners. Certain amendments that affect the fundamental rights of a limited partner must be approved by each affected limited partner. In addition, the general partner may, without the consent of the limited partners, amend the Partnership Agreements as to certain ministerial matters.

Amendments to the Company's Declaration of Trust must be approved by the Board of Trustees and generally by at least two-thirds of the votes entitled to be

cast at a meeting of shareholders.

B. VOTE REQUIRED TO DISSOLVE THE OPERATING PARTNERSHIPS OR THE COMPANY.

The Operating Partnerships may be dissolved upon the occurrence of certain events, none of which require the consent of the limited partners.

Under Maryland law, the Board of Trustees must obtain approval of holders of at least two-thirds of the outstanding Common Shares in order to dissolve the Company.

C. VOTE REQUIRED TO SELL ASSETS OR MERGE.

Under the Partnership Agreements, the sale, exchange, transfer or other disposition of all or substantially all of the Operating Partnerships' assets or a merger or consolidation of the Operating Partnerships require the consent of holders of a majority of the outstanding Units held by the Special Limited Partners. The general partner of the Operating Partnerships have the exclusive authority the sell individual assets of the Operating Partnerships.

Under Maryland law, the sale of all or substantially all of the assets of the Company or merger or consolidation of the Company requires the approval of the Board of Trustees and holders of two-thirds of the outstanding Common Shares. No approval of the shareholders is required for the sale of less than all or substantially all of the Company's assets.

COMPENSATION, FEES AND DISTRIBUTIONS

The general partner does not receive any compensation for its services as general partner of the Operating Partnerships. As a partner in the Operating Partnerships, however, the general partner has the same right to allocations and distributions as other partners of the Operating Partnerships. In addition, the Operating Partnerships will reimburse the general partner (and the Company) for all expenses incurred relating to the ongoing operation of the Operating Partnerships and any other offering of additional partnership interests in the Operating Partnerships.

The non-employee trustees, with the exception of John D. McGurk, and officers of the Company receive compensation for their services.

LIABILITY OF INVESTORS

Under the Partnership Agreements and applicable state law, the liability of the limited partners for the Operating Partnerships' debts and obligations is generally limited to the amount of their investment in the Operating Partnerships.

Under Maryland law, shareholders are not personally liable for the debts or obligations of the Company.

NATURE OF INVESTMENT

The Units constitute equity interests entitling each limited partner to his pro rata share of cash distributions made to the limited partners of the Operating Partnerships. The Operating Partnerships generally intends to retain and reinvest proceeds of the sale of property or excess refinancing proceeds in its business.

Common Shares constitute equity interests in the Company. The Company is entitled to receive its pro rata share of distributions made by the Operating Partnerships with respect to the Units, and the distributions made by the other direct subsidiaries of the Company. Each shareholder will be entitled to his pro rata share of any dividends or distributions paid with respect to the Common Shares. The dividends payable to the shareholders are not fixed in amount and are only paid if, when and as declared by the Board of Trustees. In order to continue to qualify as a REIT, we generally must distribute at least 95% of our net taxable income (excluding capital gains), and any taxable income (including capital gains) not distributed will be subject to corporate income tax.

POTENTIAL DILUTION OF RIGHTS

The general partner of the Operating Partnerships is authorized, in its sole discretion and without limited partner approval, to cause the Operating Partnerships to issue additional limited partnership interests and other equity

securities for any partnership purpose at any time to the limited partners or to other persons (including the general partner on terms established by the general partner).

The Board of Trustees may issue, in its discretion, additional shares, and has the authority to issue from authorized capital a variety of other equity securities of the Company with such powers, preferences and rights as the Board of Trustees

may designate at the time. The issuance of additional shares of either Common Shares or other similar equity securities may result in the dilution of the interests of the shareholders.

LIQUIDITY

Limited partners may generally transfer their Units without the general partner's consent, except that the general partner may, in its sole discretion, prevent the admission to the Operating Partnerships of substituted limited partners. Each limited partner has the right to tender his or her Units for redemption by the Operating Partnerships. See "General" above.

The Redemption Shares will be freely transferable as registered securities under the Securities Act. The Common Shares are listed on the NYSE. The breadth and strength of this secondary market will depend, among other things, upon the number of shares outstanding, the Company's financial results and prospects, the general interest in the Company's and other real estate investments, and the Company's dividend yield compared to that of other debt and equity securities.

FEDERAL INCOME TAXATION

The Operating Partnerships are not subject to federal income taxes. Instead, each holder of Units includes its allocable share of the Operating Partnerships' taxable income or loss in determining its individual federal income tax liability. The maximum federal income tax rate for individuals under current law is 39.6%.

We have elected to be taxed as a REIT. So long as we qualify as a REIT, we will be permitted to deduct distributions paid to our shareholders, which effectively will reduce the "double taxation" that typically results when a corporation earns income and distributes that income to its shareholders in the form of dividends. A qualified REIT, however, is subject to federal income tax on income that is not distributed and also may be subject to federal income and excise taxes in certain circumstances. The maximum federal income tax rate for corporations under current law is 35%.

A Unit holder's share of income and loss generated by the Operating Partnerships generally is subject to the "passive activity" limitations. Under the "passive activity" rules, income and loss from the Operating Partnerships that is considered "passive income" generally can be offset against income and loss from other investments that constitute "passive activities." Cash distributions from the Operating Partnerships are not taxable to a holder of a Unit except to the extent such distributions exceed such holder's basis in its interest in the Operating Partnerships (which will include such holder's allocable share of the Operating Partnerships' taxable income and nonrecourse debt).

Dividends paid by us will be treated as "portfolio" income and cannot be offset with losses from "passive activities." The maximum federal income tax rate for individuals under current law is 39.6%. Distributions made by us to our taxable domestic shareholders out of current or accumulated earnings and profits will be taken into account by them as ordinary income. Distributions that are designated as capital gain dividends generally will be taxed as long-term capital gain, subject to certain limitations. Distributions in excess of current or accumulated earnings and profits will be treated as a non-taxable return of basis to the extent of a shareholder's adjusted basis in its Common Shares, with the excess taxed as capital gain.

Each year, holders of Units will receive a Schedule K-1 containing detailed tax information for inclusion in preparing their federal income tax returns.

Each year, shareholders will receive an Internal Revenue Service Form 1099 used by corporations to report dividends paid to their shareholders.

Holders of Units are required, in some cases, to file state income tax returns and/or pay state income taxes in the states in which the Operating Partnerships

owns property, even if they are not residents of those states.

Shareholders who are individuals generally will not be required to file state income tax returns and/or pay state income taxes outside of their state of residence with respect to our operations and distributions. We may be required to pay state income taxes in certain states.

USE OF PROCEEDS

We will not receive any proceeds from the issuance of the Redemption Shares.

DISTRIBUTIONS ON OP UNITS

Our operating partnerships' structure enables us to acquire property by issuing to a seller, as a form of consideration, OP Units. All OP Units issued as of this date are redeemable at certain times into Common Shares on a one-for-one basis and certain of such OP Units require us to pay distributions to the holders thereof (although certain OP Units currently outstanding do not require current distributions). As a result, our cash available for distribution to holders of Common Shares and Convertible Preferred Shares is reduced by the amount of the distributions required by the terms of such OP Units, and the number of Common Shares that will be outstanding in the future is expected to increase, from time to time, as such OP Units and Convertible Preferred Shares are redeemed for or converted into Common Shares. The general partner of each of the Operating Partnerships has the right to redeem the OP Units held by all, but not less than all, of the OP Unit holders under certain circumstances, including but not limited to a merger, sale of assets or other transaction by the Company or such partnerships which would result in a change of beneficial ownership in the Company or such partnerships by 50% or more.

As of the date of this prospectus, we have issued a total of 6,021,709 OP Units of which, in addition to these 1,729,227 Units, 3,655,926 are also currently redeemable for Common Shares. The average annualized distribution per OP Unit is $1.09. Of the total OP Units, 1,499,867 OP Units are owned by our affiliates including two members of our Board of Trustees.

THE COMPANY

We are a self-managed and self-administered REIT that acquires, owns and manages a geographically diversified portfolio of net leased office, industrial and retail properties. As of the date of this prospectus, we own 65 properties or interests therein (the "Properties," and each a "Property"). Substantially all of our leases are "net leases," under which the tenant is responsible for all costs of real estate taxes, insurance, ordinary maintenance and structural repairs. The Properties are located in 29 states, have approximately 10.9 million net rentable square feet and, under the terms of their applicable leases, currently generate approximately $75.5 million in annual rent. Our portfolio is currently 98.5% leased. Our tenants, many of which are nationally recognized, include Bank One, Arizona, N.A., General Motors, Fleet Mortgage Group, Inc., Circuit City Stores, Inc., The Hartford Fire Insurance Company, Honeywell, Inc., Kmart Corporation, Lockheed Martin Corporation, Northwest Pipeline Corporation, Ryder Integrated Logistics and Wal-Mart Stores, Inc. We believe that owning, acquiring and managing net leased properties results in lower operating expenses for us than we otherwise would incur through investments in properties which were not net leased.

Our senior executive officers average 17 years of experience in the real estate investment and net lease business. We have diversified our portfolio by geographical location, tenant industry segment, lease term expiration and property type with the intention of providing steady internal growth with low volatility. We believe that such diversification should help insulate us from regional recession, industry specific downturns and price fluctuations by property type. Since January 1, 1998, we have also enhanced the value of its portfolio by acquiring $235 million of properties, aggregating approximately 4.0

million net rentable square feet and accounting for approximately $26.4 million in annual rent. In addition, we have entered into an agreement to purchase an additional property for $43.1 million, which is a build-to-suit property currently under construction and expected to be ready for delivery no later than the fourth quarter of 1999. As part of our ongoing efforts, we expect to continue to effect portfolio and individual property acquisitions and dispositions, expand existing Properties, attract investment grade quality tenants, extend lease maturities in advance of expiration and refinance outstanding indebtedness when advisable.

THE NET LEASE REAL ESTATE BUSINESS

Under a typical net lease, the tenant is responsible for all costs of real estate taxes, insurance and ordinary maintenance. Investments in net leased properties can offer more predictable returns than investments in properties which are not net leased, as rising costs of operating net leased properties are typically absorbed by tenants. Investors in net leased properties have, historically, included limited partnerships, REITs, pension funds and finance subsidiaries of large corporations.

Net leased properties are often acquired in sale/leaseback transactions. In a typical sale/leaseback transaction, the purchaser/landlord (such as the Company) acquires a property from an operating company and simultaneously leases the property back to the operating company under a long-term lease. A sale/leaseback transaction is structured to provide the purchaser/landlord with a consistent stream of income which typically increases periodically pursuant to the lease. Sale/leaseback transactions are advantageous to the seller/tenant as they (i) enable the seller/tenant to realize the value of its owned real estate while continuing occupancy on a long-term basis; (ii) may provide the seller/tenant with off-balance sheet financing; (iii) may provide the seller/tenant with increased earnings by replacing generally higher depreciation and mortgage interest costs with rental costs; and (iv) may reduce the seller's/tenant's debt-to-equity ratio.

INTERNAL GROWTH; EFFECTIVELY MANAGING ASSETS

Leasing Strategies. We seek to extend our leases in advance of their expiration in order to maintain a balanced lease rollover schedule.

Revenue Enhancing Property Expansions. We undertake expansions of our Properties based on tenant requirements. We believe that selective property expansions can provide us with attractive rates of return and actively seeks such opportunities.

Opportunistic Property Sales. We may determine to sell a Property, either to the Property's existing tenant or to a third party, if we deem such disposition to be in our best interest. Since 1993, we have sold six properties. During 1999, the Company sold three Properties for $10.25 million which were originally purchased for $9.19 million. The restrictions applicable to REITs may limit our ability to dispose of a property. See "Federal Income Tax Considerations of Holding Shares in a REIT--Taxation of the Company--Income Tests."

Tenant Relations. We maintain close contact with our tenants in order to understand their future real estate needs. We monitor the financial, property maintenance and other lease obligations of our tenants through a variety of means, including periodic reviews of financial statements and physical inspections of the Properties. We perform annual inspections of those Properties where we have an ongoing obligation with respect to the maintenance of the Property and for all Properties during each of the last three years immediately prior to lease expiration. Biannual physical inspections are undertaken for all other Properties.

ACQUISITION STRATEGIES

We seek to enhance our net lease property portfolio through acquisitions of general purpose, efficient, well-located properties in growing markets. We have diversified our portfolio by geographical location, tenant industry segment, lease term expiration and property type with the intention of providing steady internal growth with low volatility. We believe that such diversification should help insulate us from regional recession, industry specific downturns and price fluctuations by property type. Prior to effecting any acquisitions, we analyze the (i) property's design, construction quality, efficiency, functionality and location with respect to the immediate submarket,

city and region; (ii) lease integrity with respect to term, rental rate increases, corporate guarantees and property maintenance provisions; (iii) present and anticipated conditions in the local real estate market; and (iv) prospects for selling or re-leasing the property on favorable terms in the event of a vacancy. We also evaluate each potential tenant's financial strength, growth prospects, competitive position within its respective industry and a property's strategic location and function within a tenant's operations or distribution systems. We believe that our comprehensive underwriting process is critical to the assessment of long-term profitability of any investment by us.

Joint Venture Program. We recently formed a joint venture with the New York State Common Retirement Fund (NYSCRF) to invest in single tenant high quality office and industrial properties. The Company and NYSCRF will contribute up to $50 million and $100 million, respectively, to the joint venture which will leverage such equity by as much as $278 million. The Company's affiliate will earn acquisition fees of 0.75% of the purchase price of each acquired property and annual management fees of 2% of cash rent.

Operating Partnerships' Structure. The operating partnerships' structure enables us to acquire property by issuing to a seller, as a form of consideration, OP Units. We believe that this structure facilitates our ability to raise capital and to acquire portfolio and individual properties by enabling us to structure transactions which may defer tax gains for a contributor of property while preserving our available cash for other purposes, including the payment of distributions. We have used OP Units as a form of consideration in connection with the acquisition of 22 of our Properties.

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

Sale/Leaseback Transactions. We seek to acquire portfolio and individual net lease properties in sale/leaseback transactions. We selectively pursue sale/leaseback transactions with creditworthy sellers/tenants with respect to properties that are integral to the sellers'/tenants' ongoing operations. See "--The Net Lease Real Estate Business."

Build-to-suit Properties. We may also acquire, after construction has been completed, build-to-suit properties that are entirely pre-leased to their intended corporate users before construction. As a result, we do not assume the risk associated with the construction phase of a project. We have entered into an agreement to acquire our third build-to-suit property with an expected delivery no later than the fourth quarter of 1999.

Acquisitions from Affiliated Net Lease Partnerships. We believe that net lease partnerships affiliated with us provide us with an opportunity to acquire properties with which we are already familiar. We have acquired 14 Properties or interests therein from our affiliated limited partnerships.

REIT QUALIFICATION REQUIREMENTS

We elected to be taxed as a REIT under Sections 856 through 860 of the Code, effective for our taxable year ended December 31, 1993 and such election has not been revoked or terminated. We believe that we have been organized and have operated in a manner so as to qualify as a REIT for each of our taxable years ending prior to the date hereof and our current and proposed method of operation should enable us to continue to meet the requirements for qualification and taxation as a REIT.

REORGANIZATION OF THE COMPANY AS A MARYLAND REAL ESTATE INVESTMENT TRUST

In December 1997, we reorganized as a Maryland business trust, in an effort to reduce franchise taxes for us in certain jurisdictions in which we own properties. The reorganization was effected by merging our predecessor, a Maryland corporation, with and into us. In the merger, each outstanding share of Common Stock and convertible preferred stock of our predecessor was converted into one Common Share or Preferred Share, as the case may be, of the Company. Each Common or Preferred Share entitles the holder thereof to the same voting rights to which such shareholder was entitled prior to the merger.

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MANAGEMENT

Our trustees and senior executive officers are as follows:

NAME	AGE	OFFICE
E. Robert Roskind	54	Chairman of the Board of Trustees and Co-Chief Executive Officer(1)
Richard J. Rouse	53	Vice Chairman of the Board of Trustees and Co-Chief Executive Officer
T. Wilson Eglin	35	President, Chief Operating Officer and Trustee
Patrick Carroll	35	Chief Financial Officer and Treasurer
Stephen C. Hagen	57	Senior Vice President
Paul R. Wood	39	Vice President, Chief Accounting Officer and Secretary
Janet M. Kaz	35	Vice President
Philip L. Kianka	42	Vice President
Natasha Roberts	32	Vice President
Carl D. Glickman	72	Trustee(1)(2)
Kevin W. Lynch	46	Trustee(2)(3)
John D. McGurk	55	Trustee(1)(3)
Seth M. Zachary	46	Trustee(3)

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(1) Member, Executive Committee of the Board of Trustees.

(2) Member, Audit Committee of the Board of Trustees.

(3) Member, Compensation Committee of the Board of Trustees.

E. ROBERT ROSKIND has served as the Chairman of the Board of Trustees and Co-Chief Executive Officer of the Company since October 1993. He founded The LCP Group, L.P. ("LCP") in 1973 and has been its Chairman since 1976. Prior to founding LCP, Mr. Roskind headed the real estate net lease financing area of Lehman Brothers Inc. He is also a general partner for a variety of entities which serve as the general partner of various partnerships that hold net leased real properties and other real estate or interests therein. Mr. Roskind is a director of Berkshire Realty Company, Inc., Krupp Government Income Trust I and Krupp Government Income Trust II.

RICHARD J. ROUSE became the Vice Chairman of the Board of Trustees in April 1996, has served as the Co-Chief Executive Officer and a trustee of the Company since October 1993, and was the President of the Company from October 1993 until April 1996. Mr. Rouse was also a managing director of LCP. He had been associated with LCP since 1979 and had been engaged there in all aspects of net lease finance, acquisition and syndication and corporate financing transactions.

T. WILSON EGLIN became the President of the Company in April 1996, has served as Chief Operating Officer of the Company since October 1993, has been a trustee of the Company since May 1994, and was the Executive Vice President of the Company from October 1993 until April 1996. Prior to his association with the Company, Mr. Eglin had been associated with LCP since 1987 and had been its Vice President-Acquisitions from 1990 to 1993. In connection with his responsibilities with LCP, Mr. Eglin was an officer of affiliated companies that owned and managed over 400 net leased real properties and was involved in all aspects of real estate acquisition and finance, principally in net leased transactions.

PATRICK CARROLL became the Chief Financial Officer of the Company in May 1998 and Treasurer in January 1999. From 1993 to May 1998, Mr. Carroll was a Senior Manager in the real estate practice of Coopers & Lybrand L.L.P., servicing both publicly and privately-held real estate entities.

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STEPHEN C. HAGEN has served as Senior Vice President of the Company since October 1996. From 1992 to 1994, Mr. Hagen was a principal of Pharus Realty Investments, a money manager in real estate stocks, and served as Chief Operating Officer of HRE Properties, a NYSE-listed REIT, from 1989 to 1992.

PAUL R. WOOD has served as Vice President, Chief Accounting Officer and Secretary of the Company since October 1993. He had been associated with LCP from 1988 to 1993 and from 1990 to 1993 had been responsible for all accounting activities relating to the net leased properties managed by LCP and its affiliates. Prior to joining LCP, Mr. Wood was, from 1987 to 1988, associated with E.F. Hutton & Company Inc. as a senior accountant.

JANET M. KAZ has served as Vice President of the Company since May 1995, and prior thereto served as Asset Manager of the Company since October 1993. Prior to her association with the Company, Ms. Kaz had been a member of LCP's property acquisition team from 1986 to 1990 and a member of LCP's asset management team from 1991 to 1993. Ms. Kaz was involved in all aspects of real estate acquisition, finance and management, principally in net leased transactions.

PHILIP L. KIANKA joined the Company in 1997 as Vice President of Asset Management. Prior to joining us, from 1985 through 1997, Mr. Kianka served as a Vice President and Senior Asset Manager at Merrill Lynch Hubbard, Inc., a real estate division of Merrill Lynch & Co., Inc. Mr. Kianka was involved with real estate acquisitions, development and asset management for a national portfolio of diversified properties.

NATASHA ROBERTS joined the Company in 1997 as Vice President - Acquisition. Prior to joining us Ms. Roberts worked for Net Lease Partners Realty Advisors (an affiliate of Mr. Roskind) from January 1995 to January 1997 and as licensed real estate broker from February 1992 to January 1995.

CARL D. GLICKMAN has served as a trustee and a Chairman of the Executive Committee of the Board of Trustees of the Company since May 1994 and as a member of the Compensation Committee of the Board of Trustees until May 1998. He has been President of The Glickman Organization since 1953. He is on the Board of Directors of Alliance Tire & Rubber Co., Ltd., Bear, Stearns Companies, Inc., Kuala Healthcare, Inc., Infu-Tech, Inc., Jerusalem Economic Corporation Ltd. and OfficeMax Inc., as well as numerous private companies.

KEVIN W. LYNCH has served as a trustee of the Company since May 1996 and is a founder and principal of The Townsend Group, an institutional real estate consulting firm founded in 1983. Prior to forming The Townsend Group, Mr. Lynch was a Vice President for Stonehenge Capital Corporation. Mr. Lynch has been involved in the commercial real estate industry since 1974, and is a director of First Industrial Realty Trust.

JOHN D. MCGURK became a member of the Board in January 1997 as the designee of Five Arrows to the Board of Trustees. He is the founder and President of Rothschild Realty, Inc., the advisor to Five Arrows. Prior to starting Rothschild Realty, Inc. in 1981, Mr. McGurk served as a Regional Vice President for The Prudential Insurance Company of America where he oversaw its New York City real estate loan portfolio, equity holdings, joint ventures and projects under development. Mr. McGurk is a member of the Urban Land Institute, Pension Real Estate Association, Real Estate Board of New York and the National Real Estate Association, and is the President of the Trustee Committee of the Caedmon School.

SETH M. ZACHARY has served as a trustee and a member of the Compensation Committee of the Board of Trustees of the Company since November 1993 and the Audit Committee until February 1999. Since 1987, he has been a partner in the law firm of Paul, Hastings, Janofsky & Walker LLP, counsel to the Company.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

During 1998, we extended loans to each of Richard J. Rouse, Vice Chairman of the Board of Trustees and Co-Chief Executive Officer, and T. Wilson Eglin, President, Chief Operating Officer and a trustee, each in the amount of $998,875, to fund the purchase by each of these individuals of 65,500 Common Shares. These loans bear interest at a rate of 7.6% per annum, are secured by the Common Shares purchased by each of such individuals and are scheduled to mature in 2003.

FEDERAL INCOME TAX CONSIDERATIONS OF HOLDING SHARES IN A REIT

GENERAL

The following discussion summarizes the material federal income tax considerations to a prospective holder of Common Shares. The following discussion is for general information purposes only, is not exhaustive of all possible tax considerations and is not intended to be and should not be construed as tax advice. For example, this summary does not give a detailed discussion of any state, local or foreign tax considerations. In addition, this discussion is intended to address only those federal income tax considerations that are generally applicable for all security holders in the Company. It does not discuss all of the aspects of federal income taxation that may be relevant to a prospective security holder in light of his or her particular circumstances or to certain types of security holders who are subject to special treatment under the federal income tax laws including, without limitation, insurance companies, tax-exempt entities, financial institutions or broker-dealers, foreign corporations and persons who are not citizens or residents of the United States.

The information in this section is based on the Code (including the provisions of the 1997 Act, several of which are described herein), current, temporary and proposed Treasury Regulations, the legislative history of the Code, current administrative interpretations and practices of the IRS (including its practices and policies as endorsed in private letter rulings, which are not binding on the IRS except with respect to the taxpayer that receives such a ruling), and court decisions, all as of the date hereof. No assurance can be given that future legislation, Treasury Regulations, administrative interpretations and court decisions will not significantly change current law or adversely affect existing interpretations of current law. Any such change could apply retroactively to transactions preceding the date of the change. The Company has not received any rulings from the IRS concerning the tax treatment of the Company. Thus no assurance can be provided that the statements set forth herein (which do not bind the IRS or the courts) will not be challenged by the IRS or will be sustained by a court if so challenged.

EACH PROSPECTIVE PURCHASER OF THE SECURITIES IS ADVISED TO CONSULT WITH HIS OR HER OWN TAX ADVISOR REGARDING THE SPECIFIC TAX CONSEQUENCES TO HIM OR HER OF THE PURCHASE, OWNERSHIP AND SALE OF SECURITIES OF AN ENTITY ELECTING TO BE TAXED AS A REIT, INCLUDING THE FEDERAL, STATE, LOCAL AND FOREIGN AND OTHER TAX CONSEQUENCES OF SUCH PURCHASE, OWNERSHIP, SALE AND ELECTION AND OF POTENTIAL CHANGES IN APPLICABLE TAX LAWS.

TAXATION OF THE COMPANY

General. The Company elected to be taxed as a REIT under Sections 856 through 860 of the Code effective for its taxable year ended December 31, 1993. The Company believes that it was organized, and has operated, in such a manner so as to qualify for taxation as a REIT under the Code and intends to conduct its operations so as to continue to qualify for taxation as a REIT. No assurance, however, can be given that the Company has operated in a manner so as to qualify or will be able to operate in such a manner so as to remain qualified as a REIT. Qualification and taxation as a REIT depends upon the Company's ability to meet on a continuing basis, through actual annual operating results, the required distribution levels, diversity of share ownership and the various qualification tests imposed under the Code discussed below, the results of which will not be reviewed by Counsel. Given the highly complex nature of the rules governing REITs, the ongoing importance of factual determinations, and the possibility of future changes in circumstances of

the Company, no assurance can be given that the actual results of the Company's operations for any one taxable year have satisfied or will continue to satisfy such requirements.

The following is a general summary of the Code provisions that govern the federal income tax treatment of a REIT and its shareholders. These provisions of the Code are highly technical and complex. This summary is qualified in its entirety by the applicable Code provisions, Treasury Regulations and administrative and judicial interpretations thereof, all of which are subject to change prospectively or retroactively.

If the Company 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 shareholders. This treatment substantially eliminates the "double taxation" (at the corporate and shareholder levels) that generally results from investment in a corporation. However, the Company will be subject to federal income tax as follows: first, the Company will be taxed at regular corporate rates on any undistributed REIT taxable income, including

undistributed net capital gains. Second, under certain circumstances, the Company may be subject to the "alternative minimum tax" on its items of tax preference. Third, if the Company has (i) net income from the sale or other disposition of "foreclosure property" (which is, in general, property acquired on foreclosure or otherwise on default on a loan secured by such real property or a lease of such property) which is held primarily for sale to customers in the ordinary course of business or (ii) other nonqualifying income from foreclosure property, it will be subject to tax at the highest corporate rate on such income. Fourth, if the Company has net income from prohibited transactions (which are, in general, certain sales or other dispositions of property held primarily for sale to customers in the ordinary course of business other than foreclosure property), such income will be subject to a 100% tax. Fifth, if the Company should fail to satisfy the 75% gross income test or the 95% gross income test (as discussed below), but nonetheless has maintained its qualification as a REIT because certain other requirements have been met, it will be subject to a 100% tax on an amount equal to (a) the gross income attributable to the greater of the amount by which the Company fails the 75% or 95% test multiplied by (b) a fraction intended to reflect the Company's profitability. Sixth, if the Company should fail to distribute during each calendar year at least the sum of (i) 85% of its REIT ordinary income for such year, (ii) 95% of its REIT capital gain net income for such year, and (iii) any undistributed taxable income from prior periods, the Company would be subject to a 4% excise tax on the excess of such required distribution over the amounts actually distributed. Seventh, if the Company acquires any asset from a C corporation (i.e., a corporation generally subject to full corporate level tax) in a transaction in which the basis of the asset in the Company's hands is determined by reference to the basis of the asset (or any other property) in the hands of the C corporation, and the Company recognizes gain on the disposition of such asset during the 10-year period beginning on the date on which such asset was acquired by the Company, then, to the extent of such property's "built-in gain" (the excess of the fair market value of such property at the time of the acquisition by the Company over the adjusted basis of such property at such time), such gain will be subject to tax at the highest regular corporate rate applicable (as provided in Internal Revenue Service regulations that have not yet been promulgated).

Requirements for Qualification. A REIT is a corporation, trust or association (i) which is managed by one or more trustees or directors, (ii) the beneficial ownership of which is evidenced by transferable shares, or by transferable certificates of beneficial interest, (iii) which would be taxable as a domestic corporation, but for Sections 856 through 859 of the Code, (iv) which is neither a financial institution nor an insurance company subject to certain provisions of the Code, (v) the beneficial ownership of which is held by 100 or more persons, (vi) during the last half of each taxable year not more than 50% in value of the outstanding stock of which is owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities), and (vii) which meets certain other tests, described below, regarding the nature of its income and assets. The Code provides that conditions (i) through (iv), inclusive, must be met during the entire taxable year and that condition (v) must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a taxable year of less than 12 months. The Company expects to meet the ownership test immediately after the transaction contemplated herein. The Company may redeem, at its option, a sufficient number of shares or restrict the transfer thereof to bring or maintain the ownership of the

shares in conformity with the requirements of the Code. In addition, the Company's Declaration of Trust includes restrictions regarding the transfer of its stock that are intended to assist the Company in continuing to satisfy requirements (v) and (vi). Moreover, for the Company's taxable years commencing on or after January 1, 1998, if the Company complies with regulatory rules pursuant to which it is required to send annual letters to holders of its capital stock requesting information regarding the actual ownership of its capital stock, and the Company does not know, or exercising reasonable diligence would not have known, whether it failed to meet requirement (vi) above, the Company will be treated as having met the requirement. See "Description of Common Shares" and "Description of Preferred Shares."

In the case of a REIT which is a partner in a partnership, Treasury Regulations provide that the REIT will be deemed to own its proportionate share of each of the assets of the partnership and will be deemed to be entitled to the income of the partnership attributable to such share. In addition, the character of the assets and items of gross income of the partnership will retain the same character in the hands of the REIT for purposes of Section 856 of the Code, including satisfying the gross income tests and assets (as discussed

below). Thus, the Company's proportionate share of the assets, liabilities, and items of gross income of the partnerships in which the Company owns an interest are treated as assets, liabilities and items of the Company for purposes of applying the requirements described herein.

Income Tests. In order to maintain qualification as a REIT, the Company annually must satisfy certain gross income requirements. First, at least 75% of the Company's gross income (excluding gross income from prohibited transactions) for each taxable year must be derived directly or indirectly from investments relating to real property or mortgages on real property (including "rents from real property" and, in certain circumstances, interest) or from certain types of qualified temporary investments. Second, at least 95% of the Company's gross income (excluding gross income from prohibited transactions) for each taxable year must be derived from such real property investments, dividends, interest and gain from the sale or disposition of stock or securities.

Rents received by the Company will qualify as "rents from real property" in satisfying the gross income requirements for a REIT described above only if several conditions are met. First, the amount of rent must not be based in whole or in part on the income or profits of any person. However, an amount received or accrued generally will not be excluded from the term "rents from real property" solely by reason of being based on a fixed percentage or percentages of receipts or sales. Second, the Code provides that rents received from a tenant will not qualify as "rents from real property" in satisfying the gross income tests if the REIT, or an owner of 10% or more of the REIT, actually or constructively owns 10% or more of such tenant (a "Related Party Tenant"). Third, if rent attributable to personal property, leased in connection with a lease of real property, is greater than 15% of the total rent received under the lease, then the portion of rent attributable to such personal property will not qualify as "rents from real property." Finally, for rents received to qualify as "rents from real property," the Company generally must not operate or manage the property (subject to a de minimis exception applicable to the Company's tax years commencing on and after January 1, 1998 as described below) or furnish or render services to the tenants of such property, other than through an independent contractor from whom the REIT derives no revenue. The REIT may, however, directly perform certain services that are "usually or customarily rendered" in connection with the rental of space for occupancy only and are not otherwise considered "rendered to the occupant" of the property ("Permissible Services").

For the Company's taxable years commencing on or after January 1, 1998, rents received generally will qualify as rents from real property notwithstanding the fact that the Company provides services that are not Permissible Services so long as the amount received for such services meets a de minimis standard. The amount received for "impermissible services" with respect to a property (or, if services are available only to certain tenants, possibly with respect to such tenants) cannot exceed one percent of all amounts received, directly or indirectly, by the Company with respect to such property (or, if services are available only to certain tenants, possibly with respect to such tenants). The amount that the Company will be deemed to have

received for performing "impermissible services" will be the greater of the actual amounts so received or 150% of the direct cost to the Company of providing those services.

If the Company fails to satisfy one or both of the 75% or 95% gross income tests for any taxable year, it may nevertheless qualify as a REIT for such year if such failure was due to reasonable cause and not willful neglect, it disclosed the nature and amounts of its items of gross income in a schedule attached to its return, and any incorrect information on the schedule was not due to fraud with intent to evade tax. A 100% penalty tax would be imposed on the amount by which the Company failed the 75% or 95% test (whichever amount is greater), less an amount which generally reflects expenses attributable to earning the nonqualified income.

Subject to certain safe harbor exceptions, any gain realized by the Company on the sale of any property held as inventory or other property held primarily for sale to customers in the ordinary course of business will be treated as income from a prohibited transaction that is subject to a 100% penalty tax. Such prohibited transaction income may also have an adverse effect upon the Company's ability to satisfy the income tests for qualification as a REIT. Under existing law, whether property is held as inventory or primarily for sale to customers in the ordinary course of a trade or business is a question of

fact that depends on all the facts and circumstances with respect to the particular transaction.

Asset Tests. The Company must also satisfy three tests relating to the nature of its assets every quarter. First, at least 75% of the value of the Company's total assets must be represented by real estate assets (including (i) its allocable share of real estate assets held by partnerships in which the Company owns an interest or held by "qualified REIT subsidiaries" (as defined in the Code) of the Company and (ii) stock or debt instruments held for not more than one year purchased with the proceeds of an offering of equity securities or a long-term (at least five years) debt offering of the Company, cash, cash items and government securities). Second, not more than 25% of the Company's total assets may be represented by securities other than those in the 75% asset class. Third, of the investments included in the 25% asset class, the value of any one issuer's securities owned by the Company may not exceed 5% of the value of the Company's total assets and the Company may not own more than 10% of any one issuer's outstanding voting securities. The Company expects that substantially all of its assets will consist of (i) real properties, (ii) stock or debt investments that earn qualified temporary investment income, (iii) other qualified real estate assets, and (iv) cash, cash items and government securities. The Company may also invest in securities of other entities, provided that such investments will not prevent the Company from satisfying the asset and income tests for REIT qualification set forth above.

If the Company inadvertently fails one or more of the asset tests at the end of a calendar quarter, such a failure would not cause it to lose its REIT status, provided that (i) it satisfied all of the asset tests at the close of a preceding calendar quarter, and (ii) the discrepancy between the values of the Company's assets and the standards imposed by the asset test either did not exist immediately after the acquisition of any particular acquisition or was not wholly partly caused by such an acquisition. If the condition described in clause (ii) of the preceding sentence were not satisfied, the Company could still avoid disqualification by eliminating any discrepancy within 30 days after the close of the calendar quarter in which it arose.

Annual Distribution Requirement. With respect to each taxable year, the Company must distribute to its shareholders dividends (other than capital gain dividends) in an amount at least equal to the sum of (a) 95% of its "REIT Taxable income" (determined without regard to the deduction for dividends paid and by excluding any net capital gain), and (b) 95% of any after-tax net income from foreclosure property, minus the sum of certain items of "excess non-cash income." REIT Taxable Income is generally computed in the same manner as taxable income of ordinary corporations, with several adjustments, such as a deduction allowed for dividends paid, but not for dividends received. "Excess non-cash income" is the amount, if any, by which the sum of certain items of non-cash income exceeds 5% of REIT Taxable Income for the taxable year (determined without regard to the deduction for dividends paid and by excluding any net capital gain). With respect to the Company's taxable years commencing prior to January 1, 1998, these items of non-cash

income for which relief from the distribution requirement is provided are (i) the excess of amounts includible in gross income due to the operation of Section 467 of the Code (relating to deferred rental agreements) over the amounts that would have been includible without regard to such provision, (ii) income from certain like-kind exchanges not eligible for tax-free treatment, and (iii) the amounts includible on gross income with respect to the amount that original issue discount obligations exceed the amount of money and fair market value of other property received during the taxable year under such instruments. With respect to the Company's tax years commencing on and after January 1, 1998, "excess non-cash income" described in clause (iii) above applies equally to REITs that use the accrual method of accounting for United States federal income tax purposes.

The Company will be subject to tax on amounts not distributed at regular United States federal corporate income tax rates. With respect to its taxable years beginning on and after January 1, 1998, the Company may elect to retain rather than distribute, net long-term capital gain, and be subject to regular United States federal income tax thereon. For the consequences of such an election to the REIT's shareholders, see "Taxation of Taxable Shareholders." In addition, a nondeductible 4% excise tax is imposed on the excess of (i) 85% of the Company's ordinary income for the year plus 95% of capital gain net income for the year and the undistributed portion of the required distribution for the prior year over (ii) the actual distribution to shareholders during the year (if any). Net operating losses generated by the Company may be carried

forward but not carried back and used by the Company for 15 years (or 20 years in the case of net operating losses generated in the Company's tax years commencing on or after January 1, 1998) to reduce REIT Taxable Income and the amount that the Company will be required to distribute in order to remain qualified as a REIT. Net capital losses of the Company may be carried forward for five years (but not carried back) and used to reduce capital gains.

In general, a distribution must be made during the taxable year to which it relates to satisfy the distribution test and to be deducted in computing REIT Taxable Income. However, the Company may elect to treat a dividend declared and paid after the end of the year (a "subsequent declared dividend") as paid during such year for purposes of complying with the distribution test and computing REIT Taxable Income, if the dividend is (i) declared before the regular or extended due date of the Company's tax return for such year and (ii) paid not later than the date of the first regular dividend payment made after the declaration (but in no case later than 12 months after the end of the year). For purposes of computing the 4% excise tax, a subsequent declared dividend is considered paid when actually distributed. Furthermore, any dividend that is declared by the Company in October, November of December of a calendar year, and payable to shareholders of record as of a specified date in such month of such year will be deemed to have been paid by the Company (and received by shareholders) on December 31 of such calendar year, but only if such dividend is actually paid by the Company in January of the following calendar year. For purposes of complying with the distribution test for a taxable year as a result of an adjustment in certain of its items of income, gain or deduction by the IRS, the Company may be permitted to remedy such failure by paying a "deficiency dividend" in a later year together with interest and a penalty. Such deficiency dividend may be included in the Company's deduction of dividends paid for the earlier year for purposes of satisfying the distribution test. For purposes of the 4% excise tax, the deficiency dividend is taken into account when paid, and any income giving rise to the deficiency adjustment is treated as arising when the deficiency dividend is paid.

The Company believes that it has distributed and intends to continue to distribute to its shareholders an amount at least equal to 95% of the sum of (i) its REIT Taxable Income (determined without regard to the deduction for dividends paid and by excluding any net capital gains) and (ii) any after-tax net income from foreclosure properties less any "excess non-cash income," as those amounts are determined in good faith by the Company or its independent accountants. However, it is possible that timing differences between the accrual of income and its actual collection, and the need to make non-deductible expenditures (such as capital improvements or principal payments on debt) may cause the Company to recognize taxable income in excess of its net cash receipts, thus increasing the difficulty of compliance with the distribution requirement. In order to meet the 95% requirement, the Company might find it necessary to arrange for short-term, or possibly long-term, borrowings.

Failure to Qualify. If the Company fails to qualify as a REIT for any taxable year, and if certain relief provisions of the Code do not apply, it would be subject to federal income tax (including applicable alternative minimum tax) on its taxable income at regular corporate rates. Distributions to shareholders in any year in which the Company fails to qualify will not be deductible by the Company nor will they be required to be made. As a result, the Company's failure to qualify as a REIT would reduce the cash available for distribution by the Company to its shareholders. In addition, if the Company fails to qualify as a REIT, all distributions to shareholders will be taxable as ordinary income, to the extent of the Company's current and accumulated earnings and profits. Subject to certain limitations of the Code, corporate distributees may be eligible for the dividends-received deduction.

If the Company's failure to qualify as a REIT is not due to reasonable cause but results from willful neglect, the Company would not be permitted to elect REIT status for the four taxable years after the taxable year for which such disqualification is effective. In the event the Company were to fail to qualify as a REIT in one year and subsequently requalify in a later year, the Company might be required to recognize taxable income based on the net appreciation in value of its assets as a condition to requalification. In the alternative, the Company may be taxed on the net appreciation in value of its assets if it sells properties within ten years of the date the Company requalifies as a REIT under federal income tax laws.

TAXATION OF TAXABLE SHAREHOLDERS

As used herein, the term "U.S. shareholder" means a holder of Common

or Preferred Shares who (for United States federal income tax purposes) (i) is a citizen or resident of the United States, (ii) is a corporation, partnership, or other entity treated as a corporation or partnership for federal income tax purposes created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) is an estate the income of which is subject to United States federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary supervision of a United States court and which has one or more United States persons who have the authority to control all substantial decisions of the trust.

As long as the Company qualifies as a REIT, distributions made to the Company's U.S. shareholders out of current or accumulated earnings and profits (and not designated as capital gain dividends) will be taken into account by them as ordinary income and corporate shareholders will not be eligible for the dividends-received deductions as to such amounts. For purposes of computing the Company's earnings and profits, depreciation for depreciable real estate will be computed on a straight-line basis over a 40-year period. For purposes of determining whether distributions on the Common Shares are out of current or accumulated earnings and profits, the earnings and profits of the Company will be allocated first to the Preferred Shares and second to the Common Shares. There can be no assurance that the Company will have sufficient earnings and profits to cover distributions on any Preferred Shares.

Distributions that are properly designated as capital gain dividends will be taxed as gains from the sale or exchange of a capital asset held for more than one year (to the extent they do not exceed the Company's actual net capital gain for the taxable year) without regard to the period for which the shareholder has held its shares. However, corporate shareholders may be required to treat up to 20% of certain capital gain dividends as ordinary income pursuant to Section 291 of the Code. The Taxpayer Relief Act of 1997 (the "1997 Act") changed significantly the taxation of capital gains by taxpayers who are individuals, estates, or a trust. With respect to amounts designated as capital gain distributions, the IRS has released Notice 97-64 describing temporary regulations that will be issued to permit REITs to further designate such capital gain dividends as (i) a 20% rate gain distribution, or (ii) an unrecaptured Section 1250 gain distribution (taxed at a rate of 25%).

Distributions in excess of current and accumulated earnings and profits will constitute a non-taxable return of capital to a shareholder to the extent that such distributions do not exceed the adjusted basis of the shareholder's shares, and will result in a corresponding reduction in the shareholder's basis in the shares. Any reduction in a shareholder's tax basis for its shares will increase the amount of taxable gain or decrease the

deductible loss that will be realized upon the eventual disposition of the shares. The Company will notify shareholders at the end of each year as to the portions of the distributions which constitute ordinary income, capital gain or a return of capital. Any portion of such distributions that exceed the adjusted basis of a U.S. shareholder's shares will be taxed as capital gain from the disposition of shares, provided that the shares are held as capital assets in the hands of the U.S. shareholder.

Aside from the different income tax rates applicable to ordinary income and capital gain dividends, regular and capital gain dividends from the Company will be treated as dividend income for most other federal income tax purposes. In particular, such dividends will be treated as "portfolio" income for purposes of the passive activity loss limitation (including all individuals) and generally will not be able to offset any "passive losses" against such dividends. Dividends will be treated as investment income for purposes of the investment interest limitation contained in Section 63(d) of the Code, which limits the deductibility of interest expense incurred by noncorporate taxpayers with respect to indebtedness attributable to certain investment assets.

In general, dividends paid by the Company will be taxable to shareholders in the year in which they are received, except in the case of dividends declared at the end of the year, but paid in the following January, as discussed above.

In general, a domestic shareholder will realize capital gain or loss on the disposition of shares equal to the difference between (i) the amount of cash and the fair market value of any property received on such disposition and (ii) the shareholder's adjusted basis of such shares. With respect to dispositions occurring after December 31, 1997, in the case of a domestic shareholder who is an individual or an estate or trust, such gain or loss will

be long-term capital gain or loss subject to a 20% tax rate if such shares have been held for more than 12 months. In the case of a taxable U.S. shareholder that is a corporation, such gain or loss will be long-term capital gain or loss if such shares have been held for more than one year. Loss upon the sale or exchange of shares by a shareholder who has held such shares for six months or less (after applying certain holding period rules) will be treated as long-term capital loss to the extent of distribution from the Company required to be treated by such shareholder as long-term capital gain.

For the Company's taxable years commencing on or after January 1, 1998, the Company may elect to require the holders of shares to include the Company's undistributed net long-term capital gains in their income. If the Company makes such an election, the holders of shares will (i) include in their income as long-term capital gains their proportionate share of such undistributed capital gains and (ii) be deemed to have paid their proportionate share of the tax paid by the Company on such undistributed capital gains and thereby receive a credit or refund for such amount. A holder of shares will increase the basis in its shares by the difference between the amount of capital gain included in its income and the amount of tax it is deemed to have paid. The earnings and profits of the Company will be adjusted appropriately. With respect to such long-term capital gain of a taxable domestic shareholder that is an individual or an estate or a trust, the IRS has authority to issue regulations that could apply the special tax rate applicable to sales of depreciable real property by an individual or an estate or trust to the portion of the long-term capital gains of an individual or an estate or trust attributable to deductions for depreciation taken with respect to depreciable real property.

BACKUP WITHHOLDING

The Company will report to its domestic shareholders and the IRS the amount of dividends paid during each calendar year, and the amount of tax withheld, if any, with respect thereto. Under the backup withholding rules, a shareholder may be subject to backup withholding at the rate of 31% with respect to dividends paid unless such holder (a) is a corporation or comes within certain other exempt categories and, when required, demonstrates this fact, or (b) provides a taxpayer identification number and certifies as to no loss of exemption from backup withholding. Amounts withheld as backup withholding will be creditable against the shareholder's income tax liability. In addition, the Company may be required to withhold a portion of capital gain distributions made to any shareholders who fail to certify their non-foreign status to

the Company. See "--Taxation of Non-U.S. Shareholders" below. Additional issues may arise pertaining to information reporting and backup withholding with respect to Non-U.S. Shareholders (persons other than (i) citizens or residents of the United States, (ii) corporations, partnerships or other entities created or organized under the laws of the United States or any political subdivision thereof, and (iii) estates or trusts the income of which is subject to United States federal income taxation regardless of its source) and Non-U.S. Shareholders should consult their tax advisors with respect to any such information and backup withholding requirements.

The Treasury Department has recently finalized regulations regarding the withholding and information reporting rules discussed above. In general, these regulations do not alter the substantive withholding and information reporting requirements but unify current certification procedures and forms and clarify and modify reliance standards. These regulations generally are effective for payments made after December 31, 1999, subject to certain transition rules.

TAXATION OF NON-U.S. SHAREHOLDERS

The following discussion is only a summary of the rules governing United States federal income taxation of nonresident alien individuals, foreign corporations, foreign partnerships or other foreign estates or trusts (collectively, "Non-U.S. Shareholders"). Prospective Non-U.S. Shareholders should consult with their own tax advisors to determine the impact of federal, state and local income tax laws with regard to an investment in shares, including any reporting requirements.

Distributions that are not attributable to gain from sales or exchanges by the Company of United States real property interests and not designated by the Company as capital gains dividends will be treated as dividends of ordinary income to the extent that they are made out of current or accumulated earnings and profits of the Company. Such distributions ordinarily will be subject to a withholding tax equal to 30% of the gross amount of the

distribution unless an applicable tax treaty reduces or eliminates that tax. Certain tax treaties limit the extent to which dividends paid by a REIT can qualify for a reduction of the withholding tax on dividends. Distributions in excess of current and accumulated earnings and profits of the Company will not be taxable to a Non-U.S. Shareholder to the extent that they do not exceed the adjusted basis of the Shareholder's shares, but rather will reduce the adjusted basis of such shares. To the extent that such distributions exceed the adjusted basis of a Non-U.S. Shareholder's shares, they will give rise to tax liability if the Non-U.S. Shareholder would otherwise be subject to tax on any gain from the sale or disposition of his shares in the Company, as described below.

For withholding tax purposes, the Company currently is required to treat all distributions as if made out of its current or accumulated earnings and profits and thus intends to withhold at the rate of 30% (or a reduced treaty rate if applicable) on the amount of any distribution (other than distributions designated as capital gain dividends) made to a Non-U.S. Shareholder. Under the final regulations (discussed above), generally effective for distributions on or after January 1, 2000, the Company would be required to withhold at the 30% rate on distributions it reasonably estimates to be in excess of the Company's current and accumulated earnings and profits. If it cannot be determined at the time a distribution is made whether such distribution will be in excess of current and accumulated earnings and profits, the distribution will be subject to withholding at the rate applicable to ordinary dividends. As a result of a legislative change made by the Small Business Job Protection Act of 1996, it appears that the Company will be required to withhold 10% of any distribution in excess of the Company's current and accumulated earnings and profits. Consequently, although the Company intends to withhold at a rate of 30% on the entire amount of any distribution (or a lower applicable treaty rate), to the extent that the Company does not do so, any portion of a distribution not subject to withholding at a rate of 30% (or lower applicable treaty rate) will be subject to withholding at a rate of 10%. However, the Non-U.S. Shareholder may seek from the IRS a refund of such amounts from the IRS if it is subsequently determined that such distribution was, in fact, in excess of current or accumulated earnings and profits of the Company, and the amount withheld exceeded the Non-U.S. Shareholder's United States tax liability, if any.

For any year in which the Company qualifies as a REIT, distributions that are attributable to gain from sales or exchanges by the Company of United States real property interests will be taxed to a Non-U.S. Shareholder under the provisions of the Foreign Investment in Real Property Tax Act of 1980 ("FIRPTA"). Under FIRPTA, a Non-U.S. Shareholder is taxed as if such gain were effectively connected with a United States business. Non-U.S. Shareholders would thus be taxed at the normal capital gain rates applicable to U.S. shareholders (subject to applicable alternative minimum tax and a special alternative minimum tax in the case of non-resident alien individuals). Also, distributions subject to FIRPTA may be subject to a 30% branch profits tax in the hands of a corporate Non-U.S. Shareholder not entitled to treaty relief. The Company is required by applicable regulations to withhold 35% of any distribution that could be designated by the Company as a capital gains dividend regardless of the amount actually designated as a capital gain dividend. This amount is creditable against the Non-U.S. Shareholder's FIRPTA tax liability.

Although the law is not entirely clear on the matter, it appears that amounts designated by the Company pursuant to the 1997 Act as undistributed capital gains in respect of shares would be treated with respect to Non-U.S. Shareholders in the manner outlined in the preceding paragraph for actual distributions by the Company of capital gain dividends. See "Taxation of Shareholders -- Taxation of Taxable Shareholders." Under that approach, Non-U.S. Shareholders would be able to offset as a credit against their United States federal income tax liability resulting therefrom their proportionate share of the tax paid by the Company on such undistributed capital gains (and to receive from the IRS a refund to the extent their proportionate share of such tax paid by the Company were to exceed their actual United States federal income tax liability).

Gain recognized by a Non-U.S. Shareholder upon a sale of shares generally will not be taxed under FIRPTA if the Company is a "domestically controlled REIT," defined generally as a REIT in which at all times during specified testing period less than 50% in value of the share was held directly or indirectly by foreign persons. It is anticipated that the Company will be a "domestically controlled REIT." Therefore, the sale of shares will not be subject to taxation under FIRPTA. However, gain not subject to FIRPTA will be taxable to a Non-U.S. Shareholder if (i) investment in the shares is effectively

connected with the Non-U.S. Shareholder's United States trade or business, in which case the Non-U.S. Shareholder will be subject to the same treatment as U.S. Shareholders with respect to such gain, or (ii) the Non-U.S. Shareholder is a nonresident alien individual who was present in the United States for 183 days or more during the taxable year and such gain is attributable to an office or fixed place of business in the United States or such nonresident alien individual has a "tax home" in the United States and such gain is not attributable to an office or fixed place of business located outside the United States or, if such gain is attributable to an office or fixed place of business located outside the United States, it is not subject to foreign income tax equal to at least 10% of such gain. If the gain on the sale of shares were to be subject to taxation under FIRPTA, the Non-U.S. Shareholder will be subject to the same treatment as U.S. Shareholders with respect to such gain (subject to applicable alternative minimum tax, special alternative minimum tax in the case of nonresident alien individuals and possible application of the 30% branch profits tax in the case of foreign corporations) and the purchaser would be required to withhold and remit to the Internal Revenue Service 10% of the purchase price.

TAXATION OF TAX-EXEMPT SHAREHOLDERS

Tax-exempt entities, including qualified employee pension and profit sharing trusts and individual retirement accounts ("Exempt Organizations"), generally are exempt from federal income taxation. However, they are subject to taxation on their unrelated business taxable income ("UBTI"). While investments in real estate may generate UBTI, the Service has issued a published ruling to the effect that dividend distributions by a REIT to an exempt employee pension trust do not constitute UBTI, provided that the shares of the REIT are not otherwise used in an unrelated trade or business of the exempt employee pension trust. Based on that ruling and on the intention of the Company to invest its assets in a manner that will avoid the recognition of UBTI by the Company, amounts distributed by the Company to Exempt Organizations generally should not constitute UBTI. However, if an Exempt Organization finances its acquisition of shares in the Company with debt, a portion of its income from the Company, if any, will constitute UBTI pursuant to the "debt-financed

property" rules. Furthermore, social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts, and qualified group legal services plans that are exempt from taxation under paragraphs (7), (9), (17), and (20), respectively, of Code Section 501(c) are subject to different UBTI rules, which generally will require them to characterize distributions from the Company as UBTI.

In addition, a pension trust that owns more than 10% of the Company is required to treat a percentage of the dividends from the Company as UBTI (the "UBTI Percentage") in certain circumstances. The UBTI Percentage is the gross income derived from an unrelated trade or business (determined as if the Company were a pension trust) divided by the gross income of the Company for the year in which the dividends are paid. The UBTI rule applies only if (i) the UBTI Percentage is at least 5%, (ii) the Company qualifies as a REIT by reason of the modification of the 5/50 Rule that allows the beneficiaries of the pension trust to be treated as holding shares of the Company in proportion to their actuarial interests in the pension trust, and (iii) either (A) one pension trust owns more than 25% of the value of the Company's shares or (B) a group of pension trusts individually holding more than 10% of the value of the Company's capital shares collectively own more than 50% of the value of the Company's capital shares.

While an investment in the Company by an Exempt Organization generally is not expected to result in UBTI except in the circumstances described in the preceding paragraph, any gross UBTI that does arise from such an investment will be combined with all other gross UBTI of the Exempt Organization for a taxable year and reduced by all deductions attributable to the UBTI plus $1,000. Any amount then remaining will constitute UBTI on which the Exempt Organization will be subject to tax. If the gross income taken into account in computing UBTI exceeds $1,000, the Exempt Organization is obligated to file a tax return for such year on IRS Form 990-T. None of the Company, the Board of Trustees, or any of their Affiliates expects to undertake the preparation or filing of IRS Form 990-T for any Exempt Organization in connection with an investment by such Exempt Organization in the Common Shares. Generally, IRS Form 990-T must be filed with the Service by April 15 of the year following the year to which it relates.

TAXATION OF REINVESTED DIVIDENDS

Those holders of Common Shares who elect to participate in the Dividend Reinvestment Plan will be deemed to have received the gross amount of dividends distributed on their behalf by the Plan Agent as agent for the participants in such plan. Such deemed dividends will be treated as actual dividends to such shareholders by the Company and will retain their character and have the tax effects as described above. Participants that are subject to federal income tax will thus be taxed as if they received such dividends despite the fact that their distributions have been reinvested and, as a result, they will not receive any cash with which to pay the resulting tax liability.

OTHER TAX CONSIDERATIONS

Entity Classification. A significant number of the Company's investments are held through partner ships. If any such partnerships were treated as an association, the entity would be taxable as a corporation and therefore would be subject to an entity level tax on its income. In such a situation, the character of the Company's assets and items of gross income would change and might preclude the Company from qualifying as a REIT.

Prior to January 1, 1997, an organization formed as a partnership or a limited liability company was treated as a partnership for federal income tax purposes rather than as a corporation only if it had no more than two of the four corporate characteristics that the Treasury Regulations in effect at that time used to distinguish a partnership from a corporation for tax purposes. These four characteristics were (i) continuity of life, (ii) centralization of management, (iii) limited liability, and (iv) free transferability of interests. Under final Treasury Regulations which became effective January 1, 1997, the four factor test has been eliminated and an entity formed as a partnership or as a limited liability company will be taxed as a partnership for federal income tax purposes, unless it specifically elects otherwise. The Regulations provide that the IRS will not

challenge the classification of an existing partnership or limited liability company for tax periods prior to January 1, 1997 so long as (1) the entity had a reasonable basis for its claimed classification, (2) the entity and all its members recognized the federal income tax consequences of any changes in the entity's classification within the 60 months prior to January 1, 1997, and (3) neither the entity nor any member of the entity had been notified in writing on or before May 8, 1996, that the classification of the entity was under examination by the IRS.

The Company believes that each partnership in which it holds an interest (either directly or indirectly) is properly treated as a partnership for tax purposes (and not as an association taxable as a corporation).

Tax Allocations with Respect to the Properties. When property is contributed to a partnership in exchange for an interest in the partnership, the partnership generally takes a carryover basis in that property for tax purposes equal to the adjusted basis of the contributing partner in the property, rather than a basis equal to the fair market value of the property at the time of contribution (this difference is referred to as "Book-Tax Difference"). Special rules under 704(c) of the Code and the regulations thereunder tend to eliminate the Book-Tax Difference on an annual basis or with respect to a specific taxable transaction such as a sale. Thus, the carryover basis of the contributed properties in the hands of the partnership could cause the Company (i) to be allocated lower amounts of depreciation and other deductions for tax purposes than would be allocated to the Company if all properties were to have a tax basis equal to their fair market value at the time the properties were contributed to the partnership, and (ii) possibly to be allocated taxable gain in the event of a sale of such contributed properties in excess of the economic or book income allocated to the Company as a result of such sale.

PLAN OF DISTRIBUTION

This prospectus relates to the possible issuance by us of up to 1,729,227 Redemption Shares if, and to the extent that, holders of Units tender such Units for redemption. We have registered the Redemption Shares for sale to provide the holders thereof with freely tradable securities, but registration of such shares does not necessarily mean that any of such shares will be offered or sold by the holders thereof.

We will not receive any proceeds from the issuance of the Redemption Shares to holders of Units upon receiving a notice of redemption (but we will acquire from such holders the Units tendered for redemption). The Unit holders

and any agents or dealers that participate in the distribution of Redemption Shares may be deemed to be "underwriters" within the meaning of the Securities Act of 1933, as amended, and any profit on the sale of Redemption Shares or the resale of the Common Shares and any commissions received by any such dealers or agents might be deemed to be underwriting commissions or discounts under the Securities Act of 1933, as amended.

We may from time to time issue up to 1,729,227 Redemption Shares upon the acquisition of the Units tendered for redemption. We will acquire from each exchanging Limited Partner a Unit in exchange for each Redemption Share that we issue in connection with these acquisitions. Consequently, with each redemption, our interest in one or both of the Operating Partnerships will increase.

EXPERTS

The consolidated financial statements and the consolidated financial statement schedule of the Company included in the Company's Annual Report on Form 10-K for the year ended December 31, 1998, which have been incorporated by reference into this prospectus, have been so incorporated in reliance on the report of KPMG LLP, independent certified public accountants (incorporated by reference) and upon the authority of said firm as experts in accounting and auditing.

LEGAL MATTERS

Certain legal matters, including the validity of the securities described herein, will be passed upon for us by Paul, Hastings, Janofsky & Walker LLP, New York, New York. Seth M. Zachary, a partner of Paul, Hastings, Janofsky & Walker LLP, is presently serving as a member of the Board of Trustees of the Company.

NO DEALER, SALESPERSON OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS IN CONNECTION WITH THE OFFER MADE BY THIS PROSPECTUS, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY US. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITY OTHER THAN THE REDEMPTION SHARES OFFERED HEREBY, NOR DOES IT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF ANY OFFER TO BUY ANY OF THE REDEMPTION SHARES OFFERED BY ANYONE IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED, OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO, OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF.

1,729,227 Shares

LEXINGTON CORPORATE
PROPERTIES TRUST

Common Shares

PROSPECTUS

PART II. INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The expenses in connection with the distribution of the securities being registered are set forth in the following table (all amounts except the registration fee are estimated):

<TABLE>

<S>	<C>
Registration fee	$ 5,498.29
Printing expenses	2,500.00
Legal fees and expenses	10,000.00
Accounting fees and expenses	5,000.00
Miscellaneous	1,000.00
TOTAL	$23,998.29

</TABLE>

All expenses in connection with the issuance and distribution of the securities being offered will be borne by the Company (other than selling commissions, if any).

ITEM 15. INDEMNIFICATION OF TRUSTEES AND OFFICERS.

The Company's trustees and officers are and will be indemnified under Maryland law, the Declaration of Trust of the Company (the "Declaration"), and the Partnership Agreement against certain liabilities. The Declaration requires the Company to indemnify its trustees and officers to the fullest extent permitted from time to time by the laws of Maryland. The Declaration also provides that, to the fullest extent permitted under Maryland law, trustees and officers of the Company will not be liable to the Company and its shareholders for money damages.

Section 2-418 of the General Corporation Law of the State of Maryland generally permits indemnification of any director made a party to any proceedings by reason of service as a director unless it is established that (i) the act or omission of such person was material to the matter giving rise to the proceeding and was committed in bad faith or was the result of active and deliberate dishonesty; or (ii) such person actually received an improper personal benefit in money property or services; or (iii) in the case of any criminal proceeding, such person had reasonable cause to believe that the act or omission was unlawful. The indemnity may include judgments, penalties, fines, settlements and reasonable expenses actually incurred by the director in connection with the proceeding; but, if the proceeding is one by or in the right of the corporation, indemnification is not permitted with respect to any proceeding in which the director has been adjudged to be liable to the corporation, or if the proceeding is one charging improper personal benefit to the director, whether or not involving action in the director's official capacity, indemnification of the director is not permitted if the director was adjudged to be liable on the basis that personal benefit was improperly received. The termination of any proceeding by conviction or upon a plea of nolo contendere or its equivalent, or any entry of an order of probation prior to judgment, creates a rebuttable presumption that the director did not meet the requisite standard of conduct required for permitted indemnification. The termination of any proceeding by judgment, order or settlement, however, does not create a presumption that the director failed to meet the requisite standard of conduct for permitted indemnification.

The Partnership Agreements also provide for indemnification of the Company, or any trustee or officer of the Company, from and against all losses,

claims, damages, liabilities, joint or several, expenses (including legal fees), fines, settlements and other amounts incurred in connection with any actions relating to the operations of the Operating Partnerships as set forth in the Partnership Agreements.

The foregoing reference is necessarily subject to the complete text of the Declaration of Trust and the statute referred to above and is qualified in its entirety by reference thereto.

The Company has also entered into Indemnification Agreements with certain officers and trustees for the purpose of indemnifying such persons from certain claims and action in their capacities as such.

ITEM 16. EXHIBITS.

There are filed with the Registration Statement the following exhibits:

<TABLE>
<CAPTION>

EXHIBIT NO.	DESCRIPTION
<S>	<C>
3.1	Declaration of Trust.*
3.2	By-laws.**
3.3	Fifth Amended and Restated Agreement of Limited Partnership of Leperc Corporate Income Fund L.P. dated as of December 31, 1996 as Supplemented as of March 10, 1997 to Include Pacific Place Merger as Supplemented as of January 29, 1998 to Include Phoenix and Savannah Contributions as Supplemented as of May 8, 1998 to Include Anchorage Contribution as Supplemented as of June 19, 1998 to Include Trademark Lancaster Contribution as Supplemented as of December 31, 1998 to Include Columbia Contribution.
3.4	Second Amended and Restated Agreement of Limited Partnership of Lepercq Corporate Income Fund II L.P. Dated as of August 27, 1998.
5.1	Opinion of Paul, Hastings, Janofsky & Walker LLP as to the validity of the securities being offered.+
23.1	Consent of KPMG LLP.+
23.2	Consent of Paul, Hastings, Janofsky & Walker LLP (included in Exhibit 5.1).+

</TABLE>

---

* Incorporated by reference to Exhibit No. 3.1 to the Company's Current Report on Form 8-K filed on January 16, 1998.

** Incorporated by reference to Exhibit No. 3.2 to the Company's Annual Report on Form 10-K filed on March 31, 1998.

\+ Previously Filed.

ITEM 17. UNDERTAKINGS.

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any acts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was

registered) and any deviation from the low or high end of the estimated offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

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(iii)To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) herein do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in this registration statement;

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof; and

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a trustee, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on this Amendment No. 1 to Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of New York, state of New York, on September 10, 1999.

LEXINGTON CORPORATE PROPERTIES TRUST

By: /s/ T. Wilson Eglin

T. Wilson Eglin
President and Chief Operating Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Capacity	Date
*		
E. Robert Roskind	Chairman of the Board, Co-Chief Executive Officer and Trustee (Principal Executive Officer)	September 10, 1999
*		
Richard J. Rouse	Vice Chairman, Co-Chief Executive Officer and Trustee	September 10, 1999
/s/ T. Wilson Eglin	President, Chief Operating Officer and Trustee	September 10, 1999
T. Wilson Eglin		
*	Chief Financial Officer and Treasurer	
Patrick Carroll		September 10, 1999
*	Vice President, Chief Accounting Officer and Secretary	
Paul R. Wood		September 10, 1999

Signature	Capacity	Date
*		September 10,
Carl D. Glickman	Trustee	1999
*		September 10,
Kevin W. Lynch	Trustee	1999
*		
John D. McGurk	Trustee	September 10, 1999
*		September 10,
Seth M. Zachary	Trustee	1999

* By: /s/ T. Wilson Eglin

T. Wilson Eglin
Attorney-in-Fact

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EXHIBIT INDEX

<TABLE>
<CAPTION>

EXHIBIT NO.	DESCRIPTION	PAGE NO.
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3.3	Fifth Amended and Restated Agreement of Limited Partnership of Lepercq Corporate Income Fund L.P. dated as of December 31, 1996 as Supplemented as of March 10, 1997 to Include Pacific Place Merger as Supplemented as of January 29, 1998 to Include Phoenix and Savannah Contributions as Supplemented as of May 8, 1998 to Include Anchorage Contribution as Supplemented as of June 19, 1998 to Include Trademark Lancaster Contribution as Supplemented as of December 31, 1998 to Include Columbia Contribution.	
3.4	Second Amended and Restated Agreement of Limited Partnership of Lepercq Corporate Income Fund II L.P. dated as of August 27, 1998.	
5.1	Opinion of Paul, Hastings, Janofsky & Walker LLP as to the validity of the securities being offered.+	
23.1	Consent of KPMG LLP.+	
23.2	Consent of Paul, Hastings, Janofsky & Walker LLP (included in Exhibit 5.1). +	

</TABLE>

Exhibit 3.3

FIFTH AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP

OF

LEPERCQ CORPORATE INCOME FUND L.P.

Dated as of December 31, 1996

As Supplemented as of March 10, 1997

To Include Pacific Place Merger

As Supplemented as of January 29, 1998

To Include Phoenix and Savannah Contributions

As Supplemented as of May 8, 1998

To Include Anchorage Contribution

As Supplemented as of June 19, 1998

To Include Trademark Lancaster Contribution

As Supplemented as of December 31, 1998

To Include Columbia Contribution

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EXHIBIT D-1 NOTICE OF REDEMPTION

EXHIBIT D-2 NOTICE OF REDEMPTION

EXHIBIT D-3 NOTICE OF REDEMPTION

EXHIBIT D-4 NOTICE OF REDEMPTION

FIFTH AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF LEPERCQ CORPORATE INCOME FUND L.P.

THIS FIFTH AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP, dated as of December 31, 1996, is entered into by and among Lex GP-1, Inc., a Delaware corporation ("GP-1"), as the General Partner, Lex LP-1, Inc. a Delaware corporation ("LP-1"), as the Initial Limited Partner, Lexington Corporate Properties, Inc., a Maryland corporation ("LXP"), which is the sole stockholder of the General Partner and the Initial Limited Partner, the Persons whose names will be hereinafter set forth on Exhibit A as Special Limited Partners as attached hereto, the Persons whose names will be hereinafter set forth on Exhibit A as Property Limited Partners attached hereto, the Persons whose names will be hereinafter set forth on Exhibit A as Red Butte Limited Partners, and the Persons whose names will be hereinafter set forth on Exhibit A as Expansion Limited Partners, with any other Persons who become Partners in the Partnership as provided herein.

ARTICLE 1
DEFINED TERMS

The following definitions shall for all purposes be applied to the following terms used in this Agreement.

"Act" means the Delaware Revised Uniform Limited Partnership Act, as it may be amended from time to time.

"Additional Limited Partners" means the Special Limited Partners, the Property Limited Partners, the Red Butte Limited Partners, the Expansion Limited Partners, and any other limited partner admitted to the Partnership pursuant to Section 4.2.A.

"Adjusted Capital Account" means the Capital Account maintained for each Partner as of the end of each Partnership Year (i) increased by any amounts which such Partner is obligated to restore pursuant to any provision of this Agreement or is deemed to be obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5) and (ii) decreased by the items described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), and 1.704-1(b)(2)(ii)(d)(6). The foregoing definition of Adjusted Capital Account is intended to comply with the provisions of

Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

"Adjusted Capital Account Deficit" means, with respect to any Partner, the deficit balance, if any, in such Partner's Adjusted Capital Account as of the end of the relevant Partnership Year.

"Adjusted Property" means any property the Carrying Value of which has been adjusted pursuant to Exhibit B hereof. Once an Adjusted Property is deemed distributed by, and re-contributed to, the Partnership for federal income tax purposes upon a termination thereof pursuant to Section 708 of the Code, such property shall thereafter constitute a Contributed Property until the Carrying Value of such property is further adjusted pursuant to Exhibit B hereof.

"Affiliate" means, with respect to any Person, any Person directly or indirectly controlling, controlled by or under common control with such Person.

"Agreed Value" means (i) the 704(c) Value of such property or other consideration in the case of any Contributed Property as of the time of its contribution to the Partnership, reduced by any liabilities either assumed by the Partnership upon such contribution or to which such property is subject when contributed, and (ii) in the case of any property distributed to a Partner by the Partnership, the Partnership's Carrying Value of such property at the time such Property is distributed, reduced by any indebtedness either assumed by such Partner upon such distribution or to which such property is subject at the time of distribution under Section 752 of the Code and the Regulations thereunder.

"Agreement" means this Fifth Amended and Restated Agreement of Limited Partnership, as it may be amended, supplemented or restated from time to time.

"Assignee" means a Person to whom one or more Partnership Units held by an Additional Limited Partner have been transferred in a manner permitted under this Agreement, but who has not become a Substituted Additional Limited Partner and who has the rights set forth in Section 11.5.

"Book-Tax Disparities" means, with respect to any item of Contributed Property or Adjusted Property, as of the date of any determination, the difference between the Carrying Value of such Contributed Property or Adjusted Property and the adjusted basis thereof for federal income tax purposes as of such date. A

Partner's share of the Partnership's Book-Tax Disparities in all of its Contributed Property and Adjusted Property will be reflected by the difference between such Partner's Capital Account balance as maintained pursuant to Exhibit B and the hypothetical balance of such Partner's Capital Account computed as if it had been maintained strictly in accordance with federal income tax accounting principles.

"Business Day" means any day except a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by law to close.

"Capital Account" means the Capital Account maintained for a Partner pursuant to Exhibit B hereof.

"Capital Contributions" means, with respect to any Partner, any cash, cash equivalents or the Agreed Value of Contributed Property which such Partner contributes or is deemed to contribute to the Partnership pursuant to Section 4.1 or 4.2 hereof.

"Capital Event" means the sale, refinancing or other disposition of a Partnership asset outside the ordinary course of the Partnership's business.

"Carrying Value" means (i) with respect to a Contributed Property or Adjusted Property, the 704(c) Value of such property reduced (but not below zero) by all Depreciation with respect to such property charged to the Partners' Capital Accounts and (ii) with respect to any other Partnership property, the adjusted basis of such property for federal income tax purposes, all as of the time of determination. The Carrying Value of any property shall be adjusted from time to time in accordance with Exhibit B hereof, and to reflect changes, additions or other adjustments to the Carrying Value for dispositions and acquisitions of Partnership properties, as deemed appropriate by the General Partner.

"Certificate" means the Certificate of Limited Partnership relating to the Partnership filed in the office of the Delaware Secretary of State, as amended from time to time in accordance with the terms hereof and the Act.

"Certificate of Incorporation" means the Amended and Restated Certificate of Incorporation of LXP, as amended or restated from time to time.

"Code" means the Internal Revenue Code of 1986, as amended and in effect from time to time, as interpreted by the

applicable regulations thereunder. Any reference herein to a specific section or

sections of the Code shall be deemed to include a reference to any corresponding provision of future law.

"Contributed Property" means each property or other asset, in such form as may be permitted by the Act, but excluding cash, contributed or deemed contributed to the Partnership (or deemed contributed to the Partnership on termination and reconstitution thereof pursuant to Section 708 of the Code). Once the Carrying Value of a Contributed Property is adjusted pursuant to Exhibit B hereof, such property shall no longer constitute a Contributed Property for purposes of Exhibit B hereof, but shall be deemed an Adjusted Property for such purposes.

"Depreciation" means, for each fiscal year, an amount equal to the federal income tax depreciation, amortization, or other cost recovery deduction allowable with respect to an asset for such year, except that if the Carrying Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such year or other period, Depreciation shall be an amount which bears the same ratio to such beginning Carrying Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such year bears to such beginning adjusted tax basis; provided, however, that if the federal income tax depreciation, amortization, or other cost recovery deduction for such year is zero, Depreciation shall be determined with reference to such beginning Carrying Value using any reasonable method selected by the General Partner.

"Effective Date" shall mean October 12, 1993, the date of the filing of the LCIF I Merger Certificate with the Secretary of State of the State of Delaware.

"Effective Time" shall mean October 12, 1993, the time of the filing of the LCIF I Merger Certificate with the Secretary of State of Delaware.

"Expansion Limited Partner" means a Person admitted to the Partnership as an Expansion Limited Partner pursuant to Section 4.2 hereof as a result of the contribution by one of the Expansion Partnerships of all of such Partnership's interest in an Expansion Property and the subsequent dissolution of such Expansion Partnership, and who is shown as such on the books and records of the Partnership.

"Expansion Limited Partner Interest" means a Partnership Interest of an Expansion Limited Partner in the

Partnership representing a fractional part of the Partnership Interests of all Expansion Limited Partners and includes any and all benefits to which the holder of such a Partnership Interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement. An Expansion Limited Partner Interest may be expressed as a number of Partnership Units.

"Expansion Limited Partner Redemption Right" shall have the meaning set forth in Section 8.4.

"Expansion Partners Closing Date" shall mean the date hereof.

"Expansion Partnership" means one of Toy Properties Associates II, Toy Properties Associates V, and Fort Street Partners Limited Partnership.

"Expansion Property" means an Expansion Partnership's interest in any property.

"Expansion Redeeming Partners" shall have the meaning set forth in Section 8.4.

"General Partner" means Lex GP-1, Inc. or its successors as general partner of the Partnership.

"General Partner Interest" means a Partnership Interest held by the General Partner that is a general partner interest. A General Partner Interest shall be expressed as a number of Partnership Units.

"Immediate Family" means, with respect to any natural Person, such natural Person's spouse and such natural Person's natural or adoptive parents, descendants, nephews, nieces, brothers, and sisters.

"Incapacity" or "Incapacitated" means (i) as to any individual Partner, death, total physical disability or entry by a court of competent jurisdiction adjudicating him incompetent to manage his Person or his estate; (ii) as to any corporation which is a Partner, the filing of a

certificate of dissolution, or its equivalent, for the corporation or the revocation of its charter; (iii) as to any partnership which is a Partner, the dissolution and commencement of winding up of the partnership; (iv) as to any estate which is a Partner, the distribution by the fiduciary of the estate's entire interest in the Partnership; (v) as to any trustee of a trust which is a Partner, the termination of the trust (but not the substitution of a new trustee); or (vi) as to

any Partner, the bankruptcy of such Partner. For purposes of this definition, bankruptcy of a Partner shall be deemed to have occurred when (a) the Partner commences a voluntary proceeding seeking liquidation, reorganization or other relief under any bankruptcy, insolvency or other similar law now or hereafter in effect, (b) the Partner is adjudged as bankrupt or insolvent, or a final and nonappealable order for relief under any Bankruptcy, insolvency or similar law now or hereafter in effect has been entered against the Partner, (c) the Partner executes and delivers a general assignment for the benefit of the Partner's creditors, (d) the Partner files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the Partner in any proceeding of the nature described in clause (b) above, (e) the Partner seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator for the Partner or for all or any substantial part of the Partner's properties, (f) any proceeding seeking liquidation, reorganization or other relief of or against such Partner under any bankruptcy, insolvency or other similar law now or hereafter in effect has not been dismissed within one hundred twenty (120) days after the commencement thereof, (g) the appointment without the Partner's consent or acquiescence of a trustee, receiver or liquidator for the assets of the Partner which such appointment has not been vacated or stayed within ninety (90) days of such appointment, or (h) an appointment referred to in clause (g) is not vacated within ninety (90) days after the expiration of any such stay.

"Indemnitee" means (i) any Person made a party to a proceeding by reason of his status as (A) the General Partner, or (B) a director or officer of the Partnership, the General Partner, the Initial Limited Partner or LXP, and (ii) such other Persons (including Affiliates of the Partnership, the General Partner, the Initial Limited Partner or LXP) as the General Partner may designate from time to time (whether before or after the event giving rise to potential liability), in its sole and absolute discretion.

"Initial Limited Partner" means Lex LP-1, Inc.

"IRS" means the Internal Revenue Service, which administers the internal revenue laws of the United States.

"LCIF I" means Lepercq Corporate Income Fund L.P., a Delaware limited partnership.

"LCIF I Merger" means the Merger of Lex M-1 with and into LCIF I pursuant to the LCIF I Merger Agreement.

"LCIF I Merger Agreement" means the Agreement and Plan of Merger of Lex M-1 into LCIF I dated as of October 12, 1993.

"LCIF I Merger Certificate" means the Certificate of Merger of the Partnership into LCIF I, dated October 12, 1993 filed in the office of the Delaware Secretary of State on October 12, 1993.

"LCIF II" means Lepercq Corporate Income Fund II L.P., a Delaware limited partnership.

"Lex M-1" means Lex M-1, L.P., a Delaware limited partnership.

"Limited Partner Interest" means a Partnership Interest held by a Limited Partner in the Partnership that is a limited partner interest. A Limited Partner Interest shall be expressed as a number of Partnership Units.

"Limited Partners" means the Initial Limited Partners, the Special Limited Partners and the Property Limited Partners, and the Red Butte Limited Partners.

"Liquidator" has the meaning set forth in Section 13.2.

"LCP" means The LCP Group, L.P.

"LXP" means Lexington Corporate Properties, Inc., a Maryland corporation which is the sole stockholder of the General Partner and

the Initial Limited Partner.

"Mergers" means the merger of Lex M-1 with and into LCIF I and the merger of Lex M-2 with and into LCIF II, which mergers became effective on October 12, 1993.

"Net Income" means, for any taxable period, the excess, if any, of the Partnership's items of income and gain for such taxable period over the Partnership's items of loss and deduction for such taxable period. The items included in the calculation of Net Income shall be determined in accordance with Exhibit B. Once an item of income, gain, loss or deduction that has been included in the initial computation of Net Income is subjected to the special allocation rules in Exhibit C, Net Income or the resulting Net Loss, whichever the case may be, shall be recomputed without regard to such item.

"Net Loss" means, for any taxable period, the excess, if any, of the Partnership's items of loss and deduction for such

taxable period over the Partnership's items of income and gain for such taxable period. The items included in the calculation of Net Loss shall be determined in accordance with Exhibit B. Once an item of income, gain, loss or deduction that has been included in the initial computation of Net Loss is subjected to the special allocation rules in Exhibit C, Net Loss or the resulting Net Income, whichever the case may be, shall be recomputed without regard to such item.

"Nonrecourse Built-in Gain" means, with respect to any Contributed Properties or Adjusted Properties that are subject to a mortgage or negative pledge securing a Nonrecourse Liability, the amount of any taxable gain that would be allocated to the Partners pursuant to Section 2.B of Exhibit C if such properties were disposed of in a taxable transaction in full satisfaction of such liabilities and for no other consideration.

"Nonrecourse Deductions" has the meaning set forth in Regulations Section 1.704-2(b)(1), and the amount of Nonrecourse Deductions for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(c).

"Nonrecourse Liability" has the meaning set forth in Regulations Section 1.752-1(a)(2).

"Notice of Redemption" means the Notice of Redemption substantially in the form of Exhibit D-1, Exhibit D-2, Exhibit D-3, or Exhibit D-4 to this Agreement.

"Operating Cash Flow" means, for any period, operating revenue from leases on real property investments, partnership distributions with respect to partnerships in which the Partnership has interests, and interest on uninvested funds and other cash investment returns, less operating expenses, capital expenditures and regularly scheduled principal and interest payments (exclusive of balloon payments due at maturity) on outstanding mortgage and other indebtedness. The General Partner may, in its discretion, reduce Operating Cash Flow for any period by an amount determined by the General Partner to be necessary to fund reserves required by the Partnership.

"Partner" means a General Partner, the Initial Limited Partner, any Special Limited Partner, any Property Limited Partner, any Red Butte Limited Partner or any Expansion Limited Partners and "Partners" means the General Partner, the Limited Partner, the Special Limited Partners, the Property Limited Partners, the Red Butte Limited Partners and the Expansion Limited Partners.

"Partner Minimum Gain" means an amount, with respect to each Partner Nonrecourse Debt, equal to the Partnership Minimum Gain that would result if such Partner Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Regulations Section 1.704-2(i)(3).

"Partner Nonrecourse Debt" has the meaning set forth in Regulations Section 1.704-2(b)(4).

"Partner Nonrecourse Deductions" has the meaning set forth in Regulations Section 1.704-2(i)(2), and the amount of Partner Nonrecourse Deductions with respect to a Partner Nonrecourse Debt for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(i)(2).

"Partnership" shall have the meaning set forth in Section 2.3 of this Agreement.

"Partnership Interest" means an ownership interest in the Partnership representing a Capital Contribution by a Partner and includes any and all benefits to which the holder of such a Partnership Interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement. A Partnership Interest shall be expressed as a number of Partnership Units.

"Partnership Minimum Gain" has the meaning set forth in Regulations Section 1.704-2(b)(2), and the amount of Partnership Minimum Gain, as well as any net increase or decrease in Partnership Minimum Gain, for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(d).

"Partnership Record Date" means the record date established by the General Partner for the distribution of Operating Cash Flow pursuant to Section 5.1 hereof, which record date shall be the same as the record date established by LXP for a distribution to its stockholders of some or all of such distribution.

"Partnership Unit" means a fractional, undivided share of the Partnership Interests of all Partners issued pursuant to Sections 4.1 and 4.2.

"Partnership Year" means the fiscal year of the Partnership, which shall be the calendar year.

"Percentage Interest" means, as to a Partner, its interest in the Partnership as determined by dividing the

Partnership Units owned by such Partner by the total number of Partnership Units then outstanding and as specified in Exhibit A attached hereto, as such Exhibit may be amended from time to time.

"Person" means an individual or a corporation, partnership, trust, unincorporated organization, association, limited liability company or other entity.

"Prior Agreements" means the Agreement of Limited Partnership of Lex M-1, L.P., dated as of October 5, 1993, between the General Partner, the Initial Limited Partner, the First Amended and Restated Agreement of Limited Partnership of Lex M-1, L.P., dated as of October 8, 1993, between the General Partner, the Initial Limited Partner and the Special Limited Partners, the First Amended and Restated Agreement of Limited Partnership of Lepercq Corporate Income Fund L.P. dated as of October 12, 1993, between the General Partner, the Initial Limited Partner and the Special Limited Partners, the Second Amended and Restated Agreement of Limited Partnership of Lepercq Corporate Income Fund L.P., dated as of October 12, 1993 between the General Partner, the Initial Limited Partner and the Special Limited Partners, and the Third Amended and Restated Agreement of Limited Partnership of Lepercq Corporate Income Fund L.P. dated August 1, 1995 between the General Partner, the Initial Limited Partner, the Special Limited Partners and the Property Limited Partners, and the Fourth Amended and Restated Agreement of Limited Partnership of Lepercq Corporate Income Fund L.P. dated as of May 22, 1996 between the General Partner, the Initial Limited Partner, the Special Limited Partners, the Property Limited Partners, and the Red Butte Limited Partners.

"Property Limited Partner" means a Person admitted to the Partnership as a Property Limited Partner pursuant to Section 4.2 hereof as a result of the contribution of an interest in an Underlying Partnership and who is shown as such on the books and records of the Partnership.

"Property Limited Partner Interest" means a Partnership Interest of a Property Limited Partner in the Partnership representing a fractional part of the Partnership Interests of all Property Limited Partners and includes any and all benefits to which the holder of such a Partnership Interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement. A Property Limited Partner Interest may be expressed as a number of Partnership Units.

"Property Limited Partner Redemption Right" shall have the meaning set forth in Section 8.4.

"Property Partners Closing Date" shall mean August 1, 1995.

"Property Redeeming Partners" shall have the meaning set forth in Section 8.4.

"Recapture Income" means any gain recognized by the Partnership upon the disposition of any property or asset of the Partnership, which gain is characterized as ordinary income because it represents the recapture of deductions previously taken with respect to such property or asset.

"Red Butte" means Red Butte Creek Associates Limited Partnership, a limited partnership organized under the laws of the State of Utah.

"Red Butte Limited Partner" means a Person admitted to the Partnership as a Red Butte Limited Partner pursuant to Section 4.2 hereof as a result of the contribution by Red Butte of all of its interest in the Red Butte Property and the subsequent dissolution of Red Butte and who is shown as such on the books and records of the Partnership.

"Red Butte Limited Partner Interest" means a Partnership Interest of a Red Butte Limited Partner in the Partnership representing a fractional part of the Partnership Interests of all Red Butte Limited Partners and includes any and all benefits to which the holder of such a Partnership Interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement. A Red Butte Limited Partner Interest may be expressed as a number of Partnership Units.

"Red Butte Limited Partner Redemption Right" shall have the meaning set forth in Section 8.4.

"Red Butte Partners Closing Date" shall mean May 22, 1996.

"Red Butte Property" means all of Red Butte's interest in that certain property located at 295 Chipeta Way, University of Utah Research Park, Salt Lake City, Utah.

"Red Butte Redeeming Partners" shall have the meaning set forth in Section 8.4.

"Redeeming Partner" shall mean either a Special Redeeming Partner, a Property Redeeming Partner, a Red Butte Redeeming Partner, or an Expansion Redeeming Partner, as the case may be.

"Redemption Amount" means the number of REIT Shares equal to the product of the number of Partnership Units offered for redemption by a Redeeming Partner, multiplied by the Redemption Factor; provided that in the event the General Partner issues to all holders of REIT Shares rights, options, warrants or convertible or exchangeable securities entitling the stockholders to subscribe for or purchase REIT Shares, or any other securities or property (collectively, the "rights") then the Redemption Amount shall also include such rights that a holder of that number of REIT Shares would be entitled to receive.

"Redemption Exercise Date" shall mean that applicable date as set forth next to each Property Limited Partners' name, and each Red Butte Limited Partners' name, on Exhibit A.

"Redemption Factor" means 1.0, provided that in the event that LXP (i) declares or pays a dividend on its outstanding REIT Shares in REIT Shares or makes a distribution to all holders of its outstanding REIT Shares in REIT Shares, (ii) subdivides its outstanding REIT Shares, or (iii) combines its outstanding REIT Shares into a smaller number of REIT Shares, the Redemption Factor shall be adjusted by multiplying the Redemption Factor in effect immediately before such event by a fraction, the numerator of which shall be the number of REIT Shares issued and outstanding on the record date for such dividend, distribution, subdivision or combination (assuming for such purposes that such dividend, distribution, subdivision or combination has occurred as of such time), and the denominator of which shall be the actual number of REIT Shares (determined without the above assumption) issued and outstanding on the record date for such dividend distribution, subdivision or combination. Any adjustment to the Redemption Factor shall become effective immediately after the effective date of such event retroactive to the record date, if any, for such event.

"Redemption Right" shall mean either the Special Limited Partner Redemption Right, the Property Limited Partner Redemption Right, the Red Butte Limited Partner Redemption Right, or the Expansion Limited Partner, as the case may be.

"Regulations" means the Income Tax Regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

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"REIT" means a real estate investment trust under Section 856 of the Code.

"REIT Share" shall mean a share of Common Stock, $.0001 par value, of LXP. A REIT Share shall also mean a share of Excess Stock, $.0001 par value, of LXP issued in exchange or upon conversion of a share of such Common Stock under the circumstances contemplated by the Certificate of Incorporation.

"Relative Interest" means the percentage determined by a fraction, the numerator of which is the Capital Contributions deemed to be made by the General Partner, the Initial Limited Partner and the Special Limited Partners on the Effective Date to the Partnership and the denominator of which is such Capital Contributions plus the capital contributions deemed to be made by the partners of LCIF II to LCIF II on the Effective Date. LXP may require the Partnership to adjust the Relative Interest from time to time, in its discretion (provided that the sum of the Relative Interest of the Partnership and the relative interest of LCIF II continue to total one (1.0)), so that each Partnership Unit held by the Special Limited Partners remains substantially equivalent to each partnership unit held by the special limited partners in LCIF II with regard to (i) allocations of income, gain, loss, deduction and credit, (ii) distributions from Operating Cash Flow and (iii) distributions upon dissolution and liquidation of the Partnership and LCIF II.

"Residual Gain" or "Residual Loss" means any item of gain or loss, as the case may be, of the Partnership recognized for federal income tax purposes resulting from a sale, exchange or other disposition of Contributed Property or Adjusted Property, to the extent such item of gain or loss is not allocated pursuant to Section 2.B.1(a) or 2.B.2(a) of Exhibit C to eliminate Book-Tax Disparities.

"704(c) Value" of any Contributed Property means the fair market value of such property or other consideration at the time of contribution as determined by the General Partner using such reasonable method of valuation as it may adopt; provided that the 704(c) Value of any property deemed contributed to the Partnership for federal income tax purposes upon termination and reconstitution thereof pursuant to Section 708 of the Code shall be determined in accordance with Exhibit B hereof. Subject to Exhibit B hereof, the General Partner shall, in its sole and absolute discretion, use such method as it deems reasonable and appropriate to allocate the aggregate of the 704(c) Values of Contributed Properties in a single or integrated transaction among the separate properties on a basis proportional to their respective fair market values.

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"Special Limited Partner" means a Person admitted to the Partnership as a Special Limited Partner pursuant to Section 4.2 hereof and who is shown as such on the books and records of the Partnership.

"Special Limited Partner Interest" means a Partnership Interest of the Special Limited Partners in the Partnership representing a fractional part of the Partnership Interests of all Special Limited Partners and includes any and all benefits to which the holder of such a Partnership Interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement. A Special Limited Partner Interest may be expressed as a number of Partnership Units.

"Special Limited Partner Redemption Right" shall have the meaning set forth in Section 8.4 hereof.

"Special Redeeming Partner" has the meaning set forth in Section 8.4 hereof.

"Specified Redemption Date" means the tenth (10th) Business Day after receipt by the General Partner and LXP of a Notice of Redemption.

"Subsequent Partner" means a Person admitted to the Partnership as a Partner after the date hereof through the sale or issuance by the Partnership of additional Partnership Interests and not through the transfer of existing Partnership Interests.

"Subsidiary" means, with respect to any Person, any corporation, partnership or other entity of which a majority of (i) the voting power of the voting equity securities or (ii) the outstanding equity interests is owned, directly or indirectly, by such Person.

"Substituted Additional Limited Partner" means a Person who is admitted as an Additional Limited Partner to the Partnership pursuant to Section 11.4.

"Terminating Capital Transaction" means any sale or other disposition of all or substantially all of the assets of the Partnership or a related series of transactions that, taken together, result in the sale or other disposition of all or substantially all of the assets of the Partnership.

"Unrealized Gain" attributable to any item of Partnership property means, as of any date of determination, the

excess, if any, of (i) the fair market value of such property (as determined under Exhibit B hereof) as of such date, over (ii) the Carrying Value of such property (prior to any adjustment to be made pursuant to Exhibit B hereof) as of such date.

"Unrealized Loss" attributable to any item of Partnership property means, as of any date of determination, the excess, if any, of (i) the Carrying Value of such property (prior to any adjustment to be made pursuant to Exhibit B hereof) as of such date, over (ii) the fair market value of such property (as determined under Exhibit B hereof) as of such date.

"Underlying Partnership" means Barngiant Livingston Associates Limited Partnership, Barnhale Modesto Properties, Barnes Rockshire Associates Limited Partnership, Barnvyn Bakersfield Associates L.P., Barnhech Montgomery Associates Limited Partnership, and Barnward Brownsville Properties, the partnerships in which the Partnership will acquire interests by contribution from the Property Limited Partners.

ARTICLE 2
ORGANIZATIONAL MATTERS

Section 2.1 Organization

A. The Partnership is a limited partnership formed pursuant to the provisions of the Act and upon the terms and conditions set forth in the Prior Agreements. The Partners hereby amend and restate the Prior Agreements in their entirety as of the date hereof to reflect the admission of the Expansion Limited Partners into the Partnership. Except as expressly provided herein to the contrary, the rights and obligations of the Partners and the administration and termination of the Partnership shall be governed by the Act. The Partnership Interest of each Partner shall be personal property for all purposes.

Section 2.2 LCIF I Merger

A. GP-1 in its capacity as the general partner of the Partnership, and LP-1 in its capacity as the limited partner of the Partnership, authorized and approved the LCIF I Merger and the execution of the LCIF I Merger Agreement by the Partnership. At the Effective Time, (i) Lex M-1 merged with and into LCIF I, whereupon the separate existence of Lex M-1 ceased and (ii) LCIF I, also referred to as the Partnership in this Agreement, was the surviving limited partnership of the LCIF I Merger.

B. At the Effective Time:

(1) Each limited partner interest in LCIF I outstanding immediately prior to the Effective Time was exchanged for either shares of common stock in LXP, or subordinated notes issued by LXP;

(2) Secured Property Associates L.P.'s interest in LCIF I outstanding immediately prior to the Effective Time was exchanged for Special Limited Partner Interests in LCIF I, and Secured Property Associates L.P. was admitted to the Partnership as a Special Limited Partner;

(3) GP-1's interest in Lex M-1 was cancelled, and GP-1 was admitted to the Partnership as a general partner of the Partnership; and

(4) LP-1's limited partner interest in Lex M-1 was cancelled, and LP-1 was admitted to the Partnership as a limited partner of the Partnership.

Section 2.3 Name

The name of the Partnership is Lepercq Corporate Income Fund L.P. The Partnership's business may be conducted under any other name or names deemed advisable by the General Partner, including the name of the General Partner or any Affiliate thereof. The words "Limited Partnership," "L.P.," "Ltd." or similar words or letters shall be included in the Partnership's name where necessary for the purposes of complying with the laws of any jurisdiction that so requires. The General Partner in its sole and absolute discretion may change the name of the Partnership at any time.

Section 2.4 Registered Office and Agent Principal Office

The address of the registered office of the Partnership in the State of Delaware is located at 1209 Orange Street, City of Wilmington, County of New Castle, Delaware 19801, and the registered agent for service of process on the Partnership in the State of Delaware at such registered office is The Corporation Trust Company. The principal office of the Partnership is located at 355 Lexington Avenue, New York, New York 10017, and may be changed to such other place as the General Partner may from time to time designate. The Partnership may maintain offices at such other place or places within or outside the State of Delaware as the General Partner deems advisable.

Section 2.5 Term

The term of the Partnership commenced on October 5, 1993, the date the Certificate was filed in the office of the Secretary of State of Delaware in accordance with the Act and shall continue until December 31, 2093, unless the Partnership is dissolved sooner pursuant to the provisions of Article 13 or as otherwise provided by law.

ARTICLE 3
PURPOSE

Section 3.1 Purpose and Business

The purpose and nature of the business to be conducted by the Partnership is (i) to conduct any business that may be lawfully conducted by a limited partnership organized pursuant to the Act; provided that such business shall be limited to and conducted in such a manner as to permit LXP at all times to be classified as a REIT, unless LXP ceases to qualify as a REIT for reasons other than the conduct of the business of the Partnership, (ii) to enter into any partnership, joint venture or other similar arrangement to engage in any of the foregoing or to own interests in any entity engaged in any of the foregoing and (iii) to do anything necessary or incidental to the foregoing. In connection with the foregoing, and without limiting LXP's right in its sole discretion to cease qualifying as a REIT, the Partners acknowledge that LXP's status as a REIT inures to the benefit of all the Partners and not solely to LXP.

Section 3.2 Powers

The Partnership shall be empowered to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of the purposes and business described herein and for the protection and benefit of the Partnership; provided that the Partnership shall not take, or refrain from taking, any action which, in the judgment of LXP, in its sole and absolute discretion, (i) could adversely affect the ability of LXP to continue to qualify as a REIT under Section 857 of the Code, (ii) could subject LXP to any additional taxes under any Section of the Code or (iii) could violate any law or regulation of any governmental body or agency having jurisdiction over LXP or its securities, unless such action (or inaction) shall have been specifically consented to by LXP in writing.

Notwithstanding anything to the contrary that may be contained herein, the Partnership had and continues to have the power and authority to execute, acknowledge, verify, deliver, file and record any and all documents and instruments, including the LCIF I Merger Agreement and the LCIF I Merger Certificate, and to perform any and all acts required by applicable law or which were or may be necessary or advisable in order to give effect to the consummation of the LCIF I Merger.

ARTICLE 4
CAPITAL CONTRIBUTIONS

Section 4.1 Capital Contributions of the Partners

As of the date of this Agreement, (i) the Partners shall be deemed to have made the Capital Contributions set forth in Exhibit A to this Agreement and (ii) each Partner shall own Partnership Units in the amount set forth for such Partner in Exhibit A and shall have a Percentage Interest in the Partnership as set forth for such Partner in Exhibit A, which Percentage Interest shall be adjusted in Exhibit A from time to time by the General Partner to the extent necessary to reflect accurately redemptions, Capital Contributions, Capital Events, the issuance of additional Partnership Units or similar events having an effect on a Partner's Percentage Interest. Except as provided in Sections 4.2 and 10.4, the Partners shall have no obligation to make any additional Capital Contributions or loans to the Partnership.

Section 4.2 Issuances of Additional Partnership Interests

A. The General Partner is hereby authorized to cause the Partnership from time to time to issue to the Partners or other Persons additional Partnership Units or other Partnership Interests in one or more classes, or one or more series of any of such classes, with such designations, preferences and relative, participating, optional or other special rights, powers and duties, including rights, powers and duties senior to existing Partnership Interests, all as shall be determined by the General Partner in its sole and absolute discretion, including, without limitation, (i) the allocations of items of Partnership income, gain, loss, deduction and credit to each such class or series of Partnership Interests, (ii) the right of each such class or series of Partnership Interests to share in Partnership distributions, and (iii) the rights of each such class or series of Partnership Interests upon dissolution and liquidation of the Partnership.

B. Notwithstanding any provision of Section 4.2.A to the contrary, no such additional Partnership Units or other Partnership Interests shall be issued to the General Partner, the Initial Limited Partner, LXP or any of their Subsidiaries unless

(1) (a) the additional Partnership Interests are issued in connection with an issuance of shares of LXP, which shares have designations, preferences and other rights, all such that the economic interests are substantially similar to the designations, preferences and other rights of the additional Partnership Interests issued to the General Partner, the Initial Limited Partner, LXP or any of their Subsidiaries in accordance with Section 4.2.A, and (b) LXP through the General Partner or the Limited Partner shall make a Capital Contribution to the Partnership in an amount equal to the proceeds raised in connection with the issuance of such shares of LXP, or

(2) the additional Partnership Interests are issued to all Partners in proportion to their respective Percentage Interests.

ARTICLE 5
DISTRIBUTIONS

Section 5.1 Requirement and Characterization of Distributions

A. General. The General Partner shall distribute quarterly an amount equal to 100% of the Operating Cash Flow generated by the Partnership during such quarter to the Partners, who are Partners on the Partnership Record Date with respect to such quarter in accordance with their respective Percentage Interests on such Partnership Record Date; provided, that in no event may a Partner receive a distribution of Operating Cash Flow with respect to a Partnership Unit if such Partner is entitled to receive a distribution out of such Operating Cash Flow with respect to a REIT Share for which such Partnership Unit has been redeemed or exchanged.

B. Property Limited Partners. For purposes of this Section 5.1, a Property Limited Partner shall be treated as having no Partnership Units and, therefore, shall not be entitled to receive cash distributions until such Property Limited Partner's applicable Redemption Exercise Date (or such earlier date as a Property Limited Partner is entitled to exercise its Property Limited Partner Redemption Right under the second paragraph of Section 8.4.B); provided, that the General Partner shall distribute to the Property Limited Partners that

contributed interests in Barngiant Livingston Associates Limited Partnership and Barnhech Montgomery Associates Limited Partnership cash in the amount reflected on Exhibit A to the extent the Partnership receives cash distributions from the respective Underlying Partnership pro rata in accordance with their relative Percentage Interests.

C. Red Butte Limited Partners. Notwithstanding Section 5.1.A, each Red Butte Limited Partner's share of Operating Cash Flow (other than The LCP Group, L.P. and Richard J. Rouse) shall be limited to a cash distribution of $0.165 per Partnership Unit per quarter ($0.66 per Partnership Unit per annum) through January 1, 1998, increasing to $0.27 per Partnership Unit per quarter ($1.08 per Partnership Unit per annum) on and after January 1, 1998, provided, that if LXP reduces its dividend below $1.08 then the distribution to which each Red Butte Limited Partner is entitled shall be reduced by the percentage reduction in the LXP dividend. The LCP Group, L.P. and Richard J. Rouse shall be entitled to cash distributions of $0.27 per Partnership Unit per quarter ($1.08 per Partnership Unit per annum) commencing on the date hereof or such lower dividend rate as is payable with respect to the common stock of LXP.

D. Expansion Limited Partners. Notwithstanding Section 5.1.A, LCP (with respect to all Partnership Units received in connection with the admission of Expansion Limited Partners) and those Expansion Limited Partners that receive their Partnership Units as a result of holding a partnership interest in Toy Properties Associates II or Toy Properties Associates V, shall receive a share of Operating Cash Flow limited to a cash distribution of $0.28 per Partnership Unit per quarter ($1.12 per Partnership Unit per annum), provided, that if LXP reduces its dividend below $1.12 then the distribution to which such Expansion Limited Partner is entitled shall be reduced by the percentage reduction in the LXP dividend. Those Expansion Limited Partners that receive their Partnership Units as a result of holding partnership interests in Fort Street Partners will receive no dividend until 2006 and then will be entitled to a cash distribution of $0.28 per Partnership Unit per quarter ($1.12 per Partnership Unit per annum) beginning in 2006, provided, that if LXP reduces its dividend below $1.12 then the distribution to which such Expansion Limited Partner is entitled shall be reduced by the percentage reduction in the LXP dividend.

Section 5.2 Amounts Withheld

All amounts withheld pursuant to the Code or any provisions of any state or local tax law and Section 10.5 hereof

with respect to any allocations, payment or distribution to the Partners or the Assignees shall be treated as amounts distributed to the Partners or the Assignees pursuant to Section 5.1 for all purposes under this Agreement.

Section 5.3 Distributions Upon Liquidation

Proceeds from a Terminating Capital Transaction, and any other cash received or reductions in reserves made after commencement of the liquidation of the Partnership, shall be distributed to the Partners in accordance with Section 13.2.

ARTICLE 6
ALLOCATIONS

Section 6.1 Allocations For Capital Account Purposes

For purposes of maintaining the Capital Accounts and in determining the rights of the Partners among themselves, the Partnership's items of income, gain, loss and deduction (computed in accordance with Exhibit B hereof) shall be allocated among the Partners in each taxable year (or portion thereof) as provided herein below.

A. Net Income. After giving effect to the special allocations set forth in Section 1 of Exhibit C, and to the allocations of Net Income to Property Limited Partners, Red Butte Limited Partners and Expansion Limited Partners set forth below, Net Income shall be allocated to the General Partner and the Limited Partners in accordance with their respective Percentage Interests (determined as a percentage of total Partnership Units outstanding other than Partnership Units held by Property Limited Partners, Red Butte Limited Partners, and Expansion Limited Partners); provided, that following (i) the Effective Date and (ii) the sale or other disposition (in which gain or loss is recognized) of real properties representing at least fifty (50%) percent of the Carrying Value of such properties as of the Effective Date, gains from the sale or other disposition of partnership assets shall be allocated to the Partners other than the Property Limited Partners, having negative Capital Accounts, to the extent and in accordance with such negative Capital Accounts and thereafter to all Partners in accordance with their Percentage Interests; provided further, that, a Property Limited Partner shall be specially allocated items of Partnership income and gain prior to such Property Limited Partner's applicable Redemption Exercise Date to the extent such Property Limited Partner receives a cash distribution pursuant to Section 5.1;

provided, further, that a Red Butte Limited Partner and an Expansion Limited Partner will be allocated taxable income only in an amount equal to the cash distributions received.

B. Net Losses. After giving effect to the special allocations set forth in Exhibit C, Net Losses shall be allocated first, to any Partner having a positive Capital Account in accordance with and to the extent of such positive Capital Account, and thereafter to the Limited Partners in accordance with their respective Percentage Interests; provided, that, in no event shall Property Limited Partners be allocated losses prior to such Property Limited Partner's applicable Redemption Exercise Date; provided further, that, a portion of the Partnership's allocable share of an Underlying Partnership's Depreciation shall be allocated by the Partnership to the Property Limited Partners that contributed the interests in such Underlying Partnership in an amount equal to the product of the ratio of such Property Limited Partner's Partnership Units to the total outstanding Partnership Units held by all Partners and the total Depreciation allocable to the Partnership from the Underlying Partnership.

C. For purposes of Regulations Section 1.752-3(a)(3), the Partners agree that Nonrecourse Liabilities of the Partnership in excess of the sum of the amount of Partnership Minimum Gain and the total amount of Nonrecourse Built-in Gain shall be allocated first to account for any income or gain to be allocated to the Property Limited Partners, the Red Butte Limited Partners, and the Expansion Limited Partners pursuant to Sections 2.B and 2.D of Exhibit C and then among the Partners in accordance with their respective Percentage Interests.

D. Any gains upon the sale or other taxable disposition of any Partnership asset shall, to the extent possible, after taking into account other required allocations of gain pursuant to Exhibit C that are characterized as Recapture Income, be allocated to Partners in the same proportions and to the same extent as such Partners have been allocated any deductions directly or indirectly giving rise to the treatment of such gains as Recapture Income.

ARTICLE 7
MANAGEMENT AND OPERATIONS OF BUSINESS

Section 7.1 Management

A. Except as otherwise expressly provided in this Agreement, all management powers over the business and affairs of the Partnership are and shall be exclusively vested in the

General Partner. The Limited Partners shall not have any right to participate in or exercise control or management power over the business and affairs of the Partnership. The General Partner may not be removed by the Limited Partners. In addition to the powers now or hereafter granted to a general partner of a limited partnership under applicable law or which are granted to the General Partner under any other provision of this Agreement, the General Partner, subject to Section 7.3 hereof, shall have full power and authority to do all things deemed necessary or desirable by it to conduct the business of the Partnership, to exercise all powers set forth in Section 3.2 hereof and to effectuate the purposes set forth in Section 3.1 hereof, including, without limitation:

(1) the execution, acknowledgement, verification, delivery, filing and recording, for and in the name of the Partnership, and, to the extent necessary, GP-1 and LP-1, of any and all documents and instruments, including the LCIF I Merger Agreement and the performance of any and all acts required by applicable law or which GP-1 deems necessary or advisable in order to give effect to the consummation of the LCIF I Merger;

(2) the making of any expenditures, the lending or borrowing of money (including, without limitation, making prepayments on loans and borrowing money to permit the Partnership to make distributions to its Partners in such amounts as will permit LXP (so long as LXP qualifies as a REIT) to avoid the payment of any federal income tax (including, for this purpose, any excise tax pursuant to Section 4981 of the Code) and to make distributions to its stockholders sufficient to permit LXP to maintain REIT status) and the assumption or guarantee of, or other contracting for, indebtedness and other liabilities;

(3) the acquisition, disposition, mortgage, pledge, encumbrance,

hypothecation or exchange of any assets of the Partnership or the merger or other combination of the Partnership with or into another entity (all of the foregoing subject to any prior approval only to the extent required by Section 7.3 hereof);

(4) the use of the assets of the Partnership for any purpose consistent with the terms of this Agreement and on any terms the General Partner sees fit, and the making of capital contributions or loans to its Subsidiaries;

(5) the management, operation, leasing, landscaping, repair, alteration, demolition or improvement of any real property or improvements owned by the Partnership or any Subsidiary of the Partnership;

(6) the negotiation, execution and performance of any contracts, conveyances or other instruments that the General Partner considers useful or necessary to the conduct of the Partnership's operations or the implementation of the General Partner's powers under this Agreement;

(7) the distribution of Partnership cash or other Partnership assets in accordance with this Agreement;

(8) the formation of, or acquisition of an interest in, and the contribution of property to, any further limited or general partnerships or joint ventures that the General Partner deems desirable;

(9) the undertaking of any action in connection with the Partnership's direct or indirect investment in its Subsidiaries or any other Person (including, without limitation, the contribution or loan of funds by the Partnership to such Persons);

(10) the determination of the fair market value of any Partnership property distributed in kind using such reasonable method of valuation as the General Partner may adopt;

(11) the exercise, directly or indirectly, through any attorney-in-fact acting under a general or limited power of attorney, of any right, including the right to vote, appurtenant to any asset or investment held by the Partnership; and

(12) the making, execution and delivery of any and all deeds, leases, notes, deeds to secure debt, mortgages, deeds of trust, security agreements, conveyances, contracts, guarantees, warranties, indemnities, waivers, releases or legal instruments or agreements in writing necessary or appropriate in the judgment of the General Partner for the accomplishment of any of the powers of the General Partner enumerated in this Agreement.

B. At all times from and after the date hereof, the General Partner may cause the Partnership to obtain and maintain (i) casualty, liability and other insurance on the properties of the Partnership and (ii) liability insurance for the Indemnitees hereunder.

C. At all times from and after the date hereof, the General Partner may cause the Partnership to establish and maintain any and all reserves, working capital accounts and other cash or similar balances in such amounts as the General Partner,

in its sole discretion, deems appropriate and reasonable from time to time.

D. In exercising its authority under this Agreement, the General Partner may, but shall not be obligated to, take into account the tax consequences to any Partner of any action taken by it. The General Partner and the Partnership shall not, however, have liability to an Additional Limited Partner under any circumstances as a result of an income tax liability incurred by such Additional Limited Partner as a result of an action (or inaction) by the General Partner pursuant to its authority under this Agreement.

Section 7.2 Certificate of Limited Partnership

To the extent that such action is determined by the General Partner

to be reasonable and necessary or appropriate, the General Partner shall file amendments to the Certificate and do all the things to maintain the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability) under the laws of the State of Delaware and each other state, or the District of Columbia, in which the partnership may elect to do business or own property. The General Partner shall use all reasonable efforts to cause to be filed such other certificates or documents as may be reasonable and necessary or appropriate for the formation, continuation, qualification and operation of a limited partnership (or a partnership in which the limited partners have limited liability to the extent provided by applicable law) in the State of Delaware and any other state, or the District of Columbia, in which the Partnership may elect to do business or own property.

Section 7.3 Restrictions on Authority

After the Effective Date, without the consent of holders of a majority of the outstanding Partnership Units held by the Special Limited Partners, the General Partner may not consent to the Partnership participating in any merger, consolidation or other combination with or into another Person or sale of all or substantially all of its assets.

Without the unanimous consent of the Red Butte Limited Partners, the General Partner shall not dispose of its interest in the Red Butte Property prior to January 1, 2001 except in the event of a foreclosure or in the event that the General Partner determines that the failure to dispose of the Red Butte Property would result in the disqualification of LXP as a real estate investment trust under the Code. In addition, through January 1, 2001, the General Partner shall not take any action that will

result in a reduction in any Limited Partner's share of nonrecourse liabilities attributable to the Limited Partner's LCIF Units by an amount which would cause a taxable event to the Limited Partners.

Section 7.4 Reimbursement of LXP

A. Except as provided in this Section 7.4 and elsewhere in this Agreement (including the provisions of Articles 5 and 6 regarding distributions, payments and allocations to which it may be entitled), the General Partner shall not be compensated for its services as general partner of the Partnership.

B. LXP and the General Partner shall be reimbursed on a monthly basis, or such other basis as LXP may determine in its sole and absolute discretion, for all expenses LXP incurs relating to the ownership and operation of, or for the benefit of, the Partnership; provided that the amount of such reimbursement shall be reduced by the product of (i) the Relative Interest and (ii) any interest earned by LXP or the General Partner with respect to bank accounts or other instruments or accounts held by either of them on behalf of the Partnership as permitted in Section 7.5.A. Such reimbursements shall be in addition to any reimbursement to LXP or the General Partner as a result of indemnification pursuant to Section 7.6 hereof.

C. LXP shall also be reimbursed by the Partnership for the product of (i) the Relative Interest and (ii) all expenses LXP incurs relating to the reorganization of LXP, the Partnership, the General Partner and the Limited Partner, and any other issuance of REIT Shares pursuant to Section 4.2 hereof.

D. In the event that LXP shall elect to purchase from stockholders REIT Shares pursuant to any stock repurchase program or for the purpose of delivering such REIT Shares to satisfy an obligation under Section 8.4 of this Agreement, any dividend reinvestment program adopted by LXP, any employee stock purchase plan adopted by LXP, or any other similar obligation or arrangement undertaken by LXP in the future, the purchase price paid by LXP for such REIT Shares and any other expenses incurred by LXP in connection with such purchase shall be considered expenses of the Partnership and shall be reimbursed to LXP to such extent, subject to the condition that, if such REIT Shares are sold, the General Partner shall contribute to the Partnership, through the General or Limited Partner, any proceeds received by the General Partner for such REIT Shares (provided that REIT shares delivered to an Additional Limited Partner in

exchange for Partnership Units pursuant to Section 8.4 shall not be considered a sale of REIT Shares for such purpose).

Section 7.5 Outside Activities of and Participation in Other Transactions by LXP and the General Partner

Without the consent of holders of a majority of the outstanding Partnership Units held by the Special Limited Partners, LXP agrees that,

following the Effective Date, it will not (i) permit the General Partner or the Initial Limited Partner to issue additional shares of capital stock, (ii) assign, sell, pledge, hypothecate or otherwise transfer any outstanding shares of capital stock in the General Partner or in the Initial Limited Partner, (iii) permit the General Partner or the Initial Limited Partner to incur any indebtedness or to engage in any business other than to hold and own the Partnership Interests in the Partnership or (iv) allow or consent to any merger, consolidation or other combination of the General Partner or the Initial Limited Partner with or into another Person or the sale of all or substantially all of its assets.

Section 7.6 Indemnification

A. The Partnership shall indemnify and hold harmless each Indemnitee from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including, without limitation, attorney's fees and other legal fees and expenses), judgments, fines, settlements, and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, that relate to the Mergers or to the operations of the Partnership as set forth in this Agreement in which such Indemnitee may be involved, or is threatened to be involved, as a party or otherwise; provided that the Partnership shall not indemnify an Indemnitee for such Indemnitee's breach of duty of loyalty to the Partnership or for acts or omissions not taken by the Indemnitee in good faith or which involve intentional misconduct or a knowing violation of law or in which such Indemnitee received an improper personal benefit. The General Partner is hereby authorized and empowered, on behalf of the Partnership, to enter into one or more indemnity agreements consistent with the provisions of this Section 7.6 in favor of any Indemnitee having or potentially having liability for any such indebtedness. It is the intention of this Section 7.6.A that the Partnership indemnify each Indemnitee to the fullest extent permitted under the Act. The termination of any proceeding by judgment, order or settlement does not create a presumption that the Indemnitee did not meet the requisite standard of conduct set forth in this Section 7.6.A. The

termination of any proceeding by conviction of an Indemnitee or upon a plea of nolo contendere or its equivalent by an Indemnitee, or an entry of an order of probation against an Indemnitee prior to judgment, creates a rebuttable presumption that such Indemnitee acted in a manner contrary to that specified in this Section 7.6.A with respect to the subject matter of such proceeding.

B. Reasonable expenses incurred by an Indemnitee who is a party to a proceeding may be paid or reimbursed by the Partnership in advance of the final disposition of the proceeding upon receipt by the Partnership of (i) a written affirmation by the Indemnitee of the Indemnitee's good faith belief that the standard of conduct necessary for indemnification by the Partnership as authorized in Section 7.6.A has been met and (ii) a written undertaking by or on behalf of the Indemnitee to repay the amount if it shall ultimately be determined that the standard of conduct has not been met.

C. The indemnification provided by this Section 7.6 shall be in addition to any other rights to which an Indemnitee or any other Person may be entitled under any agreement, pursuant to any vote of the Partners, as a matter of law or otherwise.

D. The Partnership may, but shall not be obligated to, purchase and maintain insurance on behalf of any of the Indemnitees and such other Persons as the General Partner shall determine against any liability that may be asserted against or expenses that may be incurred by such Person in connection with the Partnership's activities, regardless of whether the Partnership would have the power to indemnify such Person against such liability under the provisions of this Agreement.

E. In no event may an Indemnitee subject any of the Partners to personal liability by reason of the indemnification provisions set forth in this Agreement.

F. The provisions of this Section 7.6 are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons. Any amendment, modification or repeal of this Section 7.6 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the Partnership's liability to any Indemnitee under this Section 7.6 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

ARTICLE 8
RIGHTS AND OBLIGATIONS OF THE LIMITED PARTNERS

Section 8.1 Management of Business

The Limited Partners and Assignees shall not take part in the operation, management or control of the Partnership's business, transact any business in the Partnership's name or have the power to sign documents for or otherwise bind the Partnership. The transaction of any such business by the General Partner, any of its Affiliates or any officer, director, employee, partner, agent or trustee of the General Partner, the Partnership or any of their Affiliates, in their capacity as such, shall not affect, impair or eliminate the limitations on the liability of the Limited Partners or Assignees under this Agreement.

Section 8.2 Outside Activities of Additional Limited Partners

Neither the Partnership nor any Partners shall have any rights by virtue of this Agreement in any business ventures of any Additional Limited Partner or Assignee. None of the Additional Limited Partners nor any other Person shall have any rights by virtue of this Agreement or the partnership relationship established hereby in any business ventures of any other Person (other than the General Partner and the Initial Limited Partner to the extent expressly provided herein) and such Person shall have no obligation pursuant to this Agreement or otherwise to offer any interest in any such business ventures to the Partnership, any Additional Limited Partner or any such other Person, even if such opportunity is of a character which, if presented to the Partnership, any Additional Limited Partner, or such other Person, could be taken by such Person.

Section 8.3 Return of Capital

Except pursuant to the right of redemption set forth in Section 8.4, no Partner shall be entitled to the withdrawal or return of his Capital Contribution, except to the extent of distributions made pursuant to this Agreement or upon termination of the Partnership as provided herein.

Section 8.4 Redemption Rights

A. Subject to Section 8.4.C, on or at any time after the Effective Date, each Special Limited Partner shall have the right (the "Special Limited Partner Redemption Right") to require

the Partnership to redeem on a Specified Redemption Date all or a portion of the Partnership Units held by such Special Limited Partner for the Redemption Amount to be delivered by the Partnership. The Special Limited Partner Redemption Right shall be exercised pursuant to a Notice of Redemption delivered to the General Partner and LXP by the Special Limited Partner who is exercising the Special Limited Partner Redemption Right (the "Special Redeeming Partner"). A Special Limited Partner may not exercise the Redemption Right for fewer than one thousand (1,000) Partnership Units or, if such Special Limited Partner holds fewer than one thousand (1,000) Partnership Units, all of the Partnership Units held by such Special Limited Partner. The Special Redeeming Partner shall have no right, with respect to any Partnership Units so redeemed, to receive any distributions paid after the Specified Redemption Date. The Assignee of any Special Limited Partner may exercise the rights of such Special Limited Partner pursuant to this Section 8.4, and such Special Limited Partner shall be deemed to have assigned such rights to such Assignee and shall be bound by the exercise of such rights by such Special Limited Partner's Assignee. In connection with any exercise of such rights by such Assignee on behalf of such Special Limited Partner, the Redemption Amount shall be delivered by the Partnership directly to such Assignee and not to such Special Limited Partner.

B. Subject to Section 8.4.D, on the applicable Redemption Exercise Date, or on each one year anniversary thereafter, each Property Limited Partner shall have the right (the "Property Limited Partner Redemption Right") to require the Partnership to redeem on a Specified Redemption Date all, but not less than all, of the Partnership Units held by such Property Limited Partner for the Redemption Amount to be delivered by the Partnership. The Property Limited Partner Redemption Right shall be exercised pursuant to a Notice of Redemption delivered to the General Partner and LXP by the Property Limited Partner who is exercising the redemption right (the "Property Redeeming Partner"). The Property Redeeming Partner shall have no right, with respect to any Partnership Units so redeemed, to receive any distributions paid after the Specified Redemption Date. The Assignee of any Property Limited Partner may exercise the rights of such Property Limited Partner pursuant to this Section 8.4.B., and such Property Limited Partner shall be deemed to have assigned such rights to such Assignee and shall be bound by the exercise of such rights by such Property Limited Partner's Assignee. In connection with any exercise of

such rights by such Assignee on behalf of such Property Limited Partner, the Redemption Amount shall be delivered by the Partnership directly to such Assignee and not to such Property Limited Partner.

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Notwithstanding any other provision of this Section 8.4.B, if the Partnership disposes of its interest in an Underlying Partnership, or if an Underlying Partnership disposes of substantially all of its assets, then the General Partner shall provide prompt written notification to the Property Limited Partners that contributed interests in such Underlying Partnership, and each such Property Limited Partner may exercise its Property Limited Partner Redemption Right on the last Business Day of the calendar year in which such disposition occurs or, if later, ten (10) Business Days following the consummation of such transaction.

C. LXP hereby agrees to enter into a Guaranty Agreement with the Partnership on the Effective Date, on terms reasonably satisfactory to LXP and the Partnership, pursuant to which LXP shall guaranty the obligations of the Partnership under Section 8.4.A and arrange for the delivery, if the Partnership is unable, of the Redemption Amount on the Specified Redemption Date, whereupon LXP or, if specified by LXP, the General Partner shall acquire the Partnership Units offered for redemption by the Special Redeeming Partner and shall be treated for all purposes of this Agreement as the owner of such Partnership Units. Each of the Special Redeeming Partner, LXP, the Partnership, and the General Partner shall treat the transaction between LXP and the Special Redeeming Partner as a sale of the Special Redeeming Partner's Partnership Units to LXP or the General Partner, as the case may be, for federal income tax purposes. Each Special Redeeming Partner agrees to execute such documents as LXP or the General Partner may reasonably require in connection with the issuance of REIT Shares upon exercise of the Special Limited Partner Redemption Right.

D. LXP hereby further agrees to enter into a Guaranty Agreement with the Partnership on the Property Partners Closing Date, on terms reasonably satisfactory to LXP and the Partnership, pursuant to which LXP shall guaranty the obligations of the Partnership under Section 8.4.B to pay the Redemption Amount on the Specified Redemption Date, whereupon the Partnership shall acquire the Partnership Units offered for redemption by the Property Redeeming Partner. Each of the Property Redeeming Partner, LXP, the Partnership, and the General Partner shall treat the transaction between LXP and the Property Redeeming Partner as a sale of the Property Redeeming Partner's Partnership Units to LXP or the General Partner, as the case may be, for federal income tax purposes. Each Property Redeeming Partner agrees to execute such documents as the Partnership may reasonably require in connection with the issuance of REIT Shares upon exercise of the Property Limited Partner Redemption Right.

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E. Following the date that at least 50% of the Partnership Units held by the Special Limited Partners immediately following the Effective Date have been redeemed in accordance with the provisions of Section 8.4, LXP or the General Partner may require the remaining Special Limited Partners to redeem their Partnership Units for the Redemption Amount to be delivered by the Partnership. The right of LXP or the General Partner under this Section 8.4.E shall be exercised pursuant to a notice delivered to all remaining Special Limited Partners. Such redemption shall be effective on the date specified in the notice, which date shall be at least 30 days after the notice is sent to the Special Limited Partners.

At any time that (i) LXP shall be considering a sale of all or substantially all of its assets, or a merger, consolidation, stock issuance, stock redemption or other similar transaction that would result in a change in the beneficial ownership of LXP by 50% or more, or (ii) the Partnership shall be considering a sale of all or substantially all of its assets or a merger, consolidation, or issuance or redemption of partnership interests which would result in a change in the beneficial ownership in LCIF capital or profits of 50% or more, then the General Partner shall have the right to redeem the Partnership Units held by all, but not less than all, of the Additional Limited Partners (other than the Special Limited Partners) for the Redemption Amount provided that such redemption is contingent upon the completion of such transaction. In such event, the General Partner shall provide notice to the Limited Partners and such Limited Partners shall be required to surrender their Partnership Units for cancellation. The rights of such Additional Limited Partners shall be limited to the receipt of the Redemption Amount.

F. In connection with any REIT Shares delivered to any Additional Limited Partner upon the redemption of Partnership Units held by such Additional Limited Partner, it is intended that such Additional Limited Partner be able to resell publicly such REIT Shares pursuant to the provisions Rule 144 under the Securities Act of 1933, but without the need to comply with the holding period requirements of Rule 144(d). To the extent that counsel to LXP reasonably

determines that resales of any such REIT Shares cannot be made pursuant to the provisions of Rule 144, and without the need to comply with the holding period requirements of Rule 144(d), LXP agrees, at its sole cost and expense, if requested by Special Limited Partners representing a majority of the Partnership Units (including REIT Shares delivered upon exchange of such Partnership Units) held by such Special Limited Partners, or by Additional Limited Partners representing a majority of the Partnership Units (including REIT

Shares delivered upon the exchange of such Partnership Units) held by such class of Additional Limited Partners, to include REIT Shares that may be (or already have been) acquired by any Special Limited Partner or any Additional Limited Partner, as the case may be, in an effective registration statement under the Securities Act of 1933; provided that LXP's obligations to include such REIT Shares in such an effective registration statement shall be conditioned upon Special Limited Partners representing a majority of the Partnership Units (including REIT Shares delivered upon exchange of such Partnership Units) held by such Special Limited Partners or, where applicable, by Additional Limited Partners representing a majority of the Partnership Units (including REIT Shares delivered upon the exchange of such Partnership Units) held by such class of Additional Limited Partners, agreeing to be bound by a customary registration rights agreements to be prepared by LXP. In addition, any Additional Limited Partner whose REIT Shares are included in such registration statement must also agree to be bound by the terms and provisions of a registration rights agreement.

G. Notwithstanding the provisions of Section 8.4.A, Section 8.4.B, Section 8.4.C, Section 8.4.D, and Section 8.4.I, a Subsequent Partner shall not be entitled to exercise the Redemption Right pursuant to Section 8.4.A, Section 8.4.B, or Section 8.4.I if the delivery of REIT Shares to such Subsequent Partner on the Specified Redemption Date would be prohibited under the Certificate of Incorporation and shall be subject in any event to the issuance of REIT Shares being in compliance with all applicable Federal and State securities laws.

H. Notwithstanding any other provision of this Agreement, upon the occurrence of a Capital Event prior to the Redemption Exercise Date, the proceeds of which are distributed to the Partners, and ultimately proportionately to the shareholders of LXP, the Percentage Interest of each Partner shall, from the date of such Capital Event, be equal to (i) the product of (a) such Partner's Percentage Interest prior to such Capital Event and (b) the difference between (x) the fair market value of the assets of the Partnership and (y) any amounts distributed to such Partner as a result of the Capital Event, divided by (ii) the fair market value of the assets of the Partnership after such distribution. The General Partner shall adjust the number of Partnership Units owned by each Partner to appropriately reflect the adjustments made by this Section 8.4.H.

I. On May 22, 1998, and on each January 15 thereafter beginning January 15, 1999, each Red Butte Limited Partner shall have the right (the "Red Butte Limited Partner Redemption Right") to require the Partnership to redeem on a

Specified Redemption Date all, but not less than all, of the Partnership Units held by a Red Butte Limited Partner for the Redemption Amount to be delivered by the Partnership. The Red Butte Limited Partner Redemption Right shall be exercised pursuant to a Notice of Redemption delivered to the General Partner and LXP by the Red Butte Limited Partner who is exercising the redemption right (the "Red Butte Redeeming Partner"). The Red Butte Redeeming Partner shall have no right, with respect to any Partnership Units so redeemed, to receive any distributions paid after the Specified Redemption Date. The Assignee of any Red Butte Limited Partner may exercise the rights of such Red Butte Limited Partner pursuant to the exercise of this Section 8.4.I, and such Red Butte Limited Partner shall be deemed to have assigned such rights to such Assignee and shall be bound by the exercise of such rights by such Red Butte Limited Partner's Assignee. In connection with any exercise of such rights by such Assignee on behalf of such Red Butte Limited Partner, the Redemption Amount shall be delivered by the Partnership directly to such Assignee and not to such Red Butte Limited Partner.

The Partnership hereby covenants not to dispose of its interest in the Red Butte Property prior to January 1, 2001. Notwithstanding the foregoing, if the Partnership does dispose of its interest prior to May 22, 1998, then the General Partner shall provide prompt written notification to the Red Butte Limited Partners of such disposition and each such Red Butte Limited Partner may exercise its Red Butte Limited Partner Redemption Right on the last Business Day of the calendar year in which such disposition occurs or, if later, ten (10) Business Days following the consummation of such transaction.

LXP agrees to enter into a Guaranty Agreement with the Partnership on the Red Butte Partners Closing Date, on terms reasonably satisfactory to LXP and the Partnership, pursuant to which LXP shall guaranty the obligations of the Partnership under this Section 8.4.I to pay the Redemption Amount on the Specified Redemption Date, whereupon the Partnership shall acquire the Partnership Units offered for redemption by the Red Butte Redeeming Partner. Each of the Red Butte Redeeming Partner, LXP, the Partnership and the General Partner shall treat the transaction between LXP and the Red Butte Redeeming Partner as a sale of the Red Butte Redeeming Partner's Partnership Units to LXP or the General Partner, as the case may be, for federal income tax purposes. Each Red Butte Redeeming Partner agrees to execute such documents as the Partnership may reasonably require in connection with the issuance of REIT shares upon exercise of the Red Butte Limited Partner Redemption Right.

J. On January 15, 1999 (January 15, 2006 for each Expansion Limited Partner receiving an interest as a result of his interest in Fort Street Partners Limited Partnership), and on each January 15 thereafter, each Expansion Limited Partner shall have the right (the "Expansion Limited Partner Redemption Right") to require the Partnership to redeem on a Specified Redemption Date all, but not less than all, of the Partnership Units held by an Expansion Limited Partner for the Redemption Amount to be delivered by the Partnership. The Expansion Limited Partner Redemption Right shall be exercised pursuant to a Notice of Redemption delivered to the General Partner and LXP by the Expansion Limited Partner who is exercising the redemption right (the "Expansion Redeeming Partner"). The Expansion Redeeming Partner shall have no right, with respect to any Partnership Units so redeemed, to receive any distributions paid after the Specified Redemption Date. The Assignee of any Expansion Limited Partner may exercise the rights of such Expansion Limited Partner pursuant to the exercise of this Section 8.4.I, and such Expansion Limited Partner shall be deemed to have assigned such rights to such Assignee and shall be bound by the exercise of such rights by such Expansion Limited Partner's Assignee. In connection with any exercise of such rights by such Assignee on behalf of such Expansion Limited Partner, the Redemption Amount shall be delivered by the Partnership directly to such Assignee and not to such Expansion Limited Partner.

The Partnership hereby covenants not to dispose of its interest in any of the Expansion Properties prior to January 1, 2001. Notwithstanding the foregoing, if the Partnership does dispose of its interest prior to January 15, 1999, then the General Partner shall provide prompt written notification to the Expansion Limited Partners of such disposition and each such Expansion Limited Partner may exercise its Expansion Limited Partner Redemption Right on the last Business Day of the calendar year in which such disposition occurs or, if later, ten (10) Business Days following the consummation of such transaction.

LXP agrees to enter into a Guaranty Agreement with the Partnership on the Expansion Partners Closing Date, on terms reasonably satisfactory to LXP and the Partnership, pursuant to which LXP shall guaranty the obligations of the Partnership under this Section 8.4.I to pay the Redemption Amount on the Specified Redemption Date, whereupon the Partnership shall acquire the Partnership Units offered for redemption by the Expansion Redeeming Partner. Each of the Expansion Redeeming Partner, LXP, the Partnership and the General Partner shall treat the transaction between LXP and the Expansion Redeeming Partner as a sale of the Expansion Redeeming Partner's Partnership Units to LXP or the General Partner, as the case may be, for federal

income tax purposes. Each Expansion Redeeming Partner agrees to execute such documents as the Partnership may reasonably require in connection with the issuance of REIT shares upon exercise of the Expansion Limited Partner Redemption Right.

ARTICLE 9
BOOKS, RECORDS, ACCOUNTING AND REPORTS

Section 9.1 Records and Accounting

The General Partner shall keep or cause to be kept at the principal office of the Partnership those records and documents required to be maintained by the Act and other books and records deemed by the General Partner to be appropriate with respect to the Partnership's business. The books of the Partnership shall be maintained, for financial and tax reporting purposes, on an accrual basis in accordance with generally accepted accounting principles, or on such other basis as the General Partner determines to be necessary or appropriate.

Section 9.2 Fiscal Year

The fiscal year of the Partnership shall be the calendar year.

ARTICLE 10
TAX MATTERS

Section 10.1 Preparation of Tax Returns

The General Partner shall arrange for the preparation and timely filing of all returns of Partnership income, gains, deductions, losses and other items required of the Partnership for federal and state income tax purposes and shall use all reasonable efforts to furnish, within ninety (90) days of the close of each taxable year, the tax information reasonably required by the Additional Limited Partners for federal and state income tax reporting purposes.

Section 10.2 Tax Elections

Except as otherwise provided herein, the General Partner shall, in its sole and absolute discretion, determine whether to make any available election pursuant to the Code; provided that the General Partner shall make the election under Section 754 of the Code in accordance with applicable Regulations thereunder. The General Partner shall have the right to seek to

revoke any such elections (including, without limitation, the election under Section 754 of the Code) upon the General Partner's determination in its sole and absolute discretion that such revocation is in the best interests of the Partners.

Section 10.3 Tax Matters Partner

A. The General Partner shall be the "tax matters partner" of the Partnership for federal income tax purposes. The tax matters partner is authorized but not required, to take any action on behalf of the Partners of the Partnership in connection with any tax audit or judicial review proceeding to the extent permitted by law.

B. The taking of any action and the incurring of any expense by the tax matters partner in connection with any such audit or proceeding, except to the extent required by law, is a matter in the sole and absolute discretion of the tax matters partner and the provisions relating to indemnification of the General Partner set forth in Section 7.7 of this Agreement shall be fully applicable to the tax matters partner in its capacity as such.

C. The tax matters partner shall receive no compensation for its services. All third party costs and expenses incurred by the tax matters partner in performing its duties as such (including legal and accounting fees and expenses) shall be borne by the Partnership. Nothing herein shall be construed to restrict the Partnership from engaging an accounting firm to assist the tax matters partner in discharging its duties hereunder, so long as the compensation paid by the Partnership for such services is reasonable.

Section 10.4 Withholding

Each Additional Limited Partner hereby authorizes the Partnership to withhold from or pay on behalf of or with respect to such Additional Limited Partner any amount of federal, state, local, or foreign taxes that the General Partner determines that the Partnership is required to withhold or pay with respect to any amount distributable or allocable to such Additional Limited Partner pursuant to this Agreement. Any amount paid on behalf of or with respect to an Additional Limited Partner shall constitute a loan by the Partnership to such Additional Limited Partner which loan shall be repaid by such Additional Limited Partner within fifteen (15) days after notice from the General Partner that such payment must be made unless (i) the Partnership withholds such payment from a distribution which would otherwise be made to such Additional Limited Partner or (ii) the General

Partner determines, in its sole and absolute discretion, that such payment may be satisfied out of the available funds of the Partnership which would, but for such payment, be distributed to Additional Limited Partner. Any amounts withheld pursuant to the foregoing clauses (i) or (ii) shall be treated as having been distributed to such Additional Limited Partner. Any amounts payable by a Limited Partner hereunder shall bear interest at the base rate on corporate loans at large United States money center commercial banks, as published from time to time in The Wall Street Journal, such interest to accrue from the date such amount is due (i.e., fifteen (15) days after demand) until such amount is paid in full.

ARTICLE 11
TRANSFERS AND WITHDRAWALS

Section 11.1 Transfer

A. The term "transfer," when used in this Article 11 with respect to a Partnership Unit, shall be deemed to refer to a transaction by which a Partner purports to assign all or any part of its Partnership Interest to another Person, and includes a sale, assignment, gift, pledge, encumbrance, hypothecation, mortgage, exchange or any other disposition by law or otherwise. The term "transfer" when used in this Article 11 does not include any redemption of Partnership Units by an Additional Limited Partner or acquisition of Partnership Units from an Additional Limited Partner by the General Partner pursuant to Section 8.4.

B. No Partnership Interest shall be transferred, in whole or in part, except in accordance with the terms and conditions set forth in this Article 11. Any transfer or purported transfer of a Partnership Interest not made in accordance with this Article 11 shall be null and void.

Section 11.2 Transfer of Partnership Interests by the General Partner and the Initial Limited Partner

A. The General Partner may not transfer any of its General Partner Interest except to the Initial Limited Partner or to LXP. The General Partner may not withdraw as General Partner except in connection with the complete transfer of its Partnership Interest as permitted hereunder.

B. The Initial Limited Partner may not transfer any of its Partnership Interests, except to the General Partner or to LXP. The Initial Limited Partner may not withdraw as Initial

Limited Partner except in connection with the complete transfer of its Partnership Interest as permitted hereunder.

C. If LXP acquires any or all of the Partnership Interests of the General Partner or the Initial Limited Partner as permitted hereunder, LXP agrees that it will not transfer any of its Partnership Interests, except to the Initial Limited Partner or to the General Partner. LXP may not withdraw as Partner except in connection with the complete transfer of any Partnership Interest as permitted hereunder.

D. Any transferee who acquires a Partnership Interest under this Section 11.2 may become a Substituted Additional Limited Partner, or a successor General Partner upon such terms specified by the General Partner, including the delivery to the General Partner of such documents or instruments, including powers of attorney, as may be required in the discretion of the General Partner in order to effect such Person's admission as a Partner.

Section 11.3 Additional Limited Partners' Rights to Transfer

A. Subject to the provisions of Section 11.3.E, no Additional Limited Partner shall have the right to transfer all or any portion of its Partnership Interest, or any of such Additional Limited Partner's rights as a Special Limited Partner, a Property Limited Partner, a Red Butte Limited Partner, or an Expansion Limited Partner, as the case may be, without the prior written consent of the General Partner, which consent may be given or withheld by the General Partner in its sole and absolute discretion. Any purported transfer of a Partnership Interest by an Additional Limited Partner in violation of this Section 11.3.A shall be void ab initio and shall not be given effect for any purpose by the Partnership.

B. If an Additional Limited Partner is subject to Incapacity, the executor, administrator, trustee, committee, guardian, conservator or receiver of such Additional Limited Partner's estate shall have all the rights of a Special Limited Partner, a Property Limited Partner, a Red Butte Limited Partner, or an Expansion Limited Partner, as the case may be, but no more rights than those enjoyed by other Special Limited Partners, Property Limited Partners, or Red Butte Limited Partners, as the case may be, for the purpose of settling or managing the estate and such power as the Incapacitated Additional Limited Partner possessed to transfer all or any part of its interest in the Partnership. The Incapacity of an Additional Limited Partner, in and of itself, shall not dissolve or terminate the Partnership.

C. The General Partner may prohibit any transfer otherwise permitted under Section 11.3.E by an Additional Limited Partner of his Partnership Units (i) if, in the opinion of legal counsel to the Partnership, such transfer would require filing of a registration statement under the Securities Act of 1933 or would otherwise violate any federal, state, or foreign securities laws or regulations applicable to the Partnership or the Partnership Units or, (ii) if the transferring Additional Limited Partner, fails or is unable to obtain and deliver to the Partnership, after request therefor is made by the General Partner, a legal opinion from counsel acceptable to the General Partner, addressed to the Partnership and the General Partner, that such registration is not required in connection with such transfer and that such transfer does not violate any federal, state or foreign securities laws or regulations applicable to the Partnership or the Partnership Units.

D. No transfer by an Additional Limited Partner of its Partnership Units may be made to any Person if (i) in the opinion of legal counsel for the Partnership, it would result in the Partnership being treated as an association taxable as a corporation or (ii) such transfer is effectuated through an "established securities market" or a "secondary market (or the substantial equivalent thereof)" within the meaning of Section 7704(b) of the Code.

E. Notwithstanding the provisions of Section 11.3.A (but subject to the provisions of Section 11.3.C and 11.3.D), an Additional Limited Partner may, with or without the consent of the General Partner, transfer all or a portion of his Partnership Units to (i)(a) a member of his Immediate Family, or a trust for the benefit of a member of his Immediate Family, (b) an organization that qualifies under Section 501(c)(3) of the Code and that is not a private foundation within the meaning of Section 509(a) of the Code or (c) a partner in the Additional Limited Partner in a distribution by that Additional Limited Partner to its partners under the partnership agreement of such Additional Limited Partner or (ii) a lender as security for a loan made to or guaranteed by the Additional Limited Partner, provided that in connection with any such transfer the lender does not acquire greater rights with respect to the Partnership Units than those held by the transferring Additional Limited Partner.

Section 11.4 Substituted Additional Limited Partners

A. No Additional Limited Partner shall have the right to substitute a transferee in his place. The General Partner shall, however, have the right to consent to the

admission of a transferee of the interest of an Additional Limited Partner pursuant to this Section 11.4 as a Substituted Additional Limited Partner which consent may be given or withheld by the General Partner in its sole and absolute discretion. The General Partner's failure or refusal to permit a transferee of any such interests to become a Substituted Additional Limited Partner shall not give rise to any cause of action against the Partnership or any Partner.

B. A transferee who has been admitted as a Substituted Additional Limited Partner in accordance with this Article 11 shall have all the rights and powers and be subject to all the restrictions and liabilities of the transferor Additional Limited Partner under this Agreement.

C. Upon the admission of a Substituted Additional Limited Partner, the General Partner shall amend Exhibit A, where applicable, to reflect the name, address, number of Partnership Units, and Percentage Interest of such Substituted Additional Limited Partner, and to eliminate or adjust, if necessary, the name, address and interest of the predecessor of such Substituted Additional Limited Partner.

Section 11.5 Assignees

If the General Partner, in its sole and absolute discretion, does not consent to the admission of any permitted transferee under Section 11.3 as an Additional Limited Partner, as described in Section 11.4, such transferee shall be considered an Assignee for purposes of this Agreement. An Assignee shall be deemed to have had assigned to it, and shall be entitled to receive, distributions from the Partnership and the share of Net Income, Net Losses, Recapture Income, and any other items of income, gain, loss, deduction and credit of the Partnership attributable to the Partnership Units assigned to such transferee, but shall not be deemed to be a holder of Partnership Units for any other purpose under this Agreement, and shall not be entitled to vote such Partnership Units in any matter presented to the Additional Limited Partners for a vote (such Partnership Units being deemed to have been voted on such matter in

the same proportion as all other Partnership Units held by Special Limited Partners, Property Limited Partners, Red Butte Limited Partners, Expansion Limited Partners, or other Additional Limited Partners, where applicable, are voted). In the event any such transferee desires to make a further assignment of any such Partnership Units, such transferee shall be subject to all the provisions of this Article 11 to the same extent and in the same manner as any Additional Limited Partner desiring to make an assignment of Partnership Units.

Section 11.6 General Provisions

A. No Additional Limited Partner may withdraw from the Partnership other than as a result of a permitted transfer of all of such Additional Limited Partner's Partnership Units in accordance with this Article 11 or pursuant to redemption of all of its Partnership Units under Section 8.4.

B. Any Additional Limited Partner who shall transfer all of his Partnership Units in a transfer permitted pursuant to this Article 11 shall cease to be an Additional Limited Partner upon the admission of an Assignee of such Partnership Units as a Substituted Additional Limited Partners. Similarly, any Additional Limited Partner who shall transfer all of his Partnership Units pursuant to a redemption of all of his Partnership Units under Section 8.4 shall cease to be an Additional Limited Partner.

C. Transfers pursuant to this Article 11 may only be made on the first day of a fiscal quarter of the Partnership, unless the General Partner otherwise agrees.

D. If any Partnership Unit is transferred or assigned in compliance with the provisions of this Article 11, or redeemed or transferred pursuant to Section 8.4 on any day other than the first day of a Partnership Year, then Net Income, Net Losses, each item thereof and all other items attributable to such Partnership Unit for such Partnership Year shall be allocated to the transferor Partner or the Redeeming Partner, as the case may be, and, in the case of a transfer or assignment other than a redemption, to the transferee Partner, by taking into account their varying interests during the Partnership Year in accordance with Section 706(d) of the Code, using the interim closing of the books method. Solely for purposes of making such allocations, each of such items for the calendar month in which a transfer or assignment occurs shall be allocated to the transferee Partner, and none of such items for the calendar month in which a transfer or a redemption occurs shall be allocated to the transferor Partner or the Redeeming Partner, as the case may be. All distributions of Operating Cash Flow attributable to such Partnership Unit with respect to which the Partnership Record Date is before the date of such transfer, assignment or redemption shall be made to the transferor Partner or the Redeeming Partner, as the case may be, and, in the case of a transfer or assignment other than a redemption, all distributions of Operating Cash Flow thereafter attributable to such Partnership Unit shall be made to the transferee Partner.

ARTICLE 12
ADMISSION OF PARTNERS

Section 12.1 Admission of Subsequent Partner

No person shall be admitted as a Partner except in accordance with the terms of this Agreement and upon obtaining the consent of the General Partner. Any prospective Partner must submit to the General Partner (i) evidence of acceptance in form satisfactory to the General Partner of all of the terms and conditions of this Agreement, and (ii) such other documents or instruments, including powers of attorney, as may be required in the discretion of the General Partner in order to effect such Person's admission as a Partner.

A. The admission of any Person as a Subsequent Partner shall become effective on the date upon which the name of such Person is recorded in the books and records of the Partnership, following the consent of the General Partner to such admission.

B. If any Subsequent Partner is admitted to the Partnership on any day other than the first day of a Partnership Year, then Net Income, Net

Losses, each item thereof and all other items allocable among Partners and Assignees for such Partnership Year shall be allocated among such Subsequent Partner and all other Partners and Assignees by taking into account their varying interests during the Partnership Year in accordance with Section 706(d) of the Code, using the interim closing of the books method. Solely for purposes of making such allocations, each of such items for the calendar month in which an admission of any Subsequent Partner occurs shall be allocated among all the Partners and Assignees including such Additional Limited Partner. All distributions of Operating Cash Flow with respect to which the Partnership Record Date is before the date of such admission shall be made solely to Partners and Assignees other than the Subsequent Partner, and all distributions of Operating Cash Flow thereafter shall be made to all the Partners and Assignees including such Subsequent Partner.

Section 12.2 Amendment of Agreement and Certificate of Limited Partnership

For the admission to the Partnership of any Partner, the General Partner shall take all steps necessary and appropriate under the Act to amend the records of the Partnership and, if necessary, to prepare as soon as practicable an amendment of this Agreement (including an amendment of Exhibit A) and, if

required by law, shall prepare and file an amendment to the Certificate.

ARTICLE 13
DISSOLUTION, LIQUIDATION AND TERMINATION

Section 13.1 Dissolution

The Partnership shall not be dissolved by the admission of Substituted Additional Limited Partners or Subsequent Partners or by the admission of a successor General Partner in accordance with the terms of this Agreement. Upon the withdrawal of the General Partner, any successor General Partner shall continue the business of the Partnership. The Partnership shall dissolve, and its affairs shall be wound up, upon the first to occur of any of the following ("Liquidating Events"):

A. the expiration of its term as provided in Section 2.5 hereof;

B. an event of withdrawal of the General Partner, as defined in the Act, unless (i) at the time of such event there is at least one remaining general partner of the Partnership who carries on the business of the Partnership (and each remaining general partner of the Partnership is hereby authorized to carry on the business of the Partnership in such an event) or (ii) within ninety (90) days after such event, all Partners agree in writing to continue the business of the Partnership and to the appointment, effective as of the date of such event, of LXP as the general partner of the Partnership (and LXP agrees to become a general partner of the Partnership);

C. entry of a decree of judicial dissolution of the Partnership pursuant to the provision of the Act; or

D. the sale of all or substantially all of the assets and properties of the Partnership.

Section 13.2 Winding Up

A. Upon the occurrence of a Liquidating Event, the Partnership shall continue solely for the purposes of winding up its affairs in an orderly manner, liquidating its assets, and satisfying the claims of its creditors and Partners. No Partner shall take any action that is inconsistent with, or not necessary to or appropriate for, the winding up of the Partnership's business and affairs. The General Partner or, in the event there is no remaining General Partner, any Person elected by a majority in interest of the Limited Partners (the General Partner or such other Person being referred to herein as the "Liquidator") shall be responsible for overseeing the winding up and dissolution of the Partnership and shall take full account of the Partnership's liabilities and property and the Partnership property shall be liquidated as promptly as is

consistent with obtaining the fair value thereof, and the proceeds therefrom shall be applied and distributed in the following order:

(1) First, to the satisfaction of all of the Partnership's debts and liabilities, including all contingent, conditional or immature claims and obligations to creditors other than the Partners (whether by payment or the making of reasonable provision for payment thereof);

(2) Second, to the payment and discharge of all of the Partnership's debts and liabilities to the General Partner;

(3) Third, to the payment and discharge of all of the Partnership's debts and liabilities to the other Partners;

(4) The balance if any, to the Partners in accordance with the positive Capital Account balances of the Partners, after giving effect to all contributions, distributions, and allocations for all periods.

The General Partner shall not receive any additional compensation for any services performed pursuant to this Article 13.

B. Notwithstanding the provisions of Section 13.2.A hereof which require liquidation of the assets of the Partnership, but subject to the order of priorities set forth therein, if prior to or upon dissolution of the Partnership the Liquidator determines that an immediate sale of part or all of the Partnership's assets would be impractical or would cause undue loss to the Partners, the Liquidator may, in its sole and

absolute discretion (subject to its obligation to gradually settle and close the Partnership's business under Section 17-803 of the Act), defer for a reasonable time the liquidation of any assets except those necessary to satisfy liabilities of the Partnership (including to those Partners as creditors).

Section 13.3 Negative Capital Accounts

A. Except as provided in this Section 13.3, no Partner, general or limited, shall be liable to the Partnership or to any other Partner for any negative balance outstanding in each such Partner's Capital Account, whether such negative Capital Account results from the allocation of Net Losses, or other items of deduction and loss to such Partner or from distributions to such Partner.

B. Subject to Section 13.3.C, if any Special Limited Partner on the date of the "liquidation" of his respective interest in the Partnership (within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g)), including a redemption under Section 8.4, would, following a hypothetical sale of Partnership assets and the liquidation of the Partnership, have a negative balance in his Capital Account, then such Special Limited Partner shall contribute in cash to the capital of the Partnership the amount required to increase his Capital Account as of such date to zero. Any such contribution required of such Special Limited Partner hereunder shall be made on or before the later of (i) the end of the Partnership Year in which the interest of such Special Limited Partner is liquidated or (ii) the ninetieth (90th) day following the date of such liquidation.

C. After the death of a Special Limited Partner, the executor of the estate of such Special Limited Partner may elect to reduce (or eliminate) the deficit Capital Account restoration obligation of such Special Limited Partner. Pursuant to Section 13.3.B. such election may be made by such executor by delivering to the General Partner within two hundred seventy (270) days of the death of such Special Limited Partner a written notice setting forth the maximum deficit balance in his Capital Account that such executor agrees to restore under Section 13.3.B, if any. If such executor does not make a timely election pursuant to this Section 13.3.C (whether or not the balance in his Capital Account is negative at such time), then a Special Limited Partner's estate (and the beneficiaries thereof who receive distribution of Partnership Units therefrom) shall be deemed to have a deficit Capital Account restoration obligation as set forth pursuant to the terms of Section 13.3.B.

Section 13.4 Deemed Distribution and Recontribution

Notwithstanding any other provision of this Article 13, in the

event the Partnership is liquidated within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g) but no Liquidating Event has occurred, the Partnership's property shall not be liquidated, the Partnership's liabilities shall not be paid or discharged, and the Partnership's affairs shall not be wound up. Instead, for federal income tax purposes and for purposes of maintaining Capital Accounts pursuant to Exhibit B hereto, the Partnership shall be deemed to have distributed the property in kind to the Partners, who shall be deemed to have assumed and taken such property subject to all Partnership liabilities, all in accordance with their respective Capital Accounts. Immediately thereafter, the General Partner and Limited Partners shall be deemed to have re-contributed the Partnership property in kind to the Partnership, which shall be deemed to have assumed and taken such property subject to all such liabilities.

Section 13.5 Rights of the Limited Partners

Except as otherwise provided in this Agreement, the Limited Partners shall look solely to the assets of the Partnership for the return of its Capital Contribution and shall have no right or power to demand or receive property other than cash from the Partnership.

Section 13.6 Waiver of Partition

Each Partner hereby waives any right to partition of the Partnership property.

ARTICLE 14
AMENDMENT OF PARTNERSHIP AGREEMENT

Section 14.1 Amendments

A. This Agreement may be amended with the consent of the General Partner, the Initial Limited Partner, and the Special Limited Partners representing a majority of Partnership Units held by such Special Limited Partners, but such amendments shall not require the approval of any Additional Limited Partners other than the Special Limited Partners.

B. Notwithstanding Section 14.1.A, the General Partner shall have the power, without the consent of any other

Partner to amend this Agreement as may be required to facilitate or implement any of the following purposes:

(1) to add to the obligations of the General Partner or surrender any right or power granted to the General Partner or any Affiliate of the General Partner for the benefit of the Limited Partners;

(2) to reflect the admission, substitution, termination, or withdrawal of Partners in accordance with this Agreement;

(3) to set forth the designation, rights, powers, duties, and preferences of the holders of any additional Partnership Interests issued pursuant to Section 4.2.A hereof;

(4) to reflect a change that is of an inconsequential nature and does not adversely affect the Limited Partners in any material respect, or to cure any ambiguity, correct or supplement any provision in this Agreement not inconsistent with law or with other provisions, or make other changes with respect to matters arising under this Agreement that will not be inconsistent with law or with the provisions of this Agreement; and

(5) to satisfy any requirements, conditions, or guidelines contained in any order, directive, opinion, ruling, or regulation of a federal or state agency or contained in federal or state law.

The General Partner shall provide notice to the other Partners when any action under this Section 14.1.B is taken.

C. Notwithstanding Sections 14.1.A and 14.1.B hereof, this Agreement shall not be amended without the consent of each Partner adversely affected if such amendment would (i) convert a Limited Partner's interest in the Partnership into a general partner interest, (ii) modify the limited liability of a Limited Partner in a manner adverse to such Partner, (iii) alter or modify the Redemption Right and REIT Shares Amount as set forth in Section 8.4 in a manner adverse to such Partner, or (iv) amend this Section 14.1.C. Further, no amendment may alter the restrictions on the General Partner's authority set forth in Section 7.3 without the consent specified in that section.

ARTICLE 15
GENERAL PROVISIONS

Section 15.1 Addresses and Notice

Any notice, demand, request or report required or permitted to be given or made to a Partner or Assignee under this Agreement shall be in writing and shall be deemed given or made when delivered in person or when sent by first class United States mail or by other means of written communication to the Partner or Assignee at the address set forth in Exhibit A or such other address of which the Partner shall notify the General Partner in writing.

Section 15.2 Titles and Captions

All article or section titles or captions in this Agreement are for convenience only. They shall not be deemed part of this Agreement and in no way define, limit, extend or describe the scope or intent of any provisions hereof. Except as specifically provided otherwise, references to "Articles" and "Sections" are to Articles and Sections of this Agreement.

Section 15.3 Pronouns and Plurals

Whenever the context may require, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa. Each reference herein to Partnership Units held by the General Partner, a Special Limited Partner, a Property Limited Partner or a Red Butte Limited Partner shall be deemed to be a reference to Partnership Units held by such Partner in its role as such.

Section 15.4 Further Action

The parties shall execute and deliver all documents, provide all information and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement.

Section 15.5 Binding Effect

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

Section 15.6 Waiver

No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver or any such breach or any other covenant, duty, agreement or condition.

Section 15.7 Counterparts

This Agreement may be executed in counterparts, all of which together shall constitute one agreement binding on all the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart. Each party shall become bound by this Agreement immediately upon affirming its signature hereto.

Section 15.8 Applicable Law

This Agreement shall be construed and enforced in accordance with and governed by the laws of the State of Delaware, without regard to the principles of conflicts of law.

Section 15.9 Invalidity of Provisions

If any provision of this Agreement is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

Section 15.10 Entire Agreement

This Agreement contains the entire understanding and agreement among the Partners with respect to the subject matter hereof and supersedes the Prior Agreements and any other prior written or oral understandings or agreements among them with respect thereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement under seal as of the date first written above.

GENERAL PARTNER:
Lex GP-1, Inc.

By_____
Name:
Title:

LIMITED PARTNER:
Lex LP-1, Inc.

By_____
Name:
Title:

LEXINGTON CORPORATE
PROPERTIES, INC.

By_____
Name:
Title:

PROPERTY LIMITED PARTNERS

By_____
On behalf of the Property
Limited Partners set forth
on Exhibit A

RED BUTTE LIMITED PARTNERS

By_____
On behalf of the Red Butte
Limited Partners set forth
on Exhibit A

EXPANSION LIMITED PARTNERS

By_____
On behalf of the Expansion
Limited Partners set forth
on Exhibit A

EXHIBIT A
PARTNERS' CONTRIBUTIONS AND PARTNERSHIP INTERESTS

<TABLE>
<CAPTION>

Name and Address of Partner	Capital Contribution	Partnership Units	Percentage Interest	Redemption Exercise Date
<S>	<C>	<C>	<C>	<C>
GENERAL PARTNER				
Lex GP-1, Inc.	$100	60,652	.5701%	N/A
LIMITED PARTNER				

Lex LP-1, Inc.	$100	6,124,261	57.562%	N/A
SPECIAL LIMITED PARTNERS				
Douglas S. Altabef	___	6,556	.0616%	N/A
The LCP Group, L.P.	___	28,057	.2637%	N/A
Antony E. Monk	___	4,065.5	.0382%	N/A
Ellen C. Monk	___	4,065.5	.0382%	N/A
Terrell R. Peterson Trust dtd. 4/5/90	___	2,608	.0245%	N/A
E. Robert Roskind	___	41,813	.3930%	N/A
Richard J. Rouse	___	16,063	.1510%	N/A
Edward C. Whiting	___	9,001	.0846%	N/A

</TABLE>

PARTNERS' CONTRIBUTIONS AND PARTNERSHIP INTERESTS

<TABLE>
<CAPTION>

Name and Address of Partner	Capital Contribution	Partnership Units	Percentage Interest	Redemption Exercise Date
<S>	<C>	<C>	<C>	<C>
PROPERTY LIMITED PARTNERS				
1) Barngiant Livingston(1)				March 1, 2004
Howard P. Doerr	1	7,804	.0733%	
Edward G. Gilbert	.5	3,902	.0367%	
John Heubel	.25	1,951	.0183%	
Leone Heubel	.25	1,951	.0183%	
Estate of Jacob M. Kirschner	1	7,804	.0733%	
Kirschner Brothers Oil Co.	2.5	19,510	.1834%	
The Marital Trust	1	7,804	.0733%	
U/W Isadore L. Kirschner				
Alvin E. Levine	1	7,804	.0733%	
Antony E. Monk	.001	406	.0038%	
Ellen C. Monk	.001	406	.0038%	
Harry Pomerantz	1.5	11,706	.1100%	
Alex Silverman TTEE	.5	3,902	.0367%	
Roy Swarzman	.5	3,902	.0367%	
Barnes Properties, Inc. (economic interest only)	.2	797	.0075%	
2) Barnhale Modesto				February 1, 2006
Roger Brooks		1,655	.0156%	
Jeffrey Caspe	115.5	4,967	.0467%	
Richard Caspe	77	3,311	.0311%	
Richard Jacobson		3,311	.0311%	
Bernard H. Kaplan	77	3,311	.0311%	

Dwight L. Long Trust		1,655	.0156%

</TABLE>

(1) For purposes of Section 5.1, Property Limited Partners that contributed interests in Barngiant Livingston (except for Kirschner Brothers Oil Co. and The Marital Trust U/W Isadore L. Kirschner) shall be entitled to cash distributions of $2,100 annually in 1996 through 2003, and $350 in 2004.

PARTNERS' CONTRIBUTIONS AND PARTNERSHIP INTERESTS

<TABLE>
<CAPTION>

Name and Address of Partner	Capital Contribution	Partnership Units	Percentage Interest	Redemption Exercise Date
<S>	<C>	<C>	<C>	<C>
Albert J. Mintzer, Trustee Albert J. Mintzer Revocable Trust dtd 3/24/92	38.5	1,656	.0156%	
Estate of Thomas S. Nurnberger		1,655	.0156%	
Jack Pester	77	3,311	.0311%	
Norman Rips	19.25	1,656	.0156%	
Sheldon I. Rips	19.25	1,655	.0156%	
Robert E. Runice		1,655	.0156%	
Renee G. Rubinow Soskin Trust		1,655	.0156%	
William A. Stauffer	19.25	1,656	.0156%	
E. Robert Roskind (economic interest only)	20.2	872	.0082%	
Barnes Properties, Inc. (economic interest only)	20.2	871	.0082%	
				March 1, 2005
3) Barnes Rockshire				
Daniel R. Baty	1	3,672	.0345%	
Gordon Chalmers	1	3,672	.0345%	
Charles W. Coker, Jr.	1	3,672	.0345%	
Richard M. Durwood	1.5	5,508	.0518%	
William Fromm	1	3,672	.0345%	
The Residuary Trust U/W Isadore L. Krischner	.5	1,836	.0173%	
Antony E. Monk	.001	4	.00004%	
Ellen C. Monk	.001	4	.00004%	
Albert Silverman	1	3,672	.0345%	
Alex Silverman TTEE	1	3,672	.0345%	
R. James Thornton	1	3,672	.0345%	
Robert Wolf	1	3,672	.0345%	
Barnes Properties, Inc. (economic interest only)	.5	1,933	.0182%	
4) Barnvyn Bakersfield				January 1, 2003

</TABLE>

PARTNERS' CONTRIBUTIONS AND PARTNERSHIP INTERESTS

<TABLE>
<CAPTION>

Name and Address of Partner	Capital Contribution	Partnership Units	Percentage Interest	Redemption Exercise Date
<S>	<C>	<C>	<C>	<C>
John P. Jennings		6,257	.0588%	
Robert Miller	1.47	5,485	.0516%	
William D. Kimpton	.26	978	.0092%	
Barnes Properties, Inc. (economic interest only)	.26	978	.0092%	
5) Barnhech Montgomery(2)				May 1, 2006
Ralph A. Hart	1	1,703	.0160%	
Crestar Bank, Co-Ttee u/a dtd 1/31/86 with James A. Linen IV	1	1,703	.0160%	
Charles R. Perko	1	1,703	.0160%	
Rogers Living Trust, dtd 10/7/97 William A. Rogers III & Shirley Rogers	.5	852	.0080%	
Herbert G. Roskind, Jr.	.5	852	.0080%	
Gary Smith	1	1,703	.0160%	
Ralph S. Thomas	1	1,703	.0160%	
Hugh B. Wallis	.5	852	.0080%	
Barnes Properties, Inc. (economic interest only)	.4	695	.0065%	

</TABLE>

(2) For purposes of Section 5.1, Property Limited Partners that contributed interests in Barnhech Montgomery shall be entitled to cash distributions of $490 annually in 1996 through 2005, and $163 in 2006.

PARTNERS' CONTRIBUTIONS AND PARTNERSHIP INTERESTS

<TABLE>
<CAPTION>

Name and Address of Partner	Capital Contribution	Partnership Units	Percentage Interest	Redemption Exercise Date
<S>	<C>	<C>	<C>	<C>
6) Barnward Brownsville				November 2, 2004
Aaron David Bear	1	5,424	.0510%	
Robert Bole	1	5,424	.0510%	
Robert Leiserowitz	1	5,424	.0510%	
Barry Pidgeon	1	5,424	.0510%	
Harold Pidgeon	1	5,424	.0510%	
Gerald J. Riddle	1	5,424	.0510%	
E. Robert Roskind (economic interest only)	.26	1,428	.0134%	
Barnes Properties, Inc. (economic interest only)	.26	1,428	.0134%	
RED BUTTE LIMITED PARTNERS				May 22, 1998
Barnes Properties, Inc.		172	.0016%	

Partners of Barnshore Associates

- E. Robert Roskind	4,245	.0399%
- Ellen C. Monk	2,122	.0199%
- Antony E. Monk	2,123	.0200%
- Richard J. Rouse	2,123	.0200%
- Edward C. Whiting	2,123	.0200%
- Steven Boughner	2,123	.0200%
- Peter Kinnunen	1,061	.0100%
- Terrell R. Peterson Trust dtd. 4/5/90	1,061	.0100%
Abbott, Mary I.	16,921	.1590%
Babush, R.K.	1,811	.0170%
Baer, Verdilla	33,842	.3181%
Becker, Warren J.	16,921	.1590%
Sharon Bracken, Trustee, Sharon Bracken Marital Trust	33,842	.3181%
Calkins, Windsor & Judy	16,921	.1590%
Cherrington, James S.	16,921	.1590%

</TABLE>

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PARTNERS' CONTRIBUTIONS AND PARTNERSHIP INTERESTS

<TABLE>
<CAPTION>

Name and Address of Partner	Capital Contribution	Partnership Units	Percentage Interest	Redemption Exercise Date
<S>	<C>	<C>	<C>	<C>
Dallas, Robert H. (Sr.)		16,921	.1590%	
Danzig, Murray		33,842	.3181%	
Diversi, Henry L. (Jr.)		10,861	.1021%	
Dodds, W. Douglas		16,921	.1590%	
Dye Investment Properties #1		33,842	.3181%	
Ebrahimian, Moosa		33,842	.3181%	
Falconer Family Limited Partnership		33,842	.3181%	
Flake, Rodney J.		16,921	.1590%	
The Bud and Mary Lou Flocchini Partnership		16,921	.1590%	
The Armando J. and Lena Flocchini Family Partnership		16,921	.1590%	
Gilbert, Peter G.		5,431	.0510%	
Golia, Dominick T.		37,236	.3500%	
Harrington, Thomas J.		20,315	.1909%	
Healey, Thomas J.		3,734	.0351%	
Irvin, Tinesley H.		10,862	.1021%	
Jacobs, Randolph		33,842	.3181%	
Jenkins, Edward M.		16,921	.1590%	

Jones, Billy Ray		5,431	.0510%
Jones, J. Curtis		2,716	.0255%
Kadish, Rosalyn S.		2,716	.0255%
Kenyon Trust		38,594	.3627%
Kornman, J.S.		1,810	.0170%
Kotkins, Henry L. (Jr.)		33,842	.3181%
Kotkins, Henry L. (Sr.)		33,842	.3181%
Kremers, Joseph A.		33,842	.3181%
Krone, Howard B.		8,147	.0766%
Legum, Steven F.		5,431	.0510%
Manlowe, Donald & Virginia		33,842	.3181%

</TABLE>

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PARTNERS' CONTRIBUTIONS AND PARTNERSHIP INTERESTS

<TABLE>
<CAPTION>

Name and Address of Partner	Capital Contribution	Partnership Units	Percentage Interest	Redemption Exercise Date
<S>	<C>	<C>	<C>	<C>
Maronick, E. Phil		33,842	.3181%	
Martin, Eff W.		3,734	.0351%	
Mathews, David P.		16,921	.1590%	
Mazo, (Gerald)/Trust		5,431	.0510%	
McGonacle, Linda & Jim		16,921	.1590%	
Murphy, Chester M.		16,921	.1590%	
Neiman, H.F.		1,810	.0170%	
Obernauer, Marne (Jr.)		20,315	.1909%	
Obie, Gordon T.		16,921	.1590%	
Post, Allen W. (Jr.)		10,862	.1021%	
Price, Gerald E.		16,921	.1590%	
Rhoad, Estate of Guy C.		37,236	.3500%	
Romney, Gloria Lynn & Clark TTEES		20,315	.1909%	
Schaefer, Robert A.		5,431	.0510%	
Schubach, Robert M.		33,842	.3181%	
Schwartz, Richard J.		33,842	.3181%	
Sherry, Henry I.		5,431	.0510%	
Stephenson, Leroy		33,842	.3181%	
Stewart, Faye H.		16,921	.1590%	
Strimatter, Paul L. & Joann H.		16,921	.1590%	
Todd, Geils		33,842	.3181%	
Weaver, Terry M.		33,842	.3181%	
Whitmore, George M. (Jr.)		5,431	.0510%	
John C. Williams Trustee, Red		2,716	.0255%	

Butte Creek Trust

Young, Raymond 5,431 .0510%

The LCP Group, L.P. 104,704 .9841%

Richard J. Rouse 9,302 .0874%

EXPANSION LIMITED PARTNERS

1) Toy Properties Associates II January 15, 1999
</TABLE>

PARTNERS' CONTRIBUTIONS AND PARTNERSHIP INTERESTS

<TABLE>
<CAPTION>

Name and Address of Partner	Capital Contribution	Partnership Units	Percentage Interest	Redemption Exercise Date
<S>	<C>	<C>	<C>	<C>
Carolyn A. Butler		854	.0080%	
Lee C. Butler		854	.0080%	
Robert C. Dickson		1,707	.0160%	
Patricia E. Dupree		1,707	.0160%	
Robert L. Dupree		1,707	.0160%	
Dr. John M. Gallus		1,707	.0160%	
W.C. Gilbert		3,414	.0321%	
Robert Hecht		1,707	.0160%	
Lawrence N. Johnson		1,707	.0160%	
James R. Keller		1,707	.0160%	
Oliver W. Lund		1,707	.0160%	
David L. Mitchell		1,707	.0160%	
Lawrence E. Mulkerin		1,707	.0160%	
Bonnie Jo Nay		854	.0080%	
Wayne H. Nay		853	.0080%	
James E. Rottsolk		1,707	.0160%	
Dr. Allen Ruth		1,707	.0160%	
Earl L. Sherron, Jr.		1,707	.0160%	
John F. Steiner		1,707	.0160%	
Joseph F. Sutter		1,707	.0160%	
WAT Enterprises Limited Partnership		1,707	.0160%	
Mary Lou Tillay		1,707	.0160%	
Carol Anne Zavrski		1,707	.0160%	
Frances L. Zavrski		1,707	.0160%	
O.K.O.W. Investors (Special LP)		22,619	.2126%	
The LCP Group, L.P.		18,065	.1698%	
Richard J. Rouse		4,696	.0441%	
E. Robert Roskind		327	.0031%	
Antony E. Monk		163	.0015%	

</TABLE>

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PARTNERS' CONTRIBUTIONS AND PARTNERSHIP INTERESTS

<TABLE>
<CAPTION>

Name and Address of Partner	Capital Contribution	Partnership Units	Percentage Interest	Redemption Exercise Date
<S>	<C>	<C>	<C>	<C>
Ellen C. Monk		163	.0015%	
Edward C. Whiting		196	.0018%	
Terrell R. Peterson Trust dtd. 4/5/90		131	.0012%	
Peter Kinnunen		131	.0012%	
2) Toy Properties Associates V				January 15, 1999
Leonard V. Ackermann, DDS		778	.0073%	
George L. and Donna L. Adams		778	.0073%	
9401 Ashley L.P.		778	.0073%	
John R. Bedingfield, Jr., MD		778	.0073%	
Stephen P. Boger, DDS		778	.0073%	
James L. Bridge, Jr.		778	.0073%	
John Richard Burg, MD		778	.0073%	
Eva P. Csathy		778	.0073%	
Archie R. and Nancy H. Dykes		778	.0073%	
George W. Flynn		778	.0073%	
Gordon G. Fowler		778	.0073%	
Gwendolyn Hillinger		778	.0073%	
Burton J. Iverson		778	.0073%	
Douglas A. Jensen		778	.0073%	
James P. Larkin		778	.0073%	
W. Jack Lovern		778	.0073%	
Miles A. Nelson		778	.0073%	
Terry O. Noble		778	.0073%	
Michael D. O'Leary, DDS		778	.0073%	
Ruth P. Ruben		778	.0073%	
Thomas T. Schattenberg		778	.0073%	
Robert and Kathleen Schlangen		778	.0073%	
Thomas E. and Connie J. Taff		778	.0073%	
Luis W. and Pacita Tam		778	.0073%	

</TABLE>

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PARTNERS' CONTRIBUTIONS AND PARTNERSHIP INTERESTS

<TABLE>
<CAPTION>

Name and Address of Partner	Capital Contribution	Partnership Units	Percentage Interest	Redemption Exercise Date
<S>	<C>	<C>	<C>	<C>
The LCP Group, L.P.		9,601	.0902%	
Richard J. Rouse		1,958	.0184%	
E. Robert Roskind		238	.0022%	
Antony E. Monk		119	.0011%	
Ellen C. Monk		119	.0011%	
Edward C. Whiting		146	.0014%	
Terrell R. Peterson Trust dtd. 4/5/90		97	.0009%	
Peter Kinnunen		97	.0009%	
Francois Letaconnoux		51	.0005%	
3) Fort Street Partners				January 15, 2006
Marilyn Anixter Allen		2,262	.0213%	
Robert M. Arnold		6,855	.0644%	
Fred R. Backer		6,855	.0644%	
Clifford C. Burton		6,855	.0644%	
Carole Anixter Cohen		2,331	.0219%	
Uwarda Day		6,855	.0644%	
Donald De Pinto, MD		6,855	.0644%	
Joan Dubin		3,428	.0322%	
The Estate of Mary Fisk Kathleen Ames, Executor		6,855	.0644%	
Robert Fisk		6,855	.0644%	
James Flood		27,420	.2577%	
Yvonne Anixter Goddard		2,262	.0213%	
John Gosselin		6,855	.0644%	
Bruce A. Gregga		6,855	.0644%	
David Haley		6,855	.0644%	
Guenther P. Koenkow		6,855	.0644%	
Leonard and Caroline S. Lorberbaum		13,710	.1289%	
Keith O. Marks		6,855	.0644%	

</TABLE>

PARTNERS' CONTRIBUTIONS AND PARTNERSHIP INTERESTS

<TABLE>
<CAPTION>

Name and Address of Partner	Capital Contribution	Partnership Units	Percentage Interest	Redemption Exercise Date
<S>	<C>	<C>	<C>	<C>
Spencer J. Marks		3,427	.0322%	
Fred Meijer		6,855	.0644%	
Averell H. Mortimer		6,855	.0644%	
David Mortimer		6,855	.0644%	

Gary W. Rollins	13,710	.1289%	
R. Randall Rollins	13,710	.1289%	
W. Dieter Tede	6,855	.0644%	
C. Joseph Tyree	6,855	.0644%	
Marvin L. White	6,855	.0644%	
Stephen P. Glennon	1,662	.0156%	
E. Robert Roskind	208	.0020%	
Richard J. Rouse	4,023	.0378%	January 15, 1999
The LCP Group, L.P.	13,444	.1264%	January 15, 1999

</TABLE>

As a result of the merger of the Partnership with Pacific Place Partners Ltd. ("Pacific Place") on March 10, 1997, the General Partner has authorized the issuance of Partnership Units to all former partners of Pacific Place (the "Pacific Place Limited Partners") in the amounts specified on Exhibit A-1 attached hereto and made a part hereof. For purposes of applying the terms and conditions of the Partnership Agreement, the Pacific Place Limited Partners shall be Partners of the Partnership with the rights and obligations of Additional Limited Partners.

For purposes of Section 5.1 of the Partnership Agreement, each Pacific Place Limited Partners shall be entitled to receive distributions with respect to each Partnership Unit equal to the cash dividend payable with respect to each share of LXP common stock, determined at the time of each quarterly distribution.

For purposes of Sections 6.1A and 6.1B of the Partnership Agreement, allocations of Net Income and Net Loss by the Partnership generally shall be made after giving effect to all allocations of taxable income to the Pacific Place Limited Partners. Taxable income shall be specially allocated to the Pacific Place Limited Partners in an amount equal to, but not in excess of, the cash distributed to the Pacific Place Limited Partners; provided, however, that the Pacific Place Limited Partners shall be allocated taxable income (i) as otherwise required in Exhibit B and C of the Partnership Agreement, and (ii) resulting from the transaction in which the Replacement Property (as defined below) was acquired. For purposes of Section 6.1C of the Partnership Agreement, Nonrecourse Liabilities of the Partnership shall be allocated to account for any income or gain to be allocated to the Pacific Place Limited Partners pursuant to Sections 2.B and 2.D of Exhibit C, in the same priority as Nonrecourse Liabilities are allocated to the Property Limited Partners, the Red Butte Limited Partners, the Expansion Limited Partners and any subsequent Additional Limited Partners that are admitted to the Partnership. The Partnership covenants to retain sufficient Nonrecourse Liabilities to permit the allocation of such Nonrecourse Liabilities to the Pacific Place Limited Partners in an amount sufficient to avoid recapture of tax liability with respect to the Pacific Place Limited Partners' negative capital accounts.

For purposes of Section 8.4 of the Partnership Agreement, on April 15, 1999, and on each January 15, April 15, July 15 and October 15 thereafter (each a "Notice Date"), each Pacific Place Limited Partner shall have the right (the "Pacific Place Limited Partner Redemption Right") to require the Partnership to redeem on a Specified Redemption Date the Partnership Units held by a Pacific Place Limited Partner for the Redemption Amount to be delivered by the Partnership; provided, however, that a Pacific Place Limited Partner must convert a number of Partnership Units equal to at least the lesser of (i) 1,000 Partnership Units, or (ii) all of the Partnership Units held by such Partner. The Pacific Place Limited Partner Redemption Right shall be exercised pursuant to a Notice of Redemption (substantially in the form of Exhibits D-1 through D-4 modified to reflect the Pacific Place Limited Partner) delivered to the General Partner and LXP on a Notice Date by the Pacific Place Limited Partner who is exercising the redemption right (the "Pacific Place Redeeming Partner"). The Pacific Place Redeeming Partner shall have no right, with respect to any Partnership Units so redeemed, to receive any distributions paid after the Specified Redemption Date. The Partnership covenants to cause the registration of any LXP Common Stock issued in connection with a redemption in such a manner

as is required so that the shares of LXP Common Stock issued in connection with such redemption are freely transferable. The Assignee of any Pacific Place Limited Partner may exercise the redemption rights of such Pacific Place Limited Partner, and such Pacific Place Limited Partner shall be deemed to have assigned such rights to such Assignee and shall be bound by the exercise of such rights by such Assignee. In connection with any exercise of such rights by such Assignee on behalf of such Pacific Place Limited Partner, the Redemption Amount shall be delivered by the Partnership directly to such Assignee and not to such Pacific Place Limited Partner.

The Partnership Units held by the Pacific Place Limited Partners shall be subject to redemption by the Partnership if otherwise required by the terms of the Partnership Agreement.

The Partnership hereby covenants not to dispose of its interest in those certain properties located at 6 Doughton Rd., New Kingston, Pa., 34 E. Main St., New Kingston, Pa.,

and 245 Salem Church Rd., Mechanicsburg, Pa., (the "Replacement Property") prior to March 1, 2002 without the prior consent of the holders of fifty one percent (51%) of the Partnership Units held by Pacific Place Limited Partners, except in the event of a foreclosure or in the event the Partnership determines that such a disposition is necessary to ensure its continued qualification as a real estate investment trust. In any event in which the Partnership determines to dispose of the Replacement Property, the Partnership agrees to use its best efforts to structure such a disposition as an exchange that meets the requirements of Code Section 1031. Notwithstanding the foregoing, if the Partnership does dispose of its interest prior to April 15, 1999, then the General Partner shall provide prompt written notification to the Pacific Place Limited Partners of such disposition and each such Pacific Place Limited Partner may exercise its Pacific Place Limited Partner Redemption Right on the last Business Day of the calendar year in which such disposition occurs or, if later, ten (10) Business Days following the consummation of such transaction.

LXP agrees to enter into a Guaranty Agreement with the Partnership on the date the Pacific Place Limited Partners are admitted to the Partnership, on terms reasonably satisfactory to LXP and the Partnership, pursuant to which LXP shall guaranty the obligations of the Partnership to pay the Redemption Amount on the Specified Redemption Date. Each of the Pacific Place Redeeming Partner, LXP, the Partnership and the General Partner shall treat the transaction between LXP and the Pacific Place Redeeming Partner as a sale of the Pacific Place Redeeming Partner's Partnership Units to LXP or the General Partner, as the case may be, for federal income tax purposes. Each Pacific Place Redeeming Partner agrees to execute such documents as the Partnership may reasonably require in connection with the issuance of REIT shares upon exercise of the Pacific Place Limited Partner Redemption Right.

PARTNERS' CONTRIBUTIONS AND PARTNERSHIP INTERESTS

<TABLE>
<CAPTION>

Name and Address of Partner	Capital Contribution	Partnership Units	Percentage Interest	Redemption Exercise Date
<S>	<C>	<C>	<C>	<C>
PACIFIC PLACE LIMITED PARTNERS				April 15, 1999
Dr. Stuart D. Aaron		1,543	.0145%	
Dr. Kenneth H. Adler		772	.0073%	
Dr. Norman I. Agin		1,543	.0145%	
James J. Akers, Trustee u/a dated 12/28/90		771	.0072%	
Phyllis M. Akers, Trust		772	.0073%	
A.C. Leadbetter & Son, Inc. c/o Ray Oak		6,216	.0584%	
Douglas J. Backman		1,543	.0145%	

C. Peter Beler	1,543	.0145%
William C. Butcher	386	.0036%
Shoppers Village Associates c/o Steven H. Caller	1,543	.0145%
Steven H. Caller	1,188	.0112%
Chappy Partners	72,000	.6767%
Louis G. Chiodini	772	.0073%
Harry S. Cohen	1,543	.0145%
Robert S. Cohen	1,543	.0145%
Dr. Robert L. Diaz	3,085	.0289%
Marvin J. Dolinka	772	.0073%
William D. Evans	1,543	.0145%
Elizabeth A. Fendell	772	.0073%
Dr. Gerald Finerman	1,543	.0145%
Ronald T. Fredette	2,314	.0217%
David Freishtat and Paul Sandler	1,157	.0109%
Jack Goldsmith	385	.0036%
Dr. & Mrs. Mithlesh Govil	1,543	.0145%
Marilyn R. Heller Trust	1,543	.0145%

</TABLE>

PARTNERS' CONTRIBUTIONS AND PARTNERSHIP INTERESTS

<TABLE>
<CAPTION>

Name and Address of Partner	Capital Contribution	Partnership Units	Percentage Interest	Redemption Exercise Date
<S>	<C>	<C>	<C>	<C>
Joe M. Henson		1,543	.0145%	
Gloria Hillman		771	.0072%	
Dr. Phillip L. Horowitz		1,543	.0145%	
Investment Capital Associates		1,619	.0152%	
ICA Pacific Place, Inc.		3,373	.0317%	
John C. Isaacs, III Ranch, Ltd.		1,543	.0145%	
Sam S. Isaacs Ranch, Ltd.		1,542	.0145%	
Marsha Caller Jaffee		1,188	.0112%	
Dr. Bernard J. Judis		771	.0072%	
David A. Katz		772	.0073%	
Jay Latterman and Jack Goldsmith		385	.0036%	
Earl M. Latterman		772	.0073%	
Bernard B. Latterman		772	.0073%	
King Laughlin		1,687	.0159%	
Stephen P. Lawrence		89,300	.8393%	

Morris S. Lefton	1,543	.0145%
Martin C. Leibowitz	98,906	.9296%
Barry Z. Liber	3,085	.0290%
Ronald U. Lurie	772	.0073%
John McCallum	1,620	.0152%
Richard G. McCauley	1,543	.0145%
Warren G. Moses	1,543	.0145%
Richard Mrad	5,399	.0507%
Dr. Vijayachandra S. Nair	1,543	.0145%
William Osterman Trust dtd 8/26/88	1,543	.0145%
Godfrey P. Padberg	1,543	.0145%

</TABLE>

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PARTNERS' CONTRIBUTIONS AND PARTNERSHIP INTERESTS

<TABLE>
<CAPTION>

Name and Address of Partner	Capital Contribution	Partnership Units	Percentage Interest	Redemption Exercise Date
<S>	<C>	<C>	<C>	<C>
Pell Holdings		56,000	.5263%	
Irving L. Peterson		1,543	.0145%	
John Allen Pierce		1,687	.0159%	
Dr. Sonja S. Pinsky		1,543	.0145%	
Lawrence Raskin		1,296	.0122%	
C & H Rauch Inc.		6,171	.0580%	
Ernest E. & Mary B. Renaud		1,543	.0145%	
RMS Associates		52,500	.4934%	
Irwin S. Rosenbloom		1,543	.0145%	
Irving Rosenstein		1,188	.0112%	
Arthur R. Salomon		2,314	.0217%	
David Sandler & Paul Freishtat		386	.0036%	
Dr. Sylvan Sarasohn		1,543	.0145%	
Dr. Michael J. Schou		1,543	.0145%	
Antonia Shusta		386	.0036%	
Dr. William R. Sloan		1,543	.0145%	
Irving Spivack		772	.0073%	
Jeffrey P. Stern		1,543	.0145%	
Dr. William Sternfeld		1,543	.0145%	
Dr. Norman A. Stokes		771	.0072%	
Dr. & Mrs. Jo M. Teague		1,543	.0145%	
James M. Tushman		1,543	.0145%	
Thomas E. Tushman		771	.0072%	
Dr. & Mrs. Irving Waldman		771	.0072%	

Mr. & Mrs. Neil Wolfson	1,543	.0145%
Andrew S. Wolfson	1,543	.0145%

</TABLE>

As a result of the contribution of the interests in the Phoenix Hotel Associates Limited Partnership ("Phoenix") on January 29, 1998, the General Partner pursuant to Section 4.2.A and Sections 14.1.B(2) and 14.1.B(3) of this Agreement has authorized the issuance of Partnership Units to those former partners of Phoenix (the "Phoenix Limited Partners") electing to contribute all or a portion of their interests to the Partnership. Each Phoenix Limited Partner shall receive the number of Units specified below. For purposes of applying the terms and conditions of the Partnership Agreement, the Phoenix Limited Partners shall be Partners of the Partnership with the rights and obligations of Additional Limited Partners.

For purposes of Section 5.1 of the Partnership Agreement, each Phoenix Limited Partner shall be entitled to receive distributions with respect to each Partnership Unit equal to the cash dividend payable with respect to each share of LXP common stock, determined at the time of each quarterly distribution beginning with the distribution payable to shareholders of record of LXP on January 30, 1998.

For purposes of Sections 6.1A and 6.1B of the Partnership Agreement, allocations of Net Income and Net Loss by the Partnership generally shall be made after giving effect to all allocations of taxable income to the Phoenix Limited Partners. Pursuant to the General Partners' authority in Section 14.1.B(3), Partnership taxable income shall be specially allocated to the Phoenix Limited Partners in an amount equal to, but not in excess of, all cash distributions to the Phoenix Limited Partners; provided, however, that the Phoenix Limited Partners shall be allocated taxable income (i) as otherwise required in Exhibit B and C of the Partnership Agreement, and (ii) resulting from the transaction in which the Replacement Property (as defined below) was acquired. For purposes of Section 6.1C of the Partnership Agreement, Nonrecourse Liabilities of the Partnership shall be allocated to account for any income or gain to be allocated to the Phoenix Limited Partners pursuant to Sections 2.B and 2.D of Exhibit C, in the same priority as Nonrecourse Liabilities are

allocated to the Property Limited Partners, the Red Butte Limited Partners, the Expansion Limited Partners, the Phoenix Limited Partners, the Savannah Limited Partners and any subsequent Additional Limited Partners that are admitted to the Partnership. The Partnership covenants to retain sufficient Nonrecourse Liabilities to permit the allocation of such Nonrecourse Liabilities to the Phoenix Limited Partners in an amount sufficient to avoid recapture of tax liability with respect to the Phoenix Limited Partners' negative capital accounts.

For purposes of Section 8.4 of the Partnership Agreement, on January 15, 1999, and on each January 15, April 15, July 15 and October 15 thereafter (each a "Notice Date"), each Phoenix Limited Partner shall have the right (the "Phoenix Limited Partner Redemption Right") to require the Partnership to redeem on a Specified Redemption Date the Partnership Units held by a Phoenix Limited Partner for the Redemption Amount to be delivered by the Partnership; provided, however, that a Phoenix Limited Partner must convert a number of Partnership Units equal to at least the lesser of (i) 1,000 Partnership Units, or (ii) all of the Partnership Units held by such Partner. The Phoenix Limited Partner Redemption Right shall be exercised pursuant to a Notice of Redemption (substantially in the form of Exhibits D-1 through D-4 modified to reflect the Phoenix Limited Partner) delivered to the General Partner and LXP on a Notice Date by the Phoenix Limited Partner who is exercising the redemption right (the "Phoenix Redeeming Partner"). The Phoenix Redeeming Partner shall have no right, with respect to any Partnership Units so redeemed, to receive any distributions paid after the Specified Redemption Date. The Partnership covenants to cause the registration of any LXP Common Stock issued in connection with a redemption in such a manner as is required so that the shares of LXP Common Stock issued in connection with such redemption are freely transferable. The Assignee of any Phoenix Limited Partner may exercise the redemption rights of such Phoenix Limited Partner, and such Phoenix Limited Partner shall be deemed to have assigned such rights to such Assignee and shall be bound by the exercise of such rights by such Assignee. In connection with any exercise of such rights by such Assignee

on behalf of such Phoenix Limited Partner, the Redemption Amount shall be delivered by the Partnership directly to such Assignee and not to such Phoenix Limited Partner.

The Partnership Units held by the Phoenix Limited Partners shall be subject to redemption by the Partnership if otherwise required by the terms of the Partnership Agreement.

The Partnership hereby covenants not to permit Phoenix to dispose of its interest in those certain properties acquired by Phoenix in connection with its rights under that certain Exchange Agreement dated December 29, 1997 between Phoenix and Security Trust Company (the property so acquired, the "Replacement Property") prior to January 1, 2003 without the prior consent of the holders of fifty-one percent (51%) of the Partnership Units held by Phoenix Limited Partners, except in the event of a foreclosure or in the event the Partnership determines that such a disposition is necessary to ensure its continued qualification as a real estate investment trust. In any event in which the Partnership determines to cause Phoenix to dispose of the Replacement Property, the Partnership agrees to use its best efforts to cause Phoenix to structure such a disposition as an exchange that meets the requirements of Code Section 1031. Notwithstanding the foregoing, if the Partnership does dispose of its interest prior to January 15, 1999, then the General Partner shall provide prompt written notification to the Phoenix Limited Partners of such disposition and each such Phoenix Limited Partner may exercise its Phoenix Limited Partner Redemption Right on the last Business Day of the calendar year in which such disposition occurs or, if later, ten (10) Business Days following the consummation of such transaction. In addition, if the Code Section 1031 exchange described in the Exchange Agreement does not take place, or if such exchange does not result in a deferral of all of the gain that would have been recognized upon the sale by Phoenix of the Relinquished Property (as defined in the Exchange Agreement), then the General Partner shall provide prompt written notification to the Phoenix Limited Partners and shall cause LCIF to distribute cash to the Phoenix Limited

Partners in redemption of the portion of their LCIF Units corresponding to the portion of the value of the Relinquished Property which is treated as transferred in a taxable transaction.

LXP agrees to enter into a Guaranty Agreement with the Partnership on the date the Phoenix Limited Partners are admitted to the Partnership, on terms reasonably satisfactory to LXP and the Partnership, pursuant to which LXP shall guaranty the obligations of the Partnership to pay the Redemption Amount on the Specified Redemption Date. Each of the Phoenix Redeeming Partner, LXP, the Partnership and the General Partner shall treat the transaction between LXP and the Phoenix Redeeming Partner as a sale of the Phoenix Redeeming Partner's Partnership Units to LXP or the General Partner, as the case may be, for federal income tax purposes. Each Phoenix Redeeming Partner agrees to execute such documents as the Partnership may reasonably require in connection with the issuance of REIT shares upon exercise of the Phoenix Limited Partner Redemption Right.

PARTNERS' CONTRIBUTIONS AND PARTNERSHIP INTERESTS

<TABLE>
<CAPTION>

Name and Address of Partner	Capital Contribution	Partnership Units	Percentage Interest	Redemption Date
<S>	<C>	<C>	<C>	<C>
PHOENIX LIMITED PARTNERS	(Class A Units Contributed)			January 15, 1999
James Berdell	.25	12,272	.1153%	
Kemp Biddulph Revocable Trust dtd. 5/6/83	.5	24,546	.2307%	
Charles A. Clarkson	.67	22,892	.2152%	
Blair E. Clarkson		250	.0023%	

Thomas B. Clarkson		250	.0023%
John H. Clarkson		250	.0023%
Robert W. Clarkson as custodian for John Robert Wittman		250	.0023%
deWilde Family Trust dtd. 6/21/90	.25	12,273	.1154%
Emlen Ehrlich	.125	6,136	.0577%
Richard T. Flaute	.5	24,546	.2307%
Frederick Frank	.5	24,546	.2307%
Fremar Company	.1425	6,996	.0658%
Richard J. Guggenhime	.125	6,136	.0577%
Paul Myron Haas Trust	.5	24,546	.2307%
Jerome L. Heard, M.D.	.5	24,546	.2307%
Samuel I. Hellman	1.0	49,093	.4614%
Richard R. Huffman	.07	3,436	.0323%
Benjamin Jagendorf, M.D.	1.0	49,093	.4614%
Edward J. Ledder, Trustee Edward J. Ledder Rev. Trust u/a/d 4/6/90	1.0	49,093	.4614%
Karl L. Matthies	.25	12,272	.1153%

</TABLE>

PARTNERS' CONTRIBUTIONS AND PARTNERSHIP INTERESTS

<TABLE>
<CAPTION>

Name and Address of Partner	Capital Contribution	Partnership Units	Percentage Interest	Redemption Date
<S>	<C>	<C>	<C>	<C>
Ventana Canyon, Inc.	.25	12,272	.1153%	
Potter Family Trust u/a dtd 7/24/98 - Bruce G. Potter and Elizabeth B. Potter, Trustees	.5	24,546	.2307%	
E. Robert Roskind	.25	12,272	.1153%	
Ann B. Schroeder TTEE Robert E. & Ann B. Schroder Marital Trust U/A dtd. 1/7/82	1.0	49,093	.4614%	
William T. Seed, M.D.	.335	16,446	.1546%	
Benjamin N. Simon	.5	24,546	.2307%	
Terri Simon	.5	24,546	.2307%	
Ellen B. Soref TTEE Ellen Barbara Soref Intervivos Trust	.5	24,546	.2307%	
Lewis J. Thaler	.5	24,546	.2307%	
	(Class B Units Contributed)			
E. Robert Roskind	7.5	344,663	3.239%	
Paul Leach	1.0	30,000	.2820%	

Ventana Canyon Inc.	2.5	114,887	1.080%
Terrell R. Peterson Trust dtd. 4/5/90	1.6	73,528	.6911%
Barnnix, Inc.	1% G.P. interest	33,957	.3192%

</TABLE>

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As a result of the contribution of the interests in the Savannah Waterfront Hotel LLC ("Savannah") on January 29, 1998, the General Partner pursuant to Section 4.2.A and Sections 14.1.B(2) and 14.1.B(3) of this Agreement has authorized the issuance of Partnership Units to those former members of Savannah (the "Savannah Limited Partners") electing to contribute all or a portion of their interests to the Partnership. Each Savannah Limited Partner shall receive the number of Units specified below. For purposes of applying the terms and conditions of the Partnership Agreement, the Savannah Limited Partners shall be Partners of the Partnership with the rights and obligations of Additional Limited Partners.

For purposes of Section 5.1 of the Partnership Agreement, each Savannah Limited Partner shall be entitled to receive distributions with respect to each Partnership Unit equal to the cash dividend payable with respect to each share of LXP common stock, determined at the time of each quarterly distribution beginning with the distribution payable to shareholders of record of LXP on January 30, 1998.

For purposes of Sections 6.1A and 6.1B of the Partnership Agreement, allocations of Net Income and Net Loss by the Partnership generally shall be made after giving effect to all allocations of taxable income to the Savannah Limited Partners. Pursuant to the General Partners' authority in Section 14.1.B(3), Partnership taxable income shall be specially allocated to the Savannah Limited Partners in an amount equal to, but not in excess of, all cash distributions to the Savannah Limited Partners; provided, however, that the Savannah Limited Partners shall be allocated taxable income (i) as otherwise required in Exhibit B and C of the Partnership Agreement, and (ii) resulting from the transaction in which the Replacement Property (as defined below) was acquired. For purposes of Section 6.1C of the Partnership Agreement, Nonrecourse Liabilities of the Partnership shall be allocated to account for any income or gain to be allocated to the Savannah Limited Partners pursuant to Sections 2.B and 2.D of Exhibit C, in the same priority as Nonrecourse Liabilities are

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allocated to the Property Limited Partners, the Red Butte Limited Partners, the Expansion Limited Partners, the Savannah Limited Partners, the Phoenix Limited Partners and any subsequent Additional Limited Partners that are admitted to the Partnership. The Partnership covenants to retain sufficient Nonrecourse Liabilities to permit the allocation of such Nonrecourse Liabilities to the Savannah Limited Partners in an amount sufficient to avoid recapture of tax liability with respect to the Savannah Limited Partners' negative capital accounts.

For purposes of Section 8.4 of the Partnership Agreement, on January 15, 1999, and on each January 15, April 15, July 15 and October 15 thereafter (each a "Notice Date"), each Savannah Limited Partner shall have the right (the "Savannah Limited Partner Redemption Right") to require the Partnership to redeem on a Specified Redemption Date the Partnership Units held by a Savannah Limited Partner for the Redemption Amount to be delivered by the Partnership; provided, however, that a Savannah Limited Partner must convert a number of Partnership Units equal to at least the lesser of (i) 1,000 Partnership Units, or (ii) all of the Partnership Units held by such Partner. The Savannah Limited Partner Redemption Right shall be exercised pursuant to a Notice of Redemption (substantially in the form of Exhibits D-1 through D-4 modified to reflect the Savannah Limited Partner) delivered to the General Partner and LXP on a Notice Date by the Savannah Limited Partner who is exercising the redemption right (the "Savannah Redeeming Partner"). The Savannah Redeeming Partner shall have no right, with respect to any Partnership Units so redeemed, to receive any distributions paid after the Specified Redemption Date. The Partnership covenants to cause the registration of any LXP Common Stock issued in connection with a redemption in such a manner as is required so that the shares of LXP Common Stock issued in connection with such redemption are freely transferable. The Assignee of any Savannah Limited Partner may exercise the redemption rights of such Savannah Limited Partner, and such Savannah Limited Partner shall be deemed to have assigned such rights to such Assignee and shall be bound by the exercise of such rights by such Assignee. In connection with any exercise of

such rights by such Assignee on behalf of such Savannah Limited Partner, the Redemption Amount shall be delivered by the Partnership directly to such Assignee and not to such Savannah Limited Partner.

The Partnership Units held by the Savannah Limited Partners shall be subject to redemption by the Partnership if otherwise required by the terms of the Partnership Agreement.

The Partnership hereby covenants not to permit Savannah to dispose of its interest in those certain properties acquired by Savannah in connection with its rights under that certain Exchange Agreement dated December 29, 1997 between Savannah and Security Trust Company (the property so acquired, the "Replacement Property") prior to January 1, 2003 without the prior consent of the holders of fifty-one percent (51%) of the Partnership Units held by Savannah Limited Partners, except in the event of a foreclosure or in the event the Partnership determines that such a disposition is necessary to ensure its continued qualification as a real estate investment trust. In any event in which the Partnership determines to cause Savannah to dispose of the Replacement Property, the Partnership agrees to use its best efforts to cause Savannah to structure such a disposition as an exchange that meets the requirements of Code Section 1031. Notwithstanding the foregoing, if the Partnership does dispose of its interest prior to January 15, 1999, then the General Partner shall provide prompt written notification to the Savannah Limited Partners of such disposition and each such Savannah Limited Partner may exercise its Savannah Limited Partner Redemption Right on the last Business Day of the calendar year in which such disposition occurs or, if later, ten (10) Business Days following the consummation of such transaction. In addition, if the Code Section 1031 exchange described in the Exchange Agreement does not take place, or if such exchange does not result in a deferral of all of the gain that would have been recognized upon the sale by Savannah of the Relinquished Property (as defined in the Exchange Agreement), then the General Partner shall provide prompt written notification to the Savannah Limited Partners and

shall cause LCIF to distribute cash to the Savannah Limited Partners in redemption of the portion of their LCIF Units corresponding to the portion of the value of the Relinquished Property which is treated as transferred in a taxable transaction.

LXP agrees to enter into a Guaranty Agreement with the Partnership on the date the Savannah Limited Partners are admitted to the Partnership, on terms reasonably satisfactory to LXP and the Partnership, pursuant to which LXP shall guaranty the obligations of the Partnership to pay the Redemption Amount on the Specified Redemption Date. Each of the Savannah Redeeming Partner, LXP, the Partnership and the General Partner shall treat the transaction between LXP and the Savannah Redeeming Partner as a sale of the Savannah Redeeming Partner's Partnership Units to LXP or the General Partner, as the case may be, for federal income tax purposes. Each Savannah Redeeming Partner agrees to execute such documents as the Partnership may reasonably require in connection with the issuance of REIT shares upon exercise of the Savannah Limited Partner Redemption Right.

<TABLE>
<CAPTION>

Name and Address of Partner	Capital Contribution	Partnership Units	Percentage Interest	Redemption Exercise Date
<S>	<C>	<C>	<C>	<C>
SAVANNAH LIMITED PARTNERS	(Units Contributed)			January 15, 1999
H. Mitchell Dunn, Jr.	1,100	157,447	1.480%	
Elizabeth C. Dunn	125	17,891	.1682%	
Eleanor M. Dunn	125	17,891	.1682%	
Terrell R. Peterson Trust dtd. 4/5/90	125	17,891	.1682%	
David Walsh	275	39,361	.3700%	

</TABLE>

As a result of the Partnership having entered into a Contribution Agreement with RBH Ventures, a Washington general partnership on May 8, 1998, pursuant to which the Partnership acquired 51.31% of the net equity value of certain real property located in the city of Anchorage, Alaska, on which is located a commercial building (the "Anchorage Property") from RBH, the General Partner pursuant to Section 4.2.A and Sections 14.1.B(2) and 14.1.B(3) of this Agreement has authorized the issuance of Partnership Units to RBH (the

"Anchorage Limited Partner"). The Anchorage Limited Partner shall receive the number of Units specified below. For purposes of applying the terms and conditions of the Partnership Agreement, the Anchorage Limited Partner shall be a Partner of the Partnership with the rights and obligations of Additional Limited Partners.

For purposes of Section 5.1 of the Partnership Agreement, the Anchorage Limited Partner shall be entitled to receive distributions with respect to each Partnership Unit equal to the cash dividend payable with respect to each share of LXP common stock, determined at the time of each quarterly distribution beginning with the distribution payable to shareholders of record of LXP on July 30, 1998.

For purposes of Sections 6.1A and 6.1B of the Partnership Agreement, allocations of Net Income and Net Loss by the Partnership generally shall be made after giving effect to all allocations of taxable income to the Anchorage Limited Partner. Pursuant to the General Partner's authority in Section 14.1.B(3), Partnership taxable income shall be specially allocated to the Anchorage Limited Partner in an amount equal to, but not in excess of, all cash distributions to the Anchorage Limited Partner; provided, however, that the Anchorage Limited Partner shall be allocated taxable income as otherwise required in Exhibit B and C of the Partnership Agreement. For purposes of Section 6.1C of the Partnership Agreement, Nonrecourse Liabilities of the Partnership shall be allocated to account for any income or gain to be allocated to the Anchorage Limited Partner pursuant to Sections 2.B and 2.D of Exhibit C, in the same priority as Nonrecourse Liabilities are allocated to the Property Limited Partners, the Red Butte

Limited Partners, the Expansion Limited Partners, the Savannah Limited Partners, the Phoenix Limited Partners and any subsequent Additional Limited Partners that are admitted to the Partnership. The Partnership covenants to retain sufficient Nonrecourse Liabilities to permit the allocation of such Nonrecourse Liabilities to the Anchorage Limited Partner in an amount sufficient to avoid recapture of tax liability with respect to the Anchorage Limited Partner's negative capital accounts.

For purposes of Section 8.4 of the Partnership Agreement, on July 15, 1999, and on each July 15, October 15, January 15 and April 15 thereafter (each a "Notice Date"), the Anchorage Limited Partner shall have the right (the "Anchorage Limited Partner Redemption Right") to require the Partnership to redeem on a Specified Redemption Date the Partnership Units held by the Anchorage Limited Partner for the Redemption Amount to be delivered by the Partnership; provided, however, that the Anchorage Limited Partner must convert a number of Partnership Units equal to at least the lesser of (i) 1,000 Partnership Units, or (ii) all of the Partnership Units held by such Partner. The Anchorage Limited Partner Redemption Right shall be exercised pursuant to a Notice of Redemption (substantially in the form of Exhibits D-1 through D-4 modified to reflect the Anchorage Limited Partner) delivered to the General Partner and LXP on a Notice Date by the Anchorage Limited Partner who is exercising the redemption right (the "Anchorage Redeeming Partner"). The Anchorage Redeeming Partner shall have no right, with respect to any Partnership Units so redeemed, to receive any distributions paid after the Specified Redemption Date. The Partnership covenants to cause the registration of any LXP Common Stock issued in connection with a redemption in such a manner as is required so that the shares of LXP Common Stock issued in connection with such redemption are freely transferable. The Assignee of the Anchorage Limited Partner may exercise the redemption rights of the Anchorage Limited Partner, and the Anchorage Limited Partner shall be deemed to have assigned such rights to such Assignee and shall be bound by the exercise of such rights by such Assignee. In connection with any exercise of such rights by such Assignee on behalf of the Anchorage

Limited Partner, such Redemption Amount shall be delivered by the Partnership directly to such Assignee and not to such Anchorage Limited Partner.

The Partnership Units held by the Anchorage Limited Partner shall be subject to redemption by the Partnership if otherwise required by the terms of the Partnership Agreement.

LXP agrees to enter into a Guaranty Agreement with the Partnership on the date the Anchorage Limited Partner is admitted to the Partnership, on terms reasonably satisfactory to LXP and the Partnership, pursuant to which LXP shall guaranty the obligations of the Partnership to pay the Redemption Amount on the Specified Redemption Date. Each of the Anchorage Redeeming Partner, LXP, the Partnership and the General Partner shall treat the transaction between LXP and the Anchorage Redeeming Partner as a sale of the Anchorage Redeeming Partner's Partnership Units to LXP or the General Partner, as the case may be, for federal income tax purposes. The Anchorage Redeeming Partner agrees to execute such documents as the Partnership may reasonably require in connection

with the issuance of REIT shares upon exercise of the Anchorage Limited Partner Redemption Right.

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Name and Address of Partner	Capital Contribution	Partnership Units	Percentage Interest	Redemption Exercise Date
ANCHORAGE LIMITED PARTNER				July 15, 1999
Sarkowsky Family Limited Partnership		181,375	1.705%	
Ronald D. Crockett		97,816	.9194%	

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As a result of the Partnership having entered into a Contribution Agreement with Trademark Lancaster L.P., a Texas limited partnership ("Trademark Lancaster") on June 19, 1998, pursuant to which the Partnership acquired from Trademark Lancaster the right, title and interest as a purchaser in the Contract of Sale and Joint Escrow Instructions dated December 16, 1997 between Michaels Stores, Inc. as seller and Trademark Acquisition and Development, Inc. as purchaser (the "Lancaster Contract"), which has as its subject matter all that certain plot, piece, or parcel of land comprising 36.95 acres, together with the buildings and improvements constructed thereon consisting of a one story distribution facility comprising approximately 432,000 square feet (collectively, the "Lancaster California Property"), the General Partner pursuant to Section 4.2.A and Sections 14.1.B(2) and 14.1.B(3) of this Agreement has authorized the issuance of Partnership Units to Trademark Lancaster (the "Trademark Lancaster Limited Partner"). The Trademark Lancaster Limited Partner shall receive the number of Units specified below. For purposes of applying the terms and conditions of the Partnership Agreement, the Trademark Lancaster Limited Partner shall be a Partner of the Partnership with the rights and obligations of Additional Limited Partners.

For purposes of Section 5.1 of the Partnership Agreement, the Trademark Lancaster Limited Partner shall be entitled to receive distributions with respect to each Partnership Unit equal to the cash dividend payable with respect to each share of LXP common stock, determined at the time of each quarterly distribution beginning with the distribution payable to shareholders of record of LXP on July 30, 1998.

For purposes of Sections 6.1A and 6.1B of the Partnership Agreement, allocations of Net Income and Net Loss by the Partnership generally shall be made after giving effect to all allocations of taxable income to the Trademark Lancaster Limited Partner. Pursuant to the General Partner's authority in Section 14.1.B(3), Partnership taxable income shall be specially allocated to the Trademark Lancaster Limited Partner in an amount equal to, but not in

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excess of, all cash distributions to the Trademark Lancaster Limited Partner; provided, however, that the Trademark Lancaster Limited Partner shall be allocated taxable income as otherwise required in Exhibit B and C of the Partnership Agreement. For purposes of Section 6.1C of the Partnership Agreement, Nonrecourse Liabilities of the Partnership shall be allocated to account for any income or gain to be allocated to the Trademark Lancaster Limited Partner pursuant to Sections 2.B and 2.D of Exhibit C, in the same priority as Nonrecourse Liabilities are allocated to the Property Limited Partners, the Red Butte Limited Partners, the Expansion Limited Partners, the Savannah Limited Partners, the Phoenix Limited Partners, the Anchorage Limited Partner and any subsequent Additional Limited Partners that are admitted to the Partnership. The Partnership covenants to retain sufficient Nonrecourse Liabilities to permit the allocation of such Nonrecourse Liabilities to the Trademark Lancaster Limited Partner in an amount sufficient to avoid recapture of tax liability with respect to the Trademark Lancaster Limited Partner's negative capital accounts.

For purposes of Section 8.4 of the Partnership Agreement, on March 1, 1999, and on each March 1, June 1, September 1, and December 1 thereafter (each a "Notice Date"), the Trademark Lancaster Limited Partner shall have the right (the "Trademark Lancaster Limited Partner Redemption Right") to require the Partnership to redeem on a Specified Redemption Date the Partnership Units held by the Trademark Lancaster Limited Partner for the Redemption Amount to be delivered by the Partnership; provided, however, that the Trademark Lancaster Limited Partner must convert a number of Partnership Units equal to at least the lesser of (i) 1,000 Partnership Units, or (ii) all of the Partnership Units held by such Partner. The Trademark Lancaster Limited Partner Redemption Right shall

be exercised pursuant to a Notice of Redemption (substantially in the form of Exhibits D-1 through D-4 modified to reflect the Trademark Lancaster Limited Partner) delivered to the General Partner and LXP on a Notice Date by the Trademark Lancaster Limited Partner who is exercising the redemption right (the "Trademark Lancaster Redeeming Partner"). The

Trademark Lancaster Redeeming Partner shall have no right, with respect to any Partnership Units so redeemed, to receive any distributions paid after the Specified Redemption Date. The Partnership covenants to cause the registration of any LXP Common Stock issued in connection with a redemption in such a manner as is required so that the shares of LXP Common Stock issued in connection with such redemption are freely transferable. The Assignee of the Trademark Lancaster Limited Partner may exercise the redemption rights of the Trademark Lancaster Limited Partner, and the Trademark Lancaster Limited Partner shall be deemed to have assigned such rights to such Assignee and shall be bound by the exercise of such rights by such Assignee. In connection with any exercise of such rights by such Assignee on behalf of the Trademark Lancaster Limited Partner, such Redemption Amount shall be delivered by the Partnership directly to such Assignee and not to such Trademark Lancaster Limited Partner.

The Partnership Units held by the Trademark Lancaster Limited Partner shall be subject to redemption by the Partnership if otherwise required by the terms of the Partnership Agreement.

LXP agrees to enter into a Guaranty Agreement with the Partnership on the date the Trademark Lancaster Limited Partner is admitted to the Partnership, on terms reasonably satisfactory to LXP and the Partnership, pursuant to which LXP shall guaranty the obligations of the Partnership to pay the Redemption Amount on the Specified Redemption Date. Each of the Trademark Lancaster Redeeming Partner, LXP, the Partnership and the General Partner shall treat the transaction between LXP and the Trademark Lancaster Redeeming Partner as a sale of the Trademark Lancaster Redeeming Partner's Partnership Units to LXP or the General Partner, as the case may be, for federal income tax purposes. The Trademark Lancaster Redeeming Partner agrees to execute such documents as the Partnership may reasonably require in connection with the issuance of REIT shares upon exercise of the Trademark Lancaster Limited Partner Redemption Right.

<TABLE>
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Name and Address of Partner	Capital Contribution	Partnership Units	Percentage Interest	Redemption Exercise Date
<S>	<C>	<C>	<C>	<C>
TRADEMARK LANCASTER LIMITED PARTNER				March 1, 1999
Trademark Lancaster, L.P.		125,416	1.179%	

</TABLE>

COLUMBIA LIMITED PARTNERS SUPPLEMENT

As a result of the Partnership having entered into (i) a Contribution Agreement with Columbia Property Associates, a Maryland limited partnership ("CPA") on December 31, 1998, pursuant to which the Partnership acquired an estate-for- years interest in a parcel of real property located in Columbia, Maryland (the "Columbia Property") from CPA, (ii) a Contribution Agreement with The E. Robert Roskind Irrevocable Trust on December 3, 1998 pursuant to which the Partnership acquired a remainder interest in the Columbia Property, (iii) a Contribution Agreement with The LCP Group, L.P. on December 3, 1998, (iv) a Contribution Agreement with The LCP Group, L.P. on December 3, 1998, and (v) a Contribution Agreement with The LCP Group, L.P., Hadley Page, Inc., Peter J. Kinnunen and Terrell R. Peterson Trust on December 3, 1998, the General Partner pursuant to Section 4.2.A and Sections 14.1.B(2) and 14.1.B(3) of this Agreement has authorized the issuance of Partnership Units to all former partners of CPA, The LCP Group, L.P., Hadley Page, Inc., Peter J. Kinnunen, Terrell R. Peterson Trust and The E. Robert Roskind Irrevocable Trust (the "Columbia Limited Partners"). The Columbia Limited Partners shall receive the number of Units specified below. For purposes of applying the terms and conditions of the Partnership Agreement, the Columbia Limited Partners shall be a Partner of the Partnership with the rights and obligations of Additional Limited Partners.

For purposes of Section 5.1 of the Partnership Agreement, each Columbia Limited Partner shall be entitled to receive distributions with respect to each Partnership Unit equal to the cash dividend payable with respect to each share of LXP common stock, determined at the time of each quarterly distribution

beginning with the distribution in respect to the first quarter of 1999.

For purposes of Sections 6.1A and 6.1B of the Partnership Agreement, allocations of Net Income and Net Loss by the Partnership generally shall be made after giving effect to all allocations of taxable income to the Columbia Limited Partners. Pursuant to the General Partner's

authority in Section 14.1.B(3), Partnership taxable income shall be specially allocated to the Columbia Limited Partners in an amount equal to, but not in excess of, all cash distributions to the Columbia Limited Partners; provided, however, that the Columbia Limited Partners shall be allocated taxable income as otherwise required in Exhibit B and C of the Partnership Agreement. For purposes of Section 6.1C of the Partnership Agreement, Nonrecourse Liabilities of the Partnership shall be allocated to account for any income or gain to be allocated to the Columbia Limited Partners pursuant to Sections 2.B and 2.D of Exhibit C, in the same priority as Nonrecourse Liabilities are allocated to the Property Limited Partners, the Red Butte Limited Partners, the Expansion Limited Partners, the Savannah Limited Partners, the Phoenix Limited Partners, the Anchorage Limited Partner, the Trademark Lancaster Limited Partner and any subsequent Additional Limited Partners that are admitted to the Partnership. The Partnership covenants to retain sufficient Nonrecourse Liabilities to permit the allocation of such Nonrecourse Liabilities to the Columbia Limited Partners in an amount sufficient to avoid recapture of tax liability with respect to the Columbia Limited Partners' negative capital accounts.

For purposes of Section 8.4 of the Partnership Agreement, on December 1, 1999, and on each December 1, March 1, June 1 and September 1 thereafter (each a "Notice Date"), each Columbia Limited Partner shall have the right (the "Columbia Limited Partner Redemption Right") to require the Partnership to redeem on a Specified Redemption Date the Partnership Units held by a Columbia Limited Partner for the Redemption Amount to be delivered by the Partnership; provided, however, that a Columbia Limited Partner must convert a number of Partnership Units equal to at least the lesser of (i) 1,000 Partnership Units, or (ii) all of the Partnership Units held by such Partner. The Columbia Limited Partner Redemption Right shall be exercised pursuant to a Notice of Redemption (substantially in the form of Exhibits D-1 through D-4 modified to reflect the Columbia Limited Partner) delivered to the General Partner and LXP on a Notice Date by the Columbia Limited Partner who is exercising the redemption right (the "Columbia Redeeming

Partner"). The Columbia Redeeming Partner shall have no right, with respect to any Partnership Units so redeemed, to receive any distributions paid after the Specified Redemption Date. The Partnership covenants to cause the registration of any LXP Common Stock issued in connection with a redemption in such a manner as is required so that the shares of LXP Common Stock issued in connection with such redemption are freely transferable. The Assignee of the Columbia Limited Partner may exercise the redemption rights of the Columbia Limited Partner, and the Columbia Limited Partner shall be deemed to have assigned such rights to such Assignee and shall be bound by the exercise of such rights by such Assignee. In connection with any exercise of such rights by such Assignee on behalf of such Columbia Limited Partner, such Redemption Amount shall be delivered by the Partnership directly to such Assignee and not to such Columbia Limited Partner.

The Partnership Units held by the Columbia Limited Partners shall be subject to redemption by the Partnership if otherwise required by the terms of the Partnership Agreement.

The Partnership hereby covenants not to dispose of its interest in the Columbia Property prior to January 1, 2004 except in the event of a foreclosure or in the event the Partnership determines that such a disposition is necessary to ensure its continued qualification as a real estate investment trust.

LXP agrees to enter into a Guaranty Agreement with the Partnership on the date the Columbia Limited Partners are admitted to the Partnership, on terms reasonably satisfactory to LXP and the Partnership, pursuant to which LXP shall guaranty the obligations of the Partnership to pay the Redemption Amount on the Specified Redemption Date. Each of the Columbia Redeeming Partner, LXP, the Partnership and the General Partner shall treat the transaction between LXP and the Columbia Redeeming Partner as a sale of the Columbia Redeeming Partner's Partnership Units to LXP or the General Partner, as the case may be, for federal income tax purposes. The Columbia Redeeming Partner agrees to execute

such documents as the Partnership may reasonably require in connection with the issuance of REIT shares upon exercise of the Columbia Limited Partner Redemption

Right.

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<TABLE>
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Name and Address of Partner	Capital Contribution	Partnership Units	Percentage Interest	Redemption Exercise Date
<S>	<C>	<C>	<C>	<C>
COLUMBIA LIMITED PARTNERS	(Units Contributed)			December 1, 1999
Richard E. Gilbreath	1.0	7,731	.0727%	
David D. Eash	1.0	7,731	.0727%	
Lawrence M. Goldberg	1.0	7,731	.0727%	
David M. Dorsen	0.5	3,866	.0363%	
Clyde Locker	0.5	3,866	.0363%	
Kazuko Price	0.5	3,866	.0363%	
John J. Stirk	0.5	3,866	.0363%	
Jeffrey C. Bowman	0.5	3,866	.0363%	
Frank Bond	1.0	7,731	.0727%	
Rudolph Cassani	0.5	3,866	.0363%	
Ray Dancy	0.5	3,866	.0363%	
Louis Garman	0.5	3,866	.0363%	
Kenneth Kolb	0.5	3,866	.0363%	
Blaine Smith	1.0	7,731	.0727%	
James R. Snyder	0.5	3,866	.0363%	
The LCP Group, L.P.		86,014	.8084%	
Hadley Page, Inc.		23,342	.2194%	
Peter J. Kinnunen		6,766	.0636%	
Terrell R. Peterson Trust		1,349	.0127%	
E. Robert Roskind Irrevocable Trust		19,231	.1808%	
Peter J. Kinnunen		392.5	.0037%	
James F. Dannhauser		392.5	.0037%	

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EXHIBIT B

CAPITAL ACCOUNT MAINTENANCE

1. Capital Accounts of the Partners

A. The Partnership shall maintain for each Partner a separate Capital Account in accordance with the rules of Regulations Section 1.704-1(b)(2)(iv). Such Capital Account shall be increased by (i) the amount of all Capital Contributions and any other deemed contributions made by such Partner to the Partnership pursuant to this Agreement and (ii) all items of Partnership income and gain (including income and gain exempt from tax) computed in accordance with Section 1.B hereof and allocated to such Partner pursuant to Section 6.1.A of the Agreement and Exhibit C hereof, and decreased by (x) the amount of cash or Agreed Value of all actual and deemed distributions of cash or property made to such Partner pursuant to this Agreement and (y) all items of Partnership deduction and loss computed in accordance with Section 1.B hereof and allocated to such Partner pursuant to Section 6.1.B of the Agreement and Exhibit C hereof.

B. For purposes of computing the amount of any item of income, gain, deduction or loss to be reflected in the Partners' Capital Accounts,

unless otherwise specified in this Agreement, the determination, recognition and classification of any such item shall be the same as its determination, recognition and classification for federal income tax purposes determined in accordance with Section 703(a) of the Code (for this purpose all items of income, gain, loss or deduction required to be stated separately pursuant to Section 703(a)(1) of the Code shall be included in taxable income or loss), with the following adjustments:

(1) Except as otherwise provided in Regulation Section 1.704-1(b)(2)(iv)(m), the computation of all items of income, gain, loss and deduction shall be made without regard to any election under Section 754 of the Code which may be made by the Partnership; provided that the amounts of any adjustments to the adjusted bases of the assets of the Partnership made pursuant to Section 734 of the Code as a result of the distribution of property by the Partnership to a Partner (to the extent that such adjustments have not previously been reflected in the Partners' Capital Accounts) shall be reflected in the Capital Accounts of the Partners in the manner and subject to the limitations prescribed in Regulations Section 1.704-1(b)(2)(iv)(m)(4).

(2) The computation of all items of income, gain, loss and deduction shall be made without regard to the fact that items described in Sections 705(a)(1)(B) or 705(a)(2)(B) of the Code are not includable in gross income or are neither currently deductible nor capitalized for federal income tax purposes.

(3) Any income, gain or loss attributable to the taxable disposition of any Partnership property shall be determined as if the adjusted basis of such property as of such date of disposition were equal in amount to the Partnership's Carrying Value with respect to such property as of such date.

(4) In lieu of the depreciation, amortization, and other cash recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such fiscal year.

(5) In the event the Carrying Value of any Partnership Asset is adjusted pursuant to Section 1.D hereof, the amount of any such adjustment shall be taken into account as gain or loss from the disposition of such asset.

(6) Any items specially allocated under Section 2 of Exhibit C hereof shall not be taken into account.

C. Generally, a transferee (including any Assignee) of a Partnership Unit shall succeed to a pro rata portion of the Capital Account of the transferor; provided that if the transfer causes a termination of the Partnership under Section 708(b)(1)(B) of the Code, the Partnership's properties shall be deemed, solely for federal income tax purposes, to have been distributed in liquidation of the Partnership to the holders of Partnership Units (including such transferee) and re-contributed by such Persons in reconstitution of the Partnership. In such event, the Carrying Values of the Partnership properties shall be adjusted immediately prior to such deemed distribution pursuant to Section 1.D.(2) hereof. The Capital Accounts of such reconstituted Partnership shall be maintained in accordance with the principles of this Exhibit B.

D. (1) Consistent with the provisions of Regulations Section 1.704-1(b)(2)(iv)(f), and as provided in Section 1.D.(2), the Carrying Values of all Partnership assets shall be adjusted upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to such Partnership property, as of the times of the adjustments provided in Section 1.D.(2) hereto, as if such Unrealized Gain or Unrealized Loss had been recognized on an

actual sale of each such property and allocated pursuant to Section 6.1 of the Agreement.

(2) Such adjustments shall be made as of the following times: (a) immediately prior to the acquisition of an additional interest in the Partnership by any new or existing Partner in exchange for more than a de minimis Capital Contribution; (b) immediately prior to the distribution by the Partnership to a Partner of more than a de minimis amount of property as consideration for an interest in the Partnership; and (c) immediately prior to the liquidation of the Partnership within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g); provided that adjustments pursuant to clauses (a) and (b) above shall be made only if the General Partner determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Partners in the Partnership.

(3) In accordance with Regulations Section 1.704-1(b)(2)(iv)(e) the Carrying Value of Partnership assets distributed in kind shall be adjusted upward or downward to reflect any Unrealized Gain or

Unrealized Loss attributable to such Partnership property, as of the time any such asset is distributed.

(4) In determining Unrealized Gain or Unrealized Loss for purposes of this Exhibit B, the aggregate cash amount and fair market value of all Partnership assets (including cash or cash equivalents) shall be determined by the General Partner using such reasonable method of valuation as it may adopt, or in the case of a liquidating distribution pursuant to Article 13 of the Agreement, be determined and allocated by the Liquidator using such reasonable methods of valuation as it may adopt. The General Partner, or the Liquidator, as the case may be, shall allocate such aggregate value among the assets of the Partnership (in such manner as it determines in its sole and absolute discretion to arrive at a fair market value for individual properties).

E. The provisions of this Agreement (including this Exhibit B and the other Exhibits to this Agreement) relating to the maintenance of Capital Accounts are intended to comply with Regulations Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with such Regulations. In the event the General Partner shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities which are secured by contributed or

distributed property or which are assumed by the Partnership, the General Partner, or the Limited Partners), are computed in order to comply with such Regulations, the General Partner may make such modification, provided that it is not likely to have a material effect on the amounts distributable to any Person pursuant to Article 13 of the Agreement upon the dissolution of the Partnership. The General Partner also shall (i) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Partners and the amount of Partnership Capital reflected on the Partnership's balance sheet, as computed for book purposes, in accordance with Regulations Section 1.704-1(b)(2)(iv)(q), and (ii) make any appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Regulations Section 1.704-1(b).

2. No Interest

No interest shall be paid by the Partnership on Capital Contributions or on balances in Partners' Capital Accounts.

3. No Withdrawal

No Partner shall be entitled to withdraw any part of his Capital Contributions or his Capital Account or to receive any distribution from the Partnership, except as provided in this Agreement.

EXHIBIT C

SPECIAL ALLOCATION RULES

1. Special Allocation Rules

Notwithstanding any other provision of the Agreement or this Exhibit C, the following special allocations shall be made in the following order:

A. Minimum Gain Chargeback. Notwithstanding the provisions of Section 6.1 of the Agreement or any other provisions of this Exhibit C, if there is a net decrease in Partnership Minimum Gain during any Partnership Year, each Partner shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Partner's share of the net decrease in Partnership Minimum Gain, as determined under Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Partner pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations

Section 1.704-2(f)(6). This Section l.A is intended to comply with the minimum gain chargeback requirements in Regulations Section 1.704-2(f) and for purposes of this Section l.A only, each Partner's Adjusted Capital Account Deficit shall be determined prior to any other allocations pursuant to Section 6.1 of this Agreement with respect to such Partnership Year and without regard to any decrease in Partner Minimum Gain during such Partnership Year.

B. Partner Minimum Gain Chargeback. Notwithstanding any other provision of Section 6.1 of the Agreement or any other provisions of this Exhibit C (except Section l.A. hereof), if there is a net decrease in Partner Minimum Gain attributable to a Partner Nonrecourse Debt during any Partnership Year, each Partner who has a share of the Partner Minimum Gain attributable to

such Partner Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(5), shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Partner's share of the net decrease in Partner Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(5). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Partner pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Section 1.704-2(i)(4). This Section 1.B is intended to comply with the minimum gain chargeback requirement in such Section of the Regulations and shall be interpreted consistently therewith. Solely for the purposes of this Section 1.B, each Partner's Adjusted Capital Account Deficit shall be determined prior to any other allocations pursuant to Section 6.1 of the Agreement or this Exhibit C with respect to such Partnership Year, other than allocations-pursuant to Section 1.A hereof.

C. Qualified Income Offset. In the event any Partner unexpectedly receives any adjustments, allocations or distributions described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), or 1.704-1(b)(2)(ii)(d)(6), and after giving effect to the allocations required under Sections l.A and l.B hereof, such Partner has an Adjusted Capital Account Deficit, items of Partnership income and gain shall be specifically allocated to such Partner in an amount and manner sufficient to eliminate, to the extent required by the Regulations, its Adjusted Capital Account Deficit created by such adjustments, allocations or distributions as quickly as possible.

D. Nonrecourse Deductions. Nonrecourse Deductions for any Partnership Year shall be allocated to the Partners in accordance with their respective Percentage Interests. If the General Partner determines in its good faith discretion that Nonrecourse Deductions for any Partnership Year must be allocated in a different ratio to satisfy the safe harbor requirements of the Regulations promulgated under Section 704(b) of the Code, the General Partner is authorized, upon notice to the Initial Limited Partner and the Limited Partners, to revise the prescribed ratio for such Partnership Year to the numerically closest ratio which does satisfy such requirements.

E. Partner Nonrecourse Deductions. Any Partner Nonrecourse Deductions for any Partnership Year shall be specially allocated to the Partner who bears the economic risk of loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable in accordance with Regulations Section 1.704-2(i)(2).

F. Code Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to Section 734(b) or 743(b) of the Code is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m) to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such item of gain or loss shall be specially allocated to the Partners in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such Section of the Regulations.

2. Allocations for Tax Purposes

A. Except as otherwise provided in this Section 2, for federal income tax purposes, each item of income, gain, loss and deduction shall be allocated among the Partners in the same manner as its correlative item of "book" income, gain, loss or deduction is allocated pursuant to Section 6.1 of the Agreement and Section 1 of this Exhibit C.

B. In an attempt to eliminate Book-Tax Disparities attributable to a Contributed Property or Adjusted Property, items of income, gain, loss and deduction shall be allocated for federal income tax purposes among the Partners as follows:

(1) (a) In the case of a Contributed Property, such items attributable thereto shall be allocated among the Partners consistent with the principles of Section 704(c) of the Code that takes into account the variation between the 704(c) Value of such property and its adjusted basis at the time of contribution; and

(b) any item of Residual Gain or Residual Loss attributable to a Contributed Property shall be allocated among the Partners in the same manner as its correlative item of "book" gain or loss is allocated pursuant to Section 6.1 of the Agreement and Section 1 of this Exhibit C.

(2) (a) In the case of an Adjusted Property, such items shall

(1) first, be allocated among the Partners in a manner consistent with the principles of Section 704(c) of the Code to take into account the Unrealized Gain or Unrealized Loss attributable to such property and the allocations thereof pursuant to Exhibit B and

(2) second, in the event such property was originally a Contributed Property, be allocated among the Partners in a manner consistent with Section 2.B.(1) of this Exhibit C; and

(b) any item of Residual Gain or Residual Loss attributable to an Adjusted Property shall be allocated among the Partners in the same manner as its correlative item of "book" gain or loss is allocated pursuant to Section 6.1 of the Agreement and Section 1 of this Exhibit C.

(3) All other items of income, gain, loss and deduction shall be allocated among the Partners in the same manner as their correlative item of "book" gain or loss is allocated pursuant to Section 6.1 of the Agreement and Section 1 of this Exhibit C.

C. To the extent Regulations promulgated pursuant to 704(c) of the Code permit a partnership to utilize creative methods to eliminate the disparities between the value of property and its adjusted basis (including, without limitation, the implementation of curative allocations), the General Partner shall have the authority to elect the method used by the Partnership and such election shall be binding on the Partners.

Without limiting the foregoing, the General Partner shall take all steps (including, without limitation, implementing curative allocations) that it determines are necessary or appropriate to ensure that the amount of taxable gain required to be recognized by the General Partner upon a disposition by the Partnership of any Contributed Property or Adjusted Property does exceed the sum of (i) the gain that would be recognized by the General Partner if such property had an adjusted tax basis at the time of disposition equal to the 704(c) Value of such property plus (ii) the deductions for depreciation, amortization or other cost recovery actually allowed to the General Partner with respect to such property for federal income tax purposes (after giving effect to the "ceiling rule").

D. Notwithstanding the foregoing, except as otherwise set forth in this Section 2.D of Exhibit C, a Property Limited Partner shall not be allocated any items of Partnership income or gain prior to such Property Limited Partner's applicable Redemption Exercise Date (or such earlier date as a Property Limited Partner is entitled to exercise its Property Limited Partner Redemption Right under the second paragraph of Section 8.4.B). Items of income or gain may be specially allocated to certain limited partners pursuant to Section 6.1.A. Items of Depreciation shall be allocated to the Property Limited Partners only to the extent of such Property Limited Partner's Percentage Interest multiplied by the total book depreciation allocated to the Partnership by the Underlying Partnership contributed by such Property Limited Partner, with corresponding tax items allocable to such Property Limited Partner under principles set forth in Section 2.B of this Exhibit C. Income and gain recognized on a sale by the Partnership of an interest in an Underlying Partnership, or the sale by an Underlying Partnership of an interest in its assets, shall be allocated first to the Property Limited Partners that contributed the interests in such Underlying Partnership to the Partnership, in an amount necessary to eliminate the Book-Tax Disparity in such Property Limited Partner's Capital Account, and then in accordance with such Partners' Percentage Interest. The Partnership shall make a curative allocation of income and gain in the taxable year of the Partnership in which a Property Limited Partner exercises its Redemption Right set forth in Section 8.4.B of this Agreement, or in any other taxable year in which a Property Limited Partner's interest in LCIF is liquidated. Such curative allocation of income and gain shall provide that items of Partnership taxable income or gain will be allocated to such Property Limited Partner, and items of Partnership book income or gain will be allocated to Partners other than the Property Limited Partners,

to the extent necessary to eliminate the Property Limited Partner's remaining Book-Tax Disparity immediately prior to the exercise of the Redemption Right.

EXHIBIT D-1

NOTICE OF REDEMPTION

The undersigned Special Limited Partner hereby irrevocably (i) redeems _____ Partnership Units in Lepercq Corporate Income Fund L.P. in accordance with the terms of the Agreement of Limited Partnership of Lepercq Corporate Income Fund L.P., as amended, and the Special Limited Partner Redemption Right referred to therein, (ii) surrenders such Partnership Units and all right, title and interest therein, and (iii) directs that the Redemption Amount deliverable upon exercise of the Special Limited Partner Redemption Right be delivered to the address and placed in the name(s) and at the address(es) specified below. The undersigned hereby represents, warrants, certifies and agrees (a) that the undersigned has good, marketable and unencumbered title to such Partnership Units, free and clear of the rights or interests of any other person or entity, (b) that the undersigned has the full right, power and authority to redeem and surrender such Partnership Units as provided herein, (c) that the undersigned has obtained the consent or approval of all persons or entities, if any, having the right to consent to or approve such redemption and surrender, (d) that if the undersigned is acquiring REIT Shares, the undersigned is doing so with the understanding that such REIT Shares may only be resold or distributed pursuant to a registration statement under the Securities Act of 1933 or in a transaction exempt from the registration requirements of such Act and (e) that Lexington Corporate Properties, Inc. may refuse to transfer such REIT Shares as to which evidence satisfactory to it of such registration or exemption is not provided to it.

Dated:

Name of Special Limited Partner:

(Signature of Special Limited Partner)

(Street Address)

(City) (State) (Zip Code)

Signature Guaranteed by:

If REIT Shares are issued, issue them to:

Please insert social security or identifying number:

Name:

EXHIBIT D-2

NOTICE OF REDEMPTION

The undersigned Property Limited Partner hereby irrevocably (i) redeems _____ Partnership Units in Lepercq Corporate Income Fund L.P. in accordance with the terms of the Agreement of Limited Partnership of Lepercq Corporate Income Fund L.P., as amended, and the Property Limited Partner Redemption Right referred to therein, (ii) surrenders such Partnership Units and all right, title and interest therein, and (iii) directs that the Redemption Amount deliverable upon exercise of the Property Limited Partner Redemption Right be delivered to the address and placed in the name(s) and at the address(es) specified below. The undersigned hereby represents, warrants, certifies and agrees (a) that the undersigned has good, marketable and unencumbered title to such Partnership Units, free and clear of the rights or interests of any other person or entity, (b) that the undersigned has the full right, power and authority to redeem and surrender such Partnership Units as provided herein, (c) that the undersigned has obtained the consent or approval of all persons or entities, if any, having the right to consent to or approve such redemption and surrender, (d) that if the undersigned is acquiring REIT Shares, the undersigned is doing so with the understanding that such REIT Shares may only be resold or distributed pursuant to a registration statement under the Securities Act of 1933 or in a transaction exempt from the registration requirements of such Act and (e) that Lexington Corporate Properties, Inc. may refuse to transfer such REIT Shares as to which evidence satisfactory to it of such registration or exemption is not provided to it.

Dated:

Name of Property Limited Partner:

(Signature of Property Limited Partner)

(Street Address)

(City) (State) (Zip Code)

Signature Guaranteed by:

If REIT Shares are issued, issue them to:

Please insert social security or identifying number:

Name:

EXHIBIT D-3

NOTICE OF REDEMPTION

The undersigned Red Butte Limited Partner hereby irrevocably (i) redeems _____ Partnership Units in Lepercq Corporate Income Fund L.P. in accordance with the terms of the Agreement of Limited Partnership of Lepercq Corporate Income Fund L.P., as amended, and the Red Butte Limited Partner Redemption Right referred to therein, (ii) surrenders such Partnership Units and all right, title and interest therein, and (iii) directs that the Redemption Amount deliverable upon exercise of the Red Butte Limited Partner Redemption Right be delivered to the address and placed in the name(s) and at the address(es) specified below. The undersigned hereby represents, warrants, certifies and agrees (a) that the undersigned has good, marketable and unencumbered title to such Partnership Units, free and clear of the rights or interests of any other person or entity, (b) that the undersigned has the full right, power and authority to redeem and surrender such Partnership Units as provided herein, (c) that the undersigned has obtained the consent or approval of all persons or entities, if any, having the right to consent to or approve such redemption and surrender, (d) that if the undersigned is acquiring REIT Shares, the undersigned is doing so with the understanding that such REIT Shares may only be resold or distributed pursuant to a registration statement under the Securities Act of 1933 or in a transaction exempt from the registration requirements of such Act and (e) that Lexington Corporate Properties, Inc. may refuse to transfer such REIT Shares as to which evidence satisfactory to it of such registration or exemption is not provided to it.

Dated:

Name of Red Butte Limited Partner:

(Signature of Red Butte Limited Partner)

(Street Address)

(City) (State) (Zip Code)

Signature Guaranteed by:

If REIT Shares are issued, issue them to:

Please insert social security or identifying number:

Name:

EXHIBIT D-4

NOTICE OF REDEMPTION

The undersigned Expansion Limited Partner hereby irrevocably (i) redeems _____ Partnership Units in Lepercq Corporate Income Fund L.P.

in accordance with the terms of the Agreement of Limited Partnership of Lepercq Corporate Income Fund L.P., as amended, and the Expansion Limited Partner Redemption Right referred to therein, (ii) surrenders such Partnership Units and all right, title and interest therein, and (iii) directs that the Redemption Amount deliverable upon exercise of the Expansion Limited Partner Redemption Right be delivered to the address and placed in the name(s) and at the address(es) specified below. The undersigned hereby represents, warrants, certifies and agrees (a) that the undersigned has good, marketable and unencumbered title to such Partnership Units, free and clear of the rights or interests of any other person or entity, (b) that the undersigned has the full right, power and authority to redeem and surrender such Partnership Units as provided herein, (c) that the undersigned has obtained the consent or approval of all persons or entities, if any, having the right to consent to or approve such redemption and surrender, (d) that if the undersigned is acquiring REIT Shares, the undersigned is doing so with the understanding that such REIT Shares may only be resold or distributed pursuant to a registration statement under the Securities Act of 1933 or in a transaction exempt from the registration requirements of such Act and (e) that Lexington Corporate Properties, Inc. may refuse to transfer such REIT Shares as to which evidence satisfactory to it of such registration or exemption is not provided to it.

Dated:

Name of Expansion Limited Partner:

(Signature of Expansion Limited Partner)

(Street Address)

(City) (State) (Zip Code)

Signature Guaranteed by:

If REIT Shares are issued, issue them to:

Please insert social security or identifying number:

Name:

Exhibit 3.4

SECOND AMENDED AND RESTATED
AGREEMENT OF LIMITED PARTNERSHIP

OF

LEPERCQ CORPORATE INCOME FUND II L.P.

Dated as of August 27, 1998

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SECOND AMENDED AND RESTATED
AGREEMENT OF LIMITED PARTNERSHIP
OF
LEPERCQ CORPORATE INCOME FUND II L.P.

THIS SECOND AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP, dated as of August 27, 1998, is entered into by and among Lex GP-1, Inc., a Delaware corporation ("GP-1"), as the General Partner, Lex LP-1, Inc. a Delaware corporation ("LP-1"), as the Initial Limited Partner, Lexington Corporate Properties Trust, a Maryland statutory real estate investment trust ("LXP"), which is the sole stockholder of the General Partner and the Initial Limited Partner, the Persons whose names will be hereinafter set forth on Exhibit A as Special Limited Partners as attached hereto, the Person whose name will be hereinafter set forth on Exhibit A as a Phoenix Limited Partner attached hereto, and the Persons whose names will be hereinafter set forth on Exhibit A as Warren Limited Partners, with any other Persons who become Partners in the Partnership as provided herein.

ARTICLE 1
DEFINED TERMS

The following definitions shall for all purposes be applied to the following terms used in this Agreement.

"Act" means the Delaware Revised Uniform Limited Partnership Act, as it may be amended from time to time.

"Additional Limited Partners" means the Special Limited Partners, the Phoenix Limited Partner, the Warren Limited Partners, and any other limited partner admitted to the Partnership pursuant to Section 4.2.A.

"Adjusted Capital Account" means the Capital Account maintained for each Partner as of the end of each Partnership Year (i) increased by any amounts which such Partner is obligated to restore pursuant to any provision of this Agreement or is deemed to be obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5) and (ii) decreased by the items described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), and 1.704-1(b)(2)(ii)(d)(6). The foregoing definition of

Adjusted Capital Account is intended to comply with the provisions of Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently

therewith.

"Adjusted Capital Account Deficit" means, with respect to any Partner, the deficit balance, if any, in such Partner's Adjusted Capital Account as of the end of the relevant Partnership Year.

"Adjusted Property" means any property the Carrying Value of which has been adjusted pursuant to Exhibit B hereof. Once an Adjusted Property is deemed distributed by, and re-contributed to, the Partnership for federal income tax purposes upon a termination thereof pursuant to Section 708 of the Code, such property shall thereafter constitute a Contributed Property until the Carrying Value of such property is further adjusted pursuant to Exhibit B hereof.

"Affiliate" means, with respect to any Person, any Person directly or indirectly controlling, controlled by or under common control with such Person.

"Agreed Value" means (i) the 704(c) Value of such property or other consideration in the case of any Contributed Property as of the time of its contribution to the Partnership, reduced by any liabilities either assumed by the Partnership upon such contribution or to which such property is subject when contributed, and (ii) in the case of any property distributed to a Partner by the Partnership, the Partnership's Carrying Value of such property at the time such Property is distributed, reduced by any indebtedness either assumed by such Partner upon such distribution or to which such property is subject at the time of distribution under Section 752 of the Code and the Regulations thereunder.

"Agreement" means this Second Amended and Restated Agreement of Limited Partnership, as it may be amended, supplemented or restated from time to time.

"Assignee" means a Person to whom one or more Partnership Units held by an Additional Limited Partner have been transferred in a manner permitted under this Agreement, but who has not become a Substituted Additional Limited Partner and who has the rights set forth in Section 11.5.

"Book-Tax Disparities" means, with respect to any item of Contributed Property or Adjusted Property, as of the date of any determination, the difference between the Carrying Value of such Contributed Property or Adjusted Property and the adjusted basis thereof for federal income tax purposes as of such date. A Partner's share of the Partnership's Book-Tax Disparities in all of its Contributed Property and Adjusted Property will be reflected by the difference between such Partner's Capital Account balance as maintained pursuant to Exhibit B and the hypothetical balance of such Partner's Capital Account computed as if it had been maintained strictly in accordance with federal income tax accounting principles.

"Business Day" means any day except a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by law to close.

"Capital Account" means the Capital Account maintained for a Partner pursuant to Exhibit B hereof.

"Capital Contributions" means, with respect to any Partner, any cash, cash equivalents or the Agreed Value of Contributed Property which such Partner contributes or is deemed to contribute to the Partnership pursuant to Section 4.1 or 4.2 hereof.

"Capital Event" means the sale, refinancing or other disposition of a Partnership asset outside the ordinary course of the Partnership's business.

"Carrying Value" means (i) with respect to a Contributed Property or Adjusted Property, the 704(c) Value of such property reduced (but not below zero) by all Depreciation with respect to such property charged to the Partners' Capital Accounts and (ii) with respect to any other Partnership property, the adjusted basis of such property for federal income tax purposes, all as of the time of determination. The Carrying Value of any property shall be adjusted from time to time in accordance with Exhibit B hereof, and to reflect changes, additions or other adjustments to the Carrying Value for dispositions and acquisitions of Partnership properties, as deemed appropriate by the General Partner.

"Certificate" means the Certificate of Limited Partnership relating to the Partnership filed in the office of the Delaware Secretary of State, as amended from time to time in accordance with the terms hereof and the Act.

"Code" means the Internal Revenue Code of 1986, as amended and in effect from time to time, as interpreted by the applicable regulations

thereunder. Any reference herein to a specific section or sections of the Code shall be deemed to include a reference to any corresponding provision of future law.

"Contributed Property" means each property or other asset, in such form as may be permitted by the Act, but excluding cash, contributed or deemed contributed to the Partnership (or deemed contributed to the Partnership on termination and reconstitution thereof pursuant to Section 708 of the Code). Once the Carrying Value of a Contributed Property is adjusted pursuant to Exhibit B hereof, such property shall no longer constitute a Contributed Property for purposes of Exhibit B hereof, but shall be deemed an Adjusted Property for such purposes.

"Declaration of Trust" means the Declaration of Trust of LXP, as amended or restated from time to time.

"Depreciation" means, for each fiscal year, an amount equal to the federal income tax depreciation, amortization, or other cost recovery deduction allowable with respect to an asset for such year, except that if the Carrying Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such year or other period, Depreciation shall be an amount which bears the same ratio to such beginning Carrying Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such year bears to such beginning adjusted tax basis; provided, however, that if the federal income tax depreciation, amortization, or other cost recovery deduction for such year is zero, Depreciation shall be determined with reference to such beginning Carrying Value using any reasonable method selected by the General Partner.

"Effective Date" shall mean the date of the filing of the LCIF II Merger Certificate with the Secretary of State of the State of Delaware.

"Effective Time" shall mean the time of the filing of the LCIF II Merger Certificate with the Secretary of State of Delaware.

"General Partner" means Lex GP-1, Inc. or its successors as general partner of the Partnership.

"General Partner Interest" means a Partnership Interest held by the General Partner that is a general partner interest. A General Partner Interest

shall be expressed as a number of Partnership Units.

"Immediate Family" means, with respect to any natural Person, such natural Person's spouse and such natural Person's natural or adoptive parents, descendants, nephews, nieces, brothers, and sisters.

"Incapacity" or "Incapacitated" means (i) as to any individual Partner, death, total physical disability or entry by a court of competent jurisdiction adjudicating him incompetent to manage his Person or his estate; (ii) as to any corporation which is a Partner, the filing of a certificate of dissolution, or its equivalent, for the corporation or the revocation of its charter; (iii) as to any partnership which is a Partner, the dissolution and commencement of winding up of the partnership; (iv) as to any estate which is a Partner, the distribution by the fiduciary of the estate's entire interest in the Partnership; (v) as to any trustee of a trust which is a Partner, the termination of the trust (but not the substitution of a new trustee); or (vi) as to any Partner, the bankruptcy of such Partner. For purposes of this definition, bankruptcy of a Partner shall be deemed to have occurred when (a) the Partner commences a voluntary proceeding seeking liquidation, reorganization or other relief under any bankruptcy, insolvency or other similar law now or hereafter in effect, (b) the Partner is adjudged as bankrupt or insolvent, or a final and nonappealable order for relief under any Bankruptcy, insolvency or similar law now or hereafter in effect has been entered against the Partner, (c) the Partner executes and delivers a general assignment for the benefit of the Partner's creditors, (d) the Partner files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the Partner in any proceeding of the nature described in clause (b) above, (e) the Partner seeks,

consents to or acquiesces in the appointment of a trustee, receiver or liquidator for the Partner or for all or any substantial part of the Partner's properties, (f) any proceeding seeking liquidation, reorganization or other relief of or against such Partner under any bankruptcy, insolvency or other similar law now or hereafter in effect has not been dismissed within one hundred twenty (120) days after the commencement thereof, (g) the appointment without the Partner's consent or acquiescence of a trustee, receiver or liquidator for

the assets of the Partner which such appointment has not been vacated or stayed within ninety (90) days of such appointment, or (h) an appointment referred to in clause (g) is not vacated within ninety (90) days after the expiration of any such stay.

"Indemnitee" means (i) any Person made a party to a proceeding by reason of his status as (A) the General Partner, or (B) a director or officer of the Partnership, the General Partner, the Initial Limited Partner or LXP, and (ii) such other Persons (including Affiliates of the Partnership, the General Partner, the Initial Limited Partner or LXP) as the General Partner may designate from time to time (whether before or after the event giving rise to potential liability), in its sole and absolute discretion.

"Initial Limited Partner" means Lex LP-1, Inc.

"IRS" means the Internal Revenue Service, which administers the internal revenue laws of the United States.

"LCIF I" means Lepercq Corporate Income Fund L.P., a Delaware limited partnership.

"LCIF II" means Lepercq Corporate Income Fund II L.P., a Delaware limited partnership.

"LCIF II Merger" means the Merger of Lex M-2 with and into LCIF II pursuant to the LCIF II Merger Agreement.

"LCIF II Merger Agreement" means the Agreement and Plan of Merger of Lex M-2 into LCIF II dated as of October 12, 1993.

"LCIF II Merger Certificate" means the Certificate of Merger of the Partnership into LCIF II, dated

October 12, 1993 filed in the office of the Delaware Secretary of State on October 12, 1993.

"Lex M-2" means Lex M-2, L.P., a Delaware limited partnership.

"Limited Partner Interest" means a Partnership Interest held by a Limited Partner in the Partnership that is a limited partner interest. A Limited Partner Interest shall be expressed as a number of Partnership Units.

"Limited Partners" means the Initial Limited Partner, the Special Limited Partners, the Phoenix Limited Partner and the Warren Limited Partners.

"Liquidator" has the meaning set forth in Section 13.2.

"LCP" means The LCP Group, L.P.

"LXP" means Lexington Corporate Properties Trust, a Maryland statutory real estate investment trust which is the sole stockholder of the General Partner and the Initial Limited Partner.

"Mergers" means the merger of Lex M-1 with and into LCIF I and the merger of Lex M-2 with and into LCIF II, which mergers became effective on October 12, 1993.

"Net Income" means, for any taxable period, the excess, if any, of the Partnership's items of income and gain for such taxable period over the Partnership's items of loss and deduction for such taxable period. The items included in the calculation of Net Income shall be determined in accordance with Exhibit B. Once an item of income, gain, loss or deduction that has been included in the initial computation of Net Income is subjected to the special allocation rules in Exhibit C, Net Income or the resulting Net Loss, whichever the case may be, shall be recomputed without regard to such item.

"Net Loss" means, for any taxable period, the excess, if any, of the Partnership's items of loss and deduction for such taxable period over the Partnership's items of income and gain for such taxable period. The items included in the calculation of Net Loss shall be determined

in accordance with Exhibit B. Once an item of income, gain, loss or deduction that has been included in the initial computation of Net Loss is subjected to the special allocation rules in Exhibit C, Net Loss or the resulting Net Income, whichever the case may be, shall be recomputed without regard to such item.

"Nonrecourse Built-in Gain" means, with respect to any Contributed

Properties or Adjusted Properties that are subject to a mortgage or negative pledge securing a Nonrecourse Liability, the amount of any taxable gain that would be allocated to the Partners pursuant to Section 2.B of Exhibit C if such properties were disposed of in a taxable transaction in full satisfaction of such liabilities and for no other consideration.

"Nonrecourse Deductions" has the meaning set forth in Regulations Section 1.704-2(b)(1), and the amount of Nonrecourse Deductions for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(c).

"Nonrecourse Liability" has the meaning set forth in Regulations Section 1.752-1(a)(2).

"Notice of Redemption" means the Notice of Redemption substantially in the form of Exhibit D-1, Exhibit D-2, or Exhibit D-3 to this Agreement.

"Operating Cash Flow" means, for any period, operating revenue from leases on real property investments, partnership distributions with respect to partnerships in which the Partnership has interests, and interest on uninvested funds and other cash investment returns, less operating expenses, capital expenditures and regularly scheduled principal and interest payments (exclusive of balloon payments due at maturity) on outstanding mortgage and other indebtedness. The General Partner may, in its discretion, reduce Operating Cash Flow for any period by an amount determined by the General Partner to be necessary to fund reserves required by the Partnership.

"Partner" means a General Partner, the Initial Limited Partner, any Special Limited Partner, the Phoenix Limited Partner or any Warren Limited Partners and "Partners" means the General Partner, the Initial Limited

Partner, the Special Limited Partners, the Phoenix Limited Partner and the Warren Limited Partners.

"Partner Minimum Gain" means an amount, with respect to each Partner Nonrecourse Debt, equal to the Partnership Minimum Gain that would result if such Partner Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Regulations Section 1.704-2(i)(3).

"Partner Nonrecourse Debt" has the meaning set forth in Regulations Section 1.704-2(b)(4).

"Partner Nonrecourse Deductions" has the meaning set forth in Regulations Section 1.704-2(i)(2), and the amount of Partner Nonrecourse Deductions with respect to a Partner Nonrecourse Debt for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(i)(2).

"Partnership" shall have the meaning set forth in Section 2.3 of this Agreement.

"Partnership Interest" means an ownership interest in the Partnership representing a Capital Contribution by a Partner and includes any and all benefits to which the holder of such a Partnership Interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement. A Partnership Interest shall be expressed as a number of Partnership Units.

"Partnership Minimum Gain" has the meaning set forth in Regulations Section 1.704-2(b)(2), and the amount of Partnership Minimum Gain, as well as any net increase or decrease in Partnership Minimum Gain, for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(d).

"Partnership Record Date" means the record date established by the General Partner for the distribution of Operating Cash Flow pursuant to Section 5.1 hereof, which record date shall be the same as the record date established by LXP for a distribution to its stockholders of some or all of such distribution.

"Partnership Unit" means a fractional, undivided share of the Partnership Interests of all Partners issued pursuant to Sections 4.1 and 4.2.

"Partnership Year" means the fiscal year of the Partnership, which shall be the calendar year.

"Percentage Interest" means, as to a Partner, its interest in the

Partnership as determined by dividing the Partnership Units owned by such Partner by the total number of Partnership Units then outstanding and as specified in Exhibit A attached hereto, as such Exhibit may be amended from time to time.

"Person" means an individual or a corporation, partnership, trust, unincorporated organization, association, limited liability company or other entity.

"Phoenix Limited Partner" means the Person admitted to the Partnership as a Phoenix Limited Partner pursuant to Section 4.2 hereof as a result of the contribution of the Phoenix Limited Partner's general partnership interest in the Phoenix Hotel Associates Limited Partnership and who is shown as such on the books and records of the Partnership.

"Phoenix Limited Partner Interest" means a Partnership Interest of a Phoenix Limited Partner in the Partnership representing a fractional part of the Partnership Interests of all Phoenix Limited Partners and includes any and all benefits to which the holder of such a Partnership Interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement. A Phoenix Limited Partner Interest may be expressed as a number of Partnership Units.

"Phoenix Limited Partner Redemption Right" shall have the meaning set forth in Section 8.4.

"Phoenix Partners Closing Date" shall mean January 29, 1998.

"Phoenix Redeeming Partner" shall have the meaning set forth in Section 8.4.

"Prior Agreements" means the Agreement of Limited Partnership of Lex M-2, L.P., dated as of October 5, 1993, between the General Partner and the Initial Limited Partner, the First Amended and Restated Agreement of Limited Partnership of Lex M-2, L.P., dated as of October 8, 1993, between the General Partner, the Initial Limited Partner and the Special Limited Partners, the First Amendment to the First Amended and Restated Agreement of Limited Partnership of Lepercq Corporate Income Fund II L.P. dated as of October 12, 1993, between the General Partner, the Initial Limited Partner and the Special Limited Partners, the Second Amendment to the First Amended and Restated Agreement of Limited Partnership of Lepercq Corporate Income Fund II L.P., dated as of October 12, 1993 between the General Partner, the Initial Limited Partner and the Special Limited Partners, and the Third Amendment to the First Amended and Restated Agreement of Limited Partnership of Lepercq Corporate Income Fund II L.P. dated January 29, 1998 between the General Partner, the Initial Limited Partner, the Special Limited Partners and the Phoenix Limited Partner.

"Recapture Income" means any gain recognized by the Partnership upon the disposition of any property or asset of the Partnership, which gain is characterized as ordinary income because it represents the recapture of deductions previously taken with respect to such property or asset.

"Redeeming Partner" shall mean either a Special Redeeming Partner, a Phoenix Redeeming Partner or a Warren Redeeming Partner.

"Redemption Amount" means the number of REIT Shares equal to the product of the number of Partnership Units offered for redemption by a Redeeming Partner, multiplied by the Redemption Factor; provided that in the event the General Partner issues to all holders of REIT Shares rights, options, warrants or convertible or exchangeable securities entitling the stockholders to subscribe for or purchase REIT Shares, or any other securities or property (collectively, the "rights") then the Redemption Amount shall also include such rights that a holder of that number of REIT Shares would be entitled to receive.

"Redemption Exercise Date" shall mean that applicable date as set forth next to each [Special Limited Partner], Phoenix Limited Partners' name, and each Warren Limited Partners' name, on Exhibit A.

"Redemption Factor" means 1.0, provided that in the event that LXP (i) declares or pays a dividend on its outstanding REIT Shares in REIT Shares or makes a distribution to all holders of its outstanding REIT Shares in REIT Shares, (ii) subdivides its outstanding REIT Shares, or (iii) combines its outstanding REIT Shares into a smaller number of REIT Shares, the Redemption Factor shall be adjusted by multiplying the Redemption Factor in effect immediately before such event by a fraction, the numerator of which shall be the number of REIT Shares issued and outstanding on the record date for such dividend, distribution, subdivision or combination (assuming for such purposes

that such dividend, distribution, subdivision or combination has occurred as of such time), and the denominator of which shall be the actual number of REIT Shares (determined without the above assumption) issued and outstanding on the record date for such dividend distribution, subdivision or combination. Any adjustment to the Redemption Factor shall become effective immediately after the effective date of such event retroactive to the record date, if any, for such event.

"Redemption Right" shall mean either the Special Limited Partner Redemption Right, the Phoenix Limited Partner Redemption Right or the Warren

Limited Partner Redemption Right, as the case may be.

"Regulations" means the Income Tax Regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"REIT" means a real estate investment trust under Section 856 of the Code.

"REIT Share" shall mean a common share of LXP, $.0001 par value,. A REIT Share shall also mean an excess share of LXP, $.0001 par value, issued in exchange or upon conversion of a common share of LXP under the circumstances contemplated by the Declaration of Trust.

"Relative Interest" means the percentage determined by a fraction, the numerator of which is the Capital Contributions deemed to be made by the General Partner, the Initial Limited Partner and the Special Limited Partners on the Effective Date to the Partnership and the denominator of which is such Capital Contributions plus the capital contributions deemed to be made by the partners of LCIF I to LCIF I on the Effective Date. LXP may require the Partnership to adjust the Relative Interest from time to time, in its discretion (provided that the sum of the Relative Interest of the Partnership and the relative interest of LCIF I continue to total one (1.0)), so that each Partnership Unit held by the Special Limited Partners remains substantially equivalent to each partnership unit held by the special limited partners in LCIF I with regard to (i) allocations of income, gain, loss, deduction and credit, (ii) distributions from Operating Cash Flow and (iii) distributions upon dissolution and liquidation of the Partnership and LCIF I.

"Residual Gain" or "Residual Loss" means any item of gain or loss, as the case may be, of the Partnership recognized for federal income tax purposes resulting from a sale, exchange or other disposition of Contributed Property or Adjusted Property, to the extent such item of gain or loss is not allocated pursuant to Section 2.B.1(a) or 2.B.2(a) of Exhibit C to eliminate Book-Tax Disparities.

"704(c) Value" of any Contributed Property means the fair market value of such property or other consideration at the time of contribution as determined by the General Partner using such reasonable method of valuation as it may adopt; provided that the 704(c) Value of any property deemed contributed to the Partnership for federal income tax purposes upon termination and reconstitution thereof pursuant to Section 708 of the Code shall be determined in accordance with Exhibit B hereof. Subject to Exhibit B hereof, the General Partner shall, in its sole and absolute discretion, use such method as it deems reasonable and appropriate to allocate the aggregate of the 704(c) Values of Contributed Properties in a single or integrated transaction among the separate properties on a basis proportional to their respective fair market values.

"Special Limited Partner" means a Person admitted to the Partnership as a Special Limited Partner pursuant to

Section 4.2 hereof and who is shown as such on the books and records of the Partnership.

"Special Limited Partner Interest" means a Partnership Interest of the Special Limited Partners in the Partnership representing a fractional part of the Partnership Interests of all Special Limited Partners and includes any and all benefits to which the holder of such a Partnership Interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement. A Special Limited Partner Interest may be expressed as a number of Partnership Units.

"Special Limited Partner Redemption Right" shall have the meaning set forth in Section 8.4 hereof.

"Special Redeeming Partner" has the meaning set forth in Section 8.4

hereof.

"Specified Redemption Date" means the tenth (10th) Business Day after receipt by the General Partner and LXP of a Notice of Redemption.

"Subsequent Partner" means a Person admitted to the Partnership as a Partner after the date hereof through the sale or issuance by the Partnership of additional Partnership Interests and not through the transfer of existing Partnership Interests.

"Subsidiary" means, with respect to any Person, any corporation, partnership or other entity of which a majority of (i) the voting power of the voting equity securities or (ii) the outstanding equity interests is owned, directly or indirectly, by such Person.

"Substituted Additional Limited Partner" means a Person who is admitted as an Additional Limited Partner to the Partnership pursuant to Section 11.4.

"Terminating Capital Transaction" means any sale or other disposition of all or substantially all of the assets of the Partnership or a related series of transactions that, taken together, result in the sale or other disposition of all or substantially all of the assets of the Partnership.

"Unrealized Gain" attributable to any item of Partnership property means, as of any date of determination, the excess, if any, of (i) the fair market value of such property (as determined under Exhibit B hereof) as of such date, over (ii) the Carrying Value of such property (prior to any adjustment to be made pursuant to Exhibit B hereof) as of such date.

"Unrealized Loss" attributable to any item of Partnership property means, as of any date of determination, the excess, if any, of (i) the Carrying Value of such property (prior to any adjustment to be made pursuant to Exhibit B hereof) as of such date, over (ii) the fair market value of such property (as determined under Exhibit B hereof) as of such date.

"Warren" means Warren Property Associates, a limited partnership organized under the laws of the State of New York.

"Warren Limited Partner" means a Person admitted to the Partnership as a Warren Limited Partner pursuant to Section 4.2 hereof as a result of the contribution by Warren of all of its interest in the Warren Property and the subsequent dissolution of Warren and who is shown as such on the books and records of the Partnership.

"Warren Limited Partner Interest" means a Partnership Interest of a Warren Limited Partner in the Partnership representing a fractional part of the Partnership Interests of all Warren Limited Partners and includes any and all benefits to which the holder of such a Partnership Interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement. A Warren Limited Partner Interest may be expressed as a number of Partnership Units.

"Warren Limited Partner Redemption Right" shall have the meaning set forth in Section 8.4.

"Warren Partners Closing Date" shall mean the date hereof.

"Warren Property" means all of Warren's interest in that property located near Warren, Ohio.

"Warren Redeeming Partners" shall have the meaning set forth in Section 8.4.

ARTICLE 2
ORGANIZATIONAL MATTERS

Section 2.1 Organization

A. The Partnership is a limited partnership formed pursuant to the provisions of the Act and upon the terms and conditions set forth in the Prior Agreements. The Partners hereby amend and restate the Prior Agreements in their entirety as of the date hereof to reflect the admission of the Warren Limited Partners into the Partnership. Except as expressly provided herein to the contrary, the rights and obligations of the Partners and the administration and termination of the Partnership shall be governed by the Act. The Partnership Interest of each Partner shall be personal property for all purposes.

Section 2.2 LCIF II Merger

A. GP-1 in its capacity as the general partner of the Partnership, and LP-1 in its capacity as the limited partner of the Partnership, authorized and approved the LCIF II Merger and the execution of the LCIF II Merger Agreement by the Partnership. At the Effective Time, (i) Lex M-2 merged with and into LCIF II, whereupon the separate existence of Lex M-2 ceased and (ii) LCIF II, also referred to as the Partnership in this Agreement, was the surviving limited partnership of the LCIF II Merger.

B. At the Effective Time:

(1) Each limited partner interest in LCIF II outstanding immediately prior to the Effective Time was exchanged for either shares of common stock in LXP, or subordinated notes issued by LXP;

(2) Secured Property Associates II L.P.'s interest in LCIF II outstanding immediately prior to the Effective Time was exchanged for Special Limited Partner Interests in LCIF II, and Secured Property

Associates II L.P. was admitted to the Partnership as a Special Limited Partner;

(3) GP-1's interest in Lex M-2 was cancelled, and GP-1 was admitted to the Partnership as a general partner of the Partnership; and

(4) LP-1's limited partner interest in Lex M-2 was cancelled, and LP-1 was admitted to the Partnership as a limited partner of the Partnership.

Section 2.3 Name

The name of the Partnership is Lepercq Corporate Income Fund II L.P. The Partnership's business may be conducted under any other name or names deemed advisable by the General Partner, including the name of the General Partner or any Affiliate thereof. The words "Limited Partnership," "L.P.," "Ltd." or similar words or letters shall be included in the Partnership's name where necessary for the purposes of complying with the laws of any jurisdiction that so requires. The General Partner in its sole and absolute discretion may change the name of the Partnership at any time.

Section 2.4 Registered Office and Agent Principal Office

The address of the registered office of the Partnership in the State of Delaware is located at 1209 Orange Street, City of Wilmington, County of New Castle, Delaware 19801, and the registered agent for service of process on the Partnership in the State of Delaware at such registered office is The Corporation Trust Company. The principal office of the Partnership is located at 355 Lexington Avenue, New York, New York 10017, and may be changed to such other place as the General Partner may from time to time designate. The Partnership may maintain offices at such other place or places within or outside the State of Delaware as the General Partner deems advisable.

Section 2.5 Term

The term of the Partnership commenced on January 27, 1987, the date the Certificate was filed in the office of the Secretary of State of Delaware in accordance with the

Act and shall continue until December 31, 2093, unless the Partnership is dissolved sooner pursuant to the provisions of Article 13 or as otherwise provided by law.

ARTICLE 3
PURPOSE

Section 3.1 Purpose and Business

The purpose and nature of the business to be conducted by the Partnership is (i) to conduct any business that may be lawfully conducted by a limited partnership organized pursuant to the Act; provided that such business shall be limited to and conducted in such a manner as to permit LXP at all times to be classified as a REIT, unless LXP ceases to qualify as a REIT for reasons other than the conduct of the business of the Partnership, (ii) to enter into any partnership, joint venture or other similar arrangement to engage in any of the foregoing or to own interests in any entity engaged in any of the foregoing and (iii) to do anything necessary or incidental to the foregoing. In connection with the foregoing, and without limiting LXP's right in its sole discretion to cease qualifying as a REIT, the Partners acknowledge that LXP's status as a REIT

inures to the benefit of all the Partners and not solely to LXP.

Section 3.2 Powers

The Partnership shall be empowered to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of the purposes and business described herein and for the protection and benefit of the Partnership; provided that the Partnership shall not take, or refrain from taking, any action which, in the judgment of LXP, in its sole and absolute discretion, (i) could adversely affect the ability of LXP to continue to qualify as a REIT under Section 857 of the Code, (ii) could subject LXP to any additional taxes under any Section of the Code or (iii) could violate any law or regulation of any governmental body or agency having jurisdiction over LXP or its securities, unless such action (or inaction) shall have been specifically consented to by LXP in writing.

Notwithstanding anything to the contrary that may be contained herein, the Partnership had and continues to have the power and authority to execute, acknowledge, verify, deliver, file and record any and all documents and instruments, including the LCIF II Merger Agreement and the LCIF II Merger Certificate, and to perform any and all acts required by applicable law or which were or may be necessary or advisable in order to give effect to the consummation of the LCIF II Merger.

ARTICLE 4
CAPITAL CONTRIBUTIONS

Section 4.1 Capital Contributions of the Partners

As of the date of this Agreement, (i) the Partners shall be deemed to have made the Capital Contributions set forth in Exhibit A to this Agreement and (ii) each Partner shall own Partnership Units in the amount set forth for such Partner in Exhibit A and shall have a Percentage Interest in the Partnership as set forth for such Partner in Exhibit A, which Percentage Interest shall be adjusted in Exhibit A from time to time by the General Partner to the extent necessary to reflect accurately redemptions, Capital Contributions, Capital Events, the issuance of additional Partnership Units or similar events having an effect on a Partner's Percentage Interest. Except as provided in Sections 4.2 and 10.4, the Partners shall have no obligation to make any additional Capital Contributions or loans to the Partnership.

Section 4.2 Issuances of Additional Partnership Interests

A. The General Partner is hereby authorized to cause the Partnership from time to time to issue to the Partners or other Persons additional Partnership Units or other Partnership Interests in one or more classes, or one or more series of any of such classes, with such designations, preferences and relative, participating, optional or other special rights, powers and duties, including rights, powers and duties senior to existing Partnership Interests, all as shall be determined by the General Partner in its sole and absolute discretion, including, without limitation, (i) the allocations of items

of Partnership income, gain, loss, deduction and credit to each such class or series of Partnership Interests, (ii) the right of each such class or series of Partnership Interests to share in Partnership distributions, and (iii) the rights of each such class or series of Partnership Interests upon dissolution and liquidation of the Partnership.

B. Notwithstanding any provision of Section 4.2.A to the contrary, no such additional Partnership Units or other Partnership Interests shall be issued to the General Partner, the Initial Limited Partner, LXP or any of their Subsidiaries unless

(1) (a) the additional Partnership Interests are issued in connection with an issuance of shares of LXP, which shares have designations, preferences and other rights, all such that the economic interests are substantially similar to the designations, preferences and other rights of the additional Partnership Interests issued to the General Partner, the Initial Limited Partner, LXP or any of their Subsidiaries in accordance with Section 4.2.A, and (b) LXP through the General Partner or the Limited Partner shall make a Capital Contribution to the Partnership in an amount equal to the proceeds raised in connection with the issuance of such shares of LXP, or (2)ab the additional Partnership Interests are issued to all Partners in proportion to their respective Percentage Interests.

ARTICLE 5
DISTRIBUTIONS

Section 5.1 Requirement and Characterization of Distributions

A. General. The General Partner shall distribute quarterly an amount equal to 100% of the Operating Cash Flow generated by the Partnership during such quarter to the Partners, who are Partners on the Partnership Record Date with respect to such quarter in accordance with their respective Percentage Interests on such Partnership Record Date; provided, that in no event may a Partner receive a distribution of Operating Cash Flow with respect to a Partnership Unit if such Partner is entitled to receive a distribution out of such Operating Cash Flow with respect

to a REIT Share for which such Partnership Unit has been redeemed or exchanged.

B. Phoenix Limited Partner. Notwithstanding Section 5.1.A, the Phoenix Limited Partner shall receive a share of Operating Cash Flow equal to a cash distribution of $0.29 per Partnership Unit per quarter ($1.16 per Partnership Unit per annum), provided, that if LXP reduces its dividend below $1.16 then the distribution to which such Phoenix Limited Partner is entitled shall be reduced by the percentage reduction in the LXP divided, and provided, further, that if LXP increases its dividend above $1.16 then the distribution to which such Phoenix Limited Partner is entitled shall be increased by the percentage increase in the LXP dividend.

C. Warren Limited Partners. Notwithstanding Section 5.1.A, the Warren Limited Partners shall receive a share of Operating Cash Flow equal to a cash distribution of $0.29 per Partnership Unit per quarter ($1.16 per Partnership Unit per annum), provided, that if LXP reduces its dividend below $1.16 then the distribution to which such Warren Limited Partner is entitled shall be reduced by the percentage reduction in the LXP divided, and provided, further, that if LXP increases its dividend above $1.16 then the distribution to which such Warren Limited Partner is entitled shall be increased by the percentage increase in the LXP dividend.

Section 5.2 Amounts Withheld

All amounts withheld pursuant to the Code or any provisions of any state or local tax law and Section 10.4 hereof with respect to any allocations, payment or distribution to the Partners or the Assignees shall be treated as amounts distributed to the Partners or the Assignees pursuant to Section 5.1 for all purposes under this Agreement.

Section 5.3 Distributions Upon Liquidation

Proceeds from a Terminating Capital Transaction, and any other cash received or reductions in reserves made after commencement of the liquidation of the Partnership, shall be distributed to the Partners in accordance with Section 13.2.

ARTICLE 6
ALLOCATIONS

Section 6.1 Allocations For Capital Account Purposes

For purposes of maintaining the Capital Accounts and in determining the rights of the Partners among themselves, the Partnership's items of income, gain, loss and deduction (computed in accordance with Exhibit B hereof) shall be allocated among the Partners in each taxable year (or portion thereof) as provided herein below.

A. Net Income. After giving effect to the special allocations set forth in Section 1 of Exhibit C, and to the allocations of Net Income to the Phoenix Limited Partner and the Warren Limited Partners set forth below, Net Income shall be allocated to the General Partner and the Limited Partners in accordance with their respective Percentage Interests (determined as a percentage of total Partnership Units outstanding other than Partnership Units held by the Phoenix Limited Partner and the Warren Limited Partners); provided, that following (i) the Effective Date and (ii) the sale or other disposition (in which gain or loss is recognized) of real properties representing at least fifty (50%) percent of the Carrying Value of such properties as of the Effective Date, gains from the sale or other disposition of partnership assets shall be allocated to the Partners having negative Capital Accounts, to the extent and in accordance with such negative Capital Accounts and thereafter to all Partners in accordance with their Percentage Interests; provided, further, that a Phoenix Limited Partner and a Warren Limited Partner will be allocated taxable income only in an amount equal to the cash distributions received.

B. Net Losses. After giving effect to the special allocations set forth in Exhibit C, Net Losses shall be allocated first, to any Partner having a positive Capital Account in accordance with and to the extent of such positive Capital Account, and thereafter to the Limited Partners in accordance with their respective Percentage Interests.

C. For purposes of Regulations Section 1.752-3(a)(3), the Partners agree that Nonrecourse

Liabilities of the Partnership in excess of the sum of the amount of Partnership Minimum Gain and the total amount of Nonrecourse Built-in Gain shall be allocated first to account for any income or gain to be allocated to the Phoenix Limited Partner and the Warren Limited Partners pursuant to Sections 2.B and 2.D of Exhibit C and then among the Partners in accordance with their respective Percentage Interests.

D. Any gains upon the sale or other taxable disposition of any Partnership asset shall, to the extent possible, after taking into account other required allocations of gain pursuant to Exhibit C that are characterized as Recapture Income, be allocated to Partners in the same proportions and to the same extent as such Partners have been allocated any deductions directly or indirectly giving rise to the treatment of such gains as Recapture Income.

ARTICLE 7
MANAGEMENT AND OPERATIONS OF BUSINESS

Section 7.1 Management

A. Except as otherwise expressly provided in this Agreement, all management powers over the business and affairs of the Partnership are and shall be exclusively vested in the General Partner. The Limited Partners shall not have any right to participate in or exercise control or management power over the business and affairs of the Partnership. The General Partner may not be removed by the Limited Partners. In addition to the powers now or hereafter granted to a general partner of a limited partnership under applicable law or which are granted to the General Partner under any other provision of this Agreement, the General Partner, subject to Section 7.3 hereof, shall have full power and authority to do all things deemed necessary or desirable by it to conduct the business of the Partnership, to exercise all powers set forth in Section 3.2 hereof and to effectuate the purposes set forth in Section 3.1 hereof, including, without limitation:

(1) the execution, acknowledgment, verification, delivery, filing and recording, for and in the name of the Partnership, and, to the extent necessary, GP-1 and LP-1, of any and all documents and instruments,

including the LCIF II Merger Agreement and the performance of any and all acts required by applicable law or which GP-1 deems necessary or advisable in order to give effect to the consummation of the LCIF II Merger;

(2) the making of any expenditures, the lending or borrowing of money (including, without limitation, making prepayments on loans and borrowing money to permit the Partnership to make distributions to its Partners in such amounts as will permit LXP (so long as LXP qualifies as a REIT) to avoid the payment of any federal income tax (including, for this purpose, any excise tax pursuant to Section 4981 of the Code) and to make distributions to its stockholders sufficient to permit LXP to maintain REIT status) and the assumption or guarantee of, or other contracting for, indebtedness and other liabilities;

(3) the acquisition, disposition, mortgage, pledge, encumbrance, hypothecation or exchange of any assets of the Partnership or the merger or other combination of the Partnership with or into another entity (all of the foregoing subject to any prior approval only to the extent required by Section 7.3 hereof);

(4) the use of the assets of the Partnership for any purpose consistent with the terms of this Agreement and on any terms the General Partner sees fit, and the making of capital contributions or loans to its Subsidiaries;

(5) the management, operation, leasing, landscaping, repair, alteration, demolition or improvement of any real property or improvements owned by the Partnership or any Subsidiary of the Partnership;

(6) the negotiation, execution and performance of any contracts, conveyances or other instruments that the General Partner considers useful or necessary to the conduct of the Partnership's operations or the implementation of the General Partner's powers under this Agreement;

(7) the distribution of Partnership cash or other Partnership assets in accordance with this Agreement;

(8) the formation of, or acquisition of an interest in, and the contribution of property to, any further limited or general partnerships or joint ventures that the General Partner deems desirable;

(9) the undertaking of any action in connection with the Partnership's direct or indirect investment in its Subsidiaries or any other Person (including, without limitation, the contribution or loan of funds by the Partnership to such Persons);

(10) the determination of the fair market value of any Partnership property distributed in kind using such reasonable method of valuation as the General Partner may adopt;

(11) the exercise, directly or indirectly, through any attorney-in-fact acting under a general or limited power of attorney, of any right, including the right to vote, appurtenant to any asset or investment held by the Partnership; and

(12) the making, execution and delivery of any and all deeds, leases, notes, deeds to secure debt, mortgages, deeds of trust, security agreements, conveyances, contracts, guarantees, warranties, indemnities, waivers, releases or legal instruments or agreements in writing necessary or appropriate in the judgment of the General Partner for the accomplishment of any of the powers of the General Partner enumerated in this Agreement.

B. At all times from and after the date hereof, the General Partner may cause the Partnership to obtain and maintain (i) casualty, liability and other insurance on the properties of the Partnership and (ii) liability insurance for the Indemnitees hereunder.

C. At all times from and after the date hereof, the General Partner may cause the Partnership to establish and maintain any and all reserves, working capital accounts and other cash or similar balances in such amounts as the General Partner, in its sole discretion, deems appropriate and reasonable from time to time.

D. In exercising its authority under this Agreement, the General Partner may, but shall not be

obligated to, take into account the tax consequences to any Partner of any action taken by it. The General Partner and the Partnership shall not, however, have liability to an Additional Limited Partner under any circumstances as a result of an income tax liability incurred by such Additional Limited Partner as a result of an action (or inaction) by the General Partner pursuant to its authority under this Agreement.

Section 7.2 Certificate of Limited Partnership

To the extent that such action is determined by the General Partner to be reasonable and necessary or appropriate, the General Partner shall file amendments to the Certificate and do all the things to maintain the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability) under the laws of the State of Delaware and each other state, or the District of Columbia, in which the partnership may elect to do business or own property. The General Partner shall use all reasonable efforts to cause to be filed such other certificates or documents as may be reasonable and necessary or appropriate for the formation, continuation, qualification and operation of a limited partnership (or a partnership in which the limited partners have limited liability to the extent provided by applicable law) in the State of Delaware and any other state, or the District of Columbia, in which the Partnership may elect to do business or own property.

Section 7.3 Restrictions on Authority

After the Effective Date, without the consent of holders of a majority of the outstanding Partnership Units held by the Special Limited Partners, the General Partner may not consent to the Partnership participating in any merger, consolidation or other combination with or into another Person or sale of all or substantially all of its assets.

The General Partner shall not dispose of its interest in the Warren Property prior to January 1, 2002 except in the event of a foreclosure, casualty or condemnation, or in the event that the General Partner determines that the

failure to dispose of the Warren Property would result in the disqualification of LXP as a

real estate investment trust under the Code. In addition, through January 1, 2002, the General Partner shall not take any action that will result in a reduction in any Limited Partner's share of nonrecourse liabilities attributable to the Limited Partner's Partnership Units by an amount which would cause a taxable event to the Limited Partners.

Section 7.4 Reimbursement of LXP

A. Except as provided in this Section 7.4 and elsewhere in this Agreement (including the provisions of Articles 5 and 6 regarding distributions, payments and allocations to which it may be entitled), the General Partner shall not be compensated for its services as general partner of the Partnership.

B. LXP and the General Partner shall be reimbursed on a monthly basis, or such other basis as LXP may determine in its sole and absolute discretion, for all expenses LXP incurs relating to the ownership and operation of, or for the benefit of, the Partnership; provided that the amount of such reimbursement shall be reduced by the product of (i) the Relative Interest and (ii) any interest earned by LXP or the General Partner with respect to bank accounts or other instruments or accounts held by either of them on behalf of the Partnership as permitted in Section 7.5.A. Such reimbursements shall be in addition to any reimbursement to LXP or the General Partner as a result of indemnification pursuant to Section 7.6 hereof.

C. LXP shall also be reimbursed by the Partnership for the product of (i) the Relative Interest and (ii) all expenses LXP incurs relating to the reorganization of LXP, the Partnership, the General Partner and the Limited Partner, and any other issuance of REIT Shares pursuant to Section 4.2 hereof.

D. In the event that LXP shall elect to purchase from stockholders REIT Shares pursuant to any stock repurchase program or for the purpose of delivering such REIT Shares to satisfy an obligation under Section 8.4 of this Agreement, any dividend reinvestment program adopted by LXP, any employee stock purchase plan adopted by LXP, or any other similar obligation or arrangement undertaken by LXP in the future, the purchase price paid by LXP for such REIT Shares and any other expenses incurred by LXP in connection

with such purchase shall be considered expenses of the Partnership and shall be reimbursed to LXP to such extent, subject to the condition that, if such REIT Shares are sold, the General Partner shall contribute to the Partnership, through the General or Limited Partner, any proceeds received by the General Partner for such REIT Shares (provided that REIT shares delivered to an Additional Limited Partner in exchange for Partnership Units pursuant to Section 8.4 shall not be considered a sale of REIT Shares for such purpose).

Section 7.5 Outside Activities of and Participation in Other Transactions by LXP and the General Partner

Without the consent of holders of a majority of the outstanding Partnership Units held by the Special Limited Partners, LXP agrees that, following the Effective Date, it will not (i) permit the General Partner or the Initial Limited Partner to issue additional shares of capital stock, (ii) assign, sell, pledge, hypothecate or otherwise transfer any outstanding shares of capital stock in the General Partner or in the Initial Limited Partner, (iii) permit the General Partner or the Initial Limited Partner to incur any indebtedness or to engage in any business other than to hold and own the Partnership Interests in the Partnership or (iv) allow or consent to any merger, consolidation or other combination of the General Partner or the Initial Limited Partner with or into another Person or the sale of all or substantially all of its assets.

Section 7.6 Indemnification

A. The Partnership shall indemnify and hold harmless each Indemnitee from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including, without limitation, attorney's fees and other legal fees and expenses), judgments, fines, settlements, and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, that relate to the Mergers or to the operations of the Partnership as set forth in this Agreement in which such Indemnitee may be involved, or is threatened to be involved, as a party or otherwise; provided that the Partnership shall not indemnify

an Indemnitee for such Indemnitee's breach of duty of loyalty to the Partnership or for acts or omissions not taken by the Indemnitee in good faith or which involve intentional misconduct or a knowing violation of law or in which such Indemnitee received an improper personal benefit. The General Partner is hereby authorized and empowered, on behalf of the Partnership, to enter into one or more indemnity agreements consistent with the provisions of this Section 7.6 in favor of any Indemnitee having or potentially having liability for any such indebtedness. It is the intention of this Section 7.6.A that the Partnership indemnify each Indemnitee to the fullest extent permitted under the Act. The termination of any proceeding by judgment, order or settlement does not create a presumption that the Indemnitee did not meet the requisite standard of conduct set forth in this Section 7.6.A. The termination of any proceeding by conviction of an Indemnitee or upon a plea of nolo contendere or its equivalent by an Indemnitee, or an entry of an order of probation against an Indemnitee prior to judgment, creates a rebuttable presumption that such Indemnitee acted in a manner contrary to that specified in this Section 7.6.A with respect to the subject matter of such proceeding.

B. Reasonable expenses incurred by an Indemnitee who is a party to a proceeding may be paid or reimbursed by the Partnership in advance of the final disposition of the proceeding upon receipt by the Partnership of (i) a written affirmation by the Indemnitee of the Indemnitee's good faith belief that the standard of conduct necessary for indemnification by the Partnership as authorized in Section 7.6.A has been met and (ii) a written undertaking by or on behalf of the Indemnitee to repay the amount if it shall ultimately be determined that the standard of conduct has not been met.

C. The indemnification provided by this Section 7.6 shall be in addition to any other rights to which an Indemnitee or any other Person may be entitled under any agreement, pursuant to any vote of the Partners, as a matter of law or otherwise.

D. The Partnership may, but shall not be obligated to, purchase and maintain insurance on behalf of any of the Indemnitees and such other Persons as the General Partner shall determine against any liability that may be

asserted against or expenses that may be incurred by such Person in connection with the Partnership's activities, regardless of whether the Partnership would have the power to indemnify such Person against such liability under the provisions of this Agreement.

E. In no event may an Indemnitee subject any of the Partners to personal liability by reason of the indemnification provisions set forth in this Agreement.

F. The provisions of this Section 7.6 are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons. Any amendment, modification or repeal of this Section 7.6 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the Partnership's liability to any Indemnitee under this Section 7.6 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

ARTICLE 8
RIGHTS AND OBLIGATIONS OF THE LIMITED PARTNERS

Section 8.1 Management of Business

The Limited Partners and Assignees shall not take part in the operation, management or control of the Partnership's business, transact any business in the Partnership's name or have the power to sign documents for or otherwise bind the Partnership. The transaction of any such business by the General Partner, any of its Affiliates or any officer, director, employee, partner, agent or trustee of the General Partner, the Partnership or any of their Affiliates, in their capacity as such, shall not affect, impair or eliminate the limitations on the liability of the Limited Partners or Assignees under this Agreement.

Section 8.2 Outside Activities of Additional Limited Partners

Neither the Partnership nor any Partners shall have any rights by virtue of this Agreement in any business

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ventures of any Additional Limited Partner or Assignee. None of the Additional Limited Partners nor any other Person shall have any rights by virtue of this Agreement or the partnership relationship established hereby in any business ventures of any other Person (other than the General Partner and the Initial Limited Partner to the extent expressly provided herein) and such Person shall have no obligation pursuant to this Agreement or otherwise to offer any interest in any such business ventures to the Partnership, any Additional Limited Partner or any such other Person, even if such opportunity is of a character which, if presented to the Partnership, any Additional Limited Partner, or such other Person, could be taken by such Person.

Section 8.3 Return of Capital

Except pursuant to the right of redemption set forth in Section 8.4, no Partner shall be entitled to the withdrawal or return of his Capital Contribution, except to the extent of distributions made pursuant to this Agreement or upon termination of the Partnership as provided herein.

Section 8.4 Redemption Rights

A. Subject to Section 8.4.C, on or at any time after the Effective Date, each Special Limited Partner shall have the right (the "Special Limited Partner Redemption Right") to require the Partnership to redeem on a Specified Redemption Date all or a portion of the Partnership Units held by such Special Limited Partner for the Redemption Amount to be delivered by the Partnership. The Special Limited Partner Redemption Right shall be exercised pursuant to a Notice of Redemption delivered to the General Partner and LXP by the Special Limited Partner who is exercising the Special Limited Partner Redemption Right (the "Special Redeeming Partner"). A Special Limited Partner may not exercise the Redemption Right for fewer than one thousand (1,000) Partnership Units or, if such Special Limited Partner holds fewer than one thousand (1,000) Partnership Units, all of the Partnership Units held by such Special Limited Partner. The Special Redeeming Partner shall have no right, with respect to any Partnership Units so redeemed,

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to receive any distributions paid after the Specified Redemption Date. The Assignee of any Special Limited Partner may exercise the rights of such Special Limited Partner pursuant to this Section 8.4, and such Special Limited Partner shall be deemed to have assigned such rights to such Assignee and shall be bound by the exercise of such rights by such Special Limited Partner's Assignee. In connection with any exercise of such rights by such Assignee on behalf of such Special Limited Partner, the Redemption Amount shall be delivered by the Partnership directly to such Assignee and not to such Special Limited Partner.

B. LXP hereby agrees to enter into a Guaranty Agreement with the Partnership on the Effective Date, on terms reasonably satisfactory to LXP and the Partnership, pursuant to which LXP shall guaranty the obligations of the Partnership under Section 8.4.A and arrange for the delivery, if the Partnership is unable, of the Redemption Amount on the Specified Redemption Date, whereupon LXP or, if specified by LXP, the General Partner shall acquire the Partnership Units offered for redemption by the Special Redeeming Partner and shall be treated for all purposes of this Agreement as the owner of such Partnership Units. Each of the Special Redeeming Partner, LXP, the Partnership, and the General Partner shall treat the transaction between LXP and the Special Redeeming Partner as a sale of the Special Redeeming Partner's Partnership Units to LXP or the General Partner, as the case may be, for federal income tax purposes. Each Special Redeeming Partner agrees to execute such documents as LXP or the General Partner may reasonably require in connection with the issuance of REIT Shares upon exercise of the Special Limited Partner Redemption Right.

C. Following the date that at least 50% of the Partnership Units held by the Special Limited Partners immediately following the Effective Date have been redeemed in accordance with the provisions of Section 8.4, LXP or the General Partner may require the remaining Special Limited Partners to redeem their Partnership Units for the Redemption Amount to be delivered by the Partnership. The right of LXP or the General Partner under this Section 8.4.C shall be exercised pursuant to a notice delivered to all remaining Special Limited Partners. Such redemption shall be effective on the date specified in the notice, which date shall be at least 30 days after the notice is sent to the Special Limited Partners.

At any time that (i) LXP shall be considering a sale of all or substantially all of its assets, or a merger, consolidation, stock issuance, stock redemption or other similar transaction that would result in a change in the beneficial ownership of LXP by 50% or more, or (ii) the Partnership shall be considering a sale of all or substantially all of its assets or a merger, consolidation, or issuance or redemption of partnership interests which would result in a change in the beneficial ownership in LCIF capital or profits of 50% or more, then the General Partner shall have the right to redeem the Partnership Units held by all, but not less than all, of the Additional Limited Partners (other than the Special Limited Partners) for the Redemption Amount provided that such redemption is contingent upon the completion of such transaction. In such event, the General Partner shall provide notice to the Limited Partners and such Limited Partners shall be required to surrender their Partnership Units for cancellation. The rights of such Additional Limited Partners shall be limited to the receipt of the Redemption Amount.

D. In connection with any REIT Shares delivered to any Additional Limited Partner upon the redemption of Partnership Units held by such Additional Limited Partner, it is intended that such Additional Limited Partner be able to resell publicly such REIT Shares pursuant to the provisions of Rule 144 under the Securities Act of 1933, but without the need to comply with the holding period requirements of Rule 144(d). To the extent that counsel to LXP reasonably determines that resales of any such REIT Shares cannot be made pursuant to the provisions of Rule 144, and without the need to comply with the holding period requirements of Rule 144(d), LXP agrees, at its sole cost and expense, if requested by Special Limited Partners representing a majority of the Partnership Units (including REIT Shares delivered upon exchange of such Partnership Units) held by such Special Limited Partners, or by Additional Limited Partners representing a majority of the Partnership Units (including REIT Shares delivered upon the exchange of such Partnership Units) held by such class of Additional Limited Partners, to include REIT Shares that may be (or already have been) acquired by any Special Limited Partner or any Additional Limited Partner, as the case may be, in an effective registration statement under the Securities Act of 1933; provided that LXP's obligations to include such REIT Shares in such an effective registration

statement shall be conditioned upon Special Limited Partners representing a majority of the Partnership Units (including REIT Shares delivered upon exchange of such Partnership Units) held by such Special Limited Partners or, where applicable, by Additional Limited Partners representing a majority of the Partnership Units (including REIT Shares delivered upon the exchange of such Partnership Units) held by such class of Additional Limited Partners, agreeing to be bound by a customary registration rights agreements to be prepared by LXP. In addition, any Additional Limited Partner whose REIT Shares are included in such registration statement must also agree to be bound by the terms and provisions of a registration rights agreement.

E. Notwithstanding the provisions of Section 8.4.A, Section 8.4.B, Section 8.4.G, and Section 8.4.H, a Subsequent Partner shall not be entitled to exercise the Redemption Right pursuant to Section 8.4.A, Section 8.4.B, Section 8.4.G or Section 8.4.H if the delivery of REIT Shares to such Subsequent Partner on the Specified Redemption Date would be prohibited under the Declaration of Trust and shall be subject in any event to the issuance of REIT Shares being in compliance with all applicable Federal and State securities laws.

F. Notwithstanding any other provision of this Agreement, upon the occurrence of a Capital Event prior to the Redemption Exercise Date, the proceeds of which are distributed to the Partners, and ultimately proportionately to the shareholders of LXP, the Percentage Interest of each Partner shall, from the date of such Capital Event, be equal to (i) the product of (a) such Partner's Percentage Interest prior to such Capital Event and (b) the difference between (x) the fair market value of the assets of the Partnership and (y) any amounts distributed to such Partner as a result of the Capital Event, divided by (ii) the fair market value of the assets of the Partnership after such distribution. The General Partner shall adjust the number of Partnership Units owned by each Partner to appropriately reflect the adjustments made by this Section 8.4.F.

G. On January 15, 1999, and on each April 15, July 15, October 15 and January 15 thereafter, the Phoenix Limited Partner shall have the right (the "Phoenix Limited Partner Redemption Right") to require the Partnership to redeem on a Specified Redemption Date all, but not less than

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all, of the Partnership Units held by the Phoenix Limited Partner for the Redemption Amount to be delivered by the Partnership. The Phoenix Limited Partner Redemption Right shall be exercised pursuant to a Notice of Redemption delivered to the General Partner and LXP by the Phoenix Limited Partner who is exercising the redemption right (the "Phoenix Redeeming Partner"). The Phoenix Redeeming Partner shall have no right, with respect to any Partnership Units so redeemed, to receive any distributions paid after the Specified Redemption Date. The Assignee of the Phoenix Limited Partner may exercise the rights of such Phoenix Limited Partner pursuant to the exercise of this Section 8.4.G, and such Phoenix Limited Partner shall be deemed to have assigned such rights to such Assignee and shall be bound by the exercise of such rights by such Phoenix Limited Partner's Assignee. In connection with any exercise of such rights by such Assignee on behalf of such Phoenix Limited Partner, the Redemption Amount shall be delivered by the Partnership directly to such Assignee and not to such Phoenix Limited Partner.

The Partnership hereby covenants not to permit Phoenix Hotel Associates Limited Partnership ("Phoenix") to dispose of its interest in those properties acquired by Phoenix in connection with its rights under that certain Exchange Agreement between Phoenix and Security Trust Company (the property so acquired the "Replacement Property") prior to January 1, 2003 without the consent of the holder of the Partnership Units held by the Phoenix Limited Partner, except in the event of a foreclosure or in the event the Partnership determines that such a disposition is necessary to ensure its continued qualification as a real estate investment trust. In any event in which the Partnership determines to cause Phoenix to dispose of the Replacement Property, the Partnership agrees to use its best efforts to cause Phoenix to structure such a disposition as an exchange that meets the requirements of Code Section 1031. Notwithstanding the foregoing, if the Partnership does dispose of its interest prior to January 15, 1999, then the General Partner shall provide prompt written notification to the Phoenix Limited Partner of such disposition and such Phoenix Limited Partner may exercise its Phoenix Limited Partner Redemption Right on the last Business Day of the calendar year in which such disposition occurs or, if later, ten (10) Business Days following the consummation of such transaction. In addition, if the Code

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Section 1031 exchange described in the Exchange Agreement does not result in a deferral of all of the gain that would have been recognized upon the sale by Phoenix of the Relinquished Property (as defined in the Exchange Agreement), then the General Partner shall provide prompt written notification to the Phoenix Limited Partner and shall cause LCIF II to distribute cash to the Phoenix Limited Partner in redemption of the portion of its Partnership Units corresponding to the portion of the value of the Relinquished Property which is treated as transferred in a taxable transaction.

LXP agrees to enter into a Guaranty Agreement with the Partnership on the Phoenix Partners Closing Date, on terms reasonably satisfactory to LXP and the Partnership, pursuant to which LXP shall guaranty the obligations of the Partnership under this Section 8.4.G to pay the Redemption Amount on the Specified Redemption Date, whereupon the Partnership shall acquire the Partnership Units offered for redemption by the Phoenix Redeeming Partner. Each of the Phoenix Redeeming Partner, LXP, the Partnership and the General Partner shall treat the transaction between LXP and the Phoenix Redeeming Partner as a sale of the Phoenix Re deeming Partner's Partnership Units to LXP or the General Partner, as the case may be, for federal income tax purposes. The Phoenix Redeeming Partner agrees to execute such documents as the Partnership may reasonably require in connection with the issuance of REIT shares upon exercise of the Phoenix Limited Partner Redemption Right.

H. On September 1, 1999, and on each December 1, March 1, June 1 and September 1 thereafter (each a "Notice Date"), each Warren Limited Partner shall have the right (the "Warren Limited Partner Redemption Right") to require the Partnership to redeem on a Specified Redemption Date all, but not less than all, of the Partnership Units held by a Warren Limited Partner for the Redemption Amount to be delivered by the Partnership. The Warren Limited Partner Redemption Right shall be exercised pursuant to a Notice of Redemption delivered to the General Partner and LXP by the Warren Limited Partner who is exercising the redemption right (the "Warren Redeeming Partner"). The Warren Redeeming Partner shall have no right, with respect to any Partnership Units so redeemed, to receive any distributions paid after the Specified Redemption Date. The Assignee of any Warren Limited Partner may exercise the

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rights of such Warren Limited Partner pursuant to the exercise of this Section 8.4.H, and such Warren Limited Partner shall be deemed to have assigned such

rights to such Assignee and shall be bound by the exercise of such rights by such Warren Limited Partner's Assignee. In connection with any exercise of such rights by such Assignee on behalf of such Warren Limited Partner, the Redemption Amount shall be delivered by the Partnership directly to such Assignee and not to such Warren Limited Partner.

The Partnership hereby covenants not to dispose of its interest in the Warren Property prior to January 1, 2002, except in the event of a foreclosure, or a casualty or condemnation. Notwithstanding the foregoing, if the Partnership does dispose of its interest prior to January 1, 2002, then the General Partner shall provide prompt written notification to the Warren Limited Partners of such disposition and each such Warren Limited Partner may exercise its Warren Limited Partner Redemption Right on the last Business Day of the calendar year in which such disposition occurs or, if later, ten (10) Business Days following the consummation of such transaction.

LXP agrees to enter into a Guaranty Agreement with the Partnership on the Warren Partners Closing Date, on terms reasonably satisfactory to LXP and the Partnership, pursuant to which LXP shall guaranty the obligations of the Partnership under this Section 8.4.H to pay the Redemption Amount on the Specified Redemption Date, whereupon the Partnership shall acquire the Partnership Units offered for redemption by the Warren Redeeming Partner. Each of the Warren Redeeming Partner, LXP, the Partnership and the General Partner shall treat the transaction between LXP and the Warren Redeeming Partner as a sale of the Warren Redeeming Partner's Partnership Units to LXP or the General Partner, as the case may be, for federal income tax purposes. Each Warren Redeeming Partner agrees to execute such documents as the Partnership may reasonably require in connection with the issuance of REIT shares upon exercise of the Warren Limited Partner Redemption Right.

ARTICLE 9
BOOKS, RECORDS, ACCOUNTING AND REPORTS

Section 9.1 Records and Accounting

The General Partner shall keep or cause to be kept at the principal office of the Partnership those records and documents required to be maintained by the Act and other books and records deemed by the General Partner to be appropriate with respect to the Partnership's business. The books of the Partnership shall be maintained, for financial and tax reporting purposes, on an accrual basis in accordance with generally accepted accounting principles, or on such other basis as the General Partner determines to be necessary or appropriate.

Section 9.2 Fiscal Year

The fiscal year of the Partnership shall be the calendar year.

ARTICLE 10
TAX MATTERS

Section 10.1 Preparation of Tax Returns

The General Partner shall arrange for the preparation and timely filing of all returns of Partnership income, gains, deductions, losses and other items required of the Partnership for federal and state income tax purposes and shall use all reasonable efforts to furnish, within ninety (90) days of the close of each taxable year, the tax information reasonably required by the Additional Limited Partners for federal and state income tax reporting purposes.

Section 10.2 Tax Elections

Except as otherwise provided herein, the General Partner shall, in its sole and absolute discretion, determine whether to make any available election pursuant to the Code; provided that the General Partner shall make the election under Section 754 of the Code in accordance with applicable Regulations thereunder. The General Partner shall have the right to seek to revoke any such elections (including, without limitation, the election under Section

754 of the Code) upon the General Partner's determination in its sole and absolute discretion that such revocation is in the best interests of the Partners.

Section 10.3 Tax Matters Partner

A. The General Partner shall be the "tax matters partner" of the Partnership for federal income tax purposes. The tax matters partner is authorized but not required, to take any action on behalf of the Partners of the Partnership in connection with any tax audit or judicial review proceeding to the extent permitted by law.

B. The taking of any action and the incurring of any expense by the tax matters partner in connection with any such audit or proceeding, except to the extent required by law, is a matter in the sole and absolute discretion of the tax matters partner and the provisions relating to indemnification of the General Partner set forth in Section 7.7 of this Agreement shall be fully applicable to the tax matters partner in its capacity as such.

C. The tax matters partner shall receive no compensation for its services. All third party costs and expenses incurred by the tax matters partner in performing its duties as such (including legal and accounting fees and expenses) shall be borne by the Partnership. Nothing herein shall be construed to restrict the Partnership from engaging an accounting firm to assist the tax matters partner in discharging its duties hereunder, so long as the compensation paid by the Partnership for such services is reasonable.

Section 10.4 Withholding

Each Additional Limited Partner hereby authorizes the Partnership to withhold from or pay on behalf of or with respect to such Additional Limited Partner any amount of federal, state, local, or foreign taxes that the General Partner determines that the Partnership is required to withhold or pay with respect to any amount distributable or allocable to such Additional Limited Partner pursuant to this Agreement. Any amount paid on behalf of or with respect to an Additional Limited Partner shall constitute a loan by the Partnership to such Additional Limited Partner which loan shall be repaid by such Additional Limited Partner within fifteen (15) days after notice from the General Partner that such payment must be made unless (i) the Partnership withholds such payment from a distribution which would otherwise be made to such Additional Limited Partner or (ii) the General Partner determines, in its sole and absolute discretion, that such payment may be satisfied out of the available funds of the Partnership which would, but for such payment, be distributed to Additional Limited Partner. Any amounts withheld pursuant to the foregoing clauses (i) or (ii) shall be treated as having been distributed to such Additional Limited Partner. Any amounts payable by a Limited Partner hereunder shall bear interest at the base rate on corporate loans at large United States money center commercial banks, as published from time to time in The Wall Street Journal, such interest to accrue from the date such amount is due (i.e., fifteen (15) days after demand) until such amount is paid in full.

ARTICLE 11
TRANSFERS AND WITHDRAWALS

Section 11.1 Transfer

A. The term "transfer," when used in this Article 11 with respect to a Partnership Unit, shall be deemed to refer to a transaction by which a Partner purports to assign all or any part of its Partnership Interest to another Person, and includes a sale, assignment, gift, pledge, encumbrance, hypothecation, mortgage, exchange or any other disposition by law or otherwise. The term "transfer" when used in this Article 11 does not include any redemption of Partnership Units by an Additional Limited Partner or acquisition of Partnership Units from an Additional Limited Partner by the General Partner pursuant to Section 8.4.

B. No Partnership Interest shall be transferred, in whole or in part, except in accordance with the terms and conditions set forth in this Article 11. Any transfer or purported transfer of a Partnership Interest not made in accordance with this Article 11 shall be null and void.

Section 11.2 Transfer of Partnership Interests by the General Partner and the Initial Limited Partner

A. The General Partner may not transfer any of its General Partner Interest except to the Initial Limited Partner or to LXP. The General

Partner may not withdraw as General Partner except in connection with the complete transfer of its Partnership Interest as permitted hereunder.

B. The Initial Limited Partner may not transfer any of its Partnership Interests, except to the General Partner or to LXP. The Initial Limited Partner may not withdraw as Initial Limited Partner except in connection with the complete transfer of its Partnership Interest as permitted hereunder.

C. If LXP acquires any or all of the Partnership Interests of the General Partner or the Initial Limited Partner as permitted hereunder, LXP agrees that it will not transfer any of its Partnership Interests, except to the Initial Limited Partner or to the General Partner.

LXP may not withdraw as Partner except in connection with the complete transfer of any Partnership Interest as permitted hereunder.

D. Any transferee who acquires a Partnership Interest under this Section 11.2 may become a Substituted Additional Limited Partner, or a successor General Partner upon such terms specified by the General Partner, including the delivery to the General Partner of such documents or instruments, including powers of attorney, as may be required in the discretion of the General Partner in order to effect such Person's admission as a Partner.

Section 11.3 Additional Limited Partners' Rights to Transfer

A. Subject to the provisions of Section 11.3.E, no Additional Limited Partner shall have the right to transfer all or any portion of its Partnership Interest, or any of such Additional Limited Partner's rights as a Special Limited Partner, a Phoenix Limited Partner, or a Warren Limited Partner, as the case may be, without the prior written consent of the General Partner, which consent may be given or withheld by the General Partner in its sole and absolute discretion. Any purported transfer of a Partnership Interest by an Additional Limited Partner in violation of this Section 11.3.A shall be void ab initio and shall not be given effect for any purpose by the Partnership.

B. If an Additional Limited Partner is subject to Incapacity, the executor, administrator, trustee, committee, guardian, conservator or receiver of such Additional Limited Partner's estate shall have all the rights of a Special Limited Partner, a Phoenix Limited Partner, or a Warren Limited Partner, as the case may be, but no more rights than those enjoyed by other Special Limited Partners, the Phoenix Limited Partner, or Warren Limited Partners, as the case may be, for the purpose of settling or managing the estate and such power as the Incapacitated Additional Limited Partner possessed to transfer all or any part of its interest in the Partnership. The Incapacity of an Additional Limited Partner, in and of itself, shall not dissolve or terminate the Partnership.

C. The General Partner may prohibit any transfer otherwise permitted under Section 11.3.E by an Additional Limited Partner of his Partnership Units (i) if, in the opinion of legal counsel to the Partnership, such transfer would require filing of a registration statement under the Securities Act of 1933 or would otherwise violate any federal, state, or foreign securities laws or regulations applicable to the Partnership or the Partnership Units or, (ii) if the transferring Additional Limited Partner, fails or is unable to obtain and deliver to the Partnership, after request therefor is made by the General Partner, a legal opinion from counsel acceptable to the General Partner, addressed to the Partnership and the General Partner, that such registration is not required in connection with such transfer and that such transfer does not violate any federal, state or foreign securities laws or regulations applicable to the Partnership or the Partnership Units.

D. No transfer by an Additional Limited Partner of its Partnership Units may be made to any Person if (i) in the opinion of legal counsel for the Partnership, it would result in the Partnership being treated as an association taxable as a corporation or (ii) such transfer is effectuated through an "established securities market" or a "secondary market (or the substantial equivalent thereof)" within the meaning of Section 7704(b) of the Code.

E. Notwithstanding the provisions of Section 11.3.A (but subject to the provisions of Section 11.3.C and 11.3.D), an Additional Limited Partner may, with or without the consent of the General Partner, transfer all or a portion of his Partnership Units to (i)(a) a member of his Immediate Family, or a trust for the benefit of a member of his Immediate Family, (b) an organization that qualifies under Section 501(c)(3) of the Code and that is not

a private foundation within the meaning of Section 509(a) of the Code or (c) in the case of an Additional Partner that is a partnership, a partner in the Additional Limited Partner in a distribution by that Additional Limited Partner to its partners under the partnership agreement of such Additional Limited Partner or (ii) a lender as security for a loan made to or guaranteed by the Additional Limited Partner, provided that in connection with any such transfer the lender does not acquire greater rights with respect to the Partnership

Units than those held by the transferring Additional Limited Partner.

Section 11.4 Substituted Additional Limited Partners

A. No Additional Limited Partner shall have the right to substitute a transferee in his place. The General Partner shall, however, have the right to consent to the admission of a transferee of the interest of an Additional Limited Partner pursuant to this Section 11.4 as a Substituted Additional Limited Partner which consent may be given or withheld by the General Partner in its sole and absolute discretion. The General Partner's failure or refusal to permit a transferee of any such interests to become a Substituted Additional Limited Partner shall not give rise to any cause of action against the Partnership or any Partner.

B. A transferee who has been admitted as a Substituted Additional Limited Partner in accordance with this Article 11 shall have all the rights and powers and be subject to all the restrictions and liabilities of the transferor Additional Limited Partner under this Agreement.

C. Upon the admission of a Substituted Additional Limited Partner, the General Partner shall amend Exhibit A, where applicable, to reflect the name, address, number of Partnership Units, and Percentage Interest of such Substituted Additional Limited Partner, and to eliminate or adjust, if necessary, the name, address and interest of the predecessor of such Substituted Additional Limited Partner.

Section 11.5 Assignees

If the General Partner, in its sole and absolute discretion, does not consent to the admission of any permitted transferee under Section 11.3 as an Additional Limited Partner, as described in Section 11.4, such transferee shall be considered an Assignee for purposes of this Agreement. An Assignee shall be deemed to have had assigned to it, and shall be entitled to receive, distributions from the Partnership and the share of Net Income, Net Losses, Recapture Income, and any other items of income, gain, loss, deduction and credit of the Partnership attributable to the Partnership Units assigned to such transferee, but shall not

be deemed to be a holder of Partnership Units for any other purpose under this Agreement, and shall not be entitled to vote such Partnership Units in any matter presented to the Additional Limited Partners for a vote (such Partnership Units being deemed to have been voted on such matter in the same proportion as all other Partnership Units held by Special Limited Partners, the Phoenix Limited Partner, Warren Limited Partners, or other Additional Limited Partners, where applicable, are voted). In the event any such transferee desires to make a further assignment of any such Partnership Units, such transferee shall be subject to all the provisions of this Article 11 to the same extent and in the same manner as any Additional Limited Partner desiring to make an assignment of Partnership Units.

Section 11.6 General Provisions

A. No Additional Limited Partner may withdraw from the Partnership other than as a result of a permitted transfer of all of such Additional Limited Partner's Partnership Units in accordance with this Article 11 or pursuant to redemption of all of its Partnership Units under Section 8.4.

B. Any Additional Limited Partner who shall transfer all of his Partnership Units in a transfer permitted pursuant to this Article 11 shall cease to be an Additional Limited Partner upon the admission of an Assignee of such Partnership Units as a Substituted Additional Limited Partner. Similarly, any Additional Limited Partner who shall transfer all of his Partnership Units pursuant to a redemption of all of his Partnership Units under Section 8.4 shall cease to be an Additional Limited Partner.

C. Transfers pursuant to this Article 11 may only be made on the first day of a fiscal quarter of the Partnership, unless the General Partner

otherwise agrees.

D. If any Partnership Unit is transferred or assigned in compliance with the provisions of this Article 11, or redeemed or transferred pursuant to Section 8.4 on any day other than the first day of a Partnership Year, then Net Income, Net Losses, each item thereof and all other items attributable to such Partnership Unit for such Partnership Year shall be allocated to the transferor Partner or the Redeeming Partner, as the case may be, and, in the case

of a transfer or assignment other than a redemption, to the transferee Partner, by taking into account their varying interests during the Partnership Year in accordance with Section 706(d) of the Code, using the interim closing of the books method. Solely for purposes of making such allocations, each of such items for the calendar month in which a transfer or assignment occurs shall be allocated to the transferee Partner, and none of such items for the calendar month in which a transfer or a redemption occurs shall be allocated to the transferor Partner or the Redeeming Partner, as the case may be. All distributions of Operating Cash Flow attributable to such Partnership Unit with respect to which the Partnership Record Date is before the date of such transfer, assignment or redemption shall be made to the transferor Partner or the Redeeming Partner, as the case may be, and, in the case of a transfer or assignment other than a redemption, all distributions of Operating Cash Flow thereafter attributable to such Partnership Unit shall be made to the transferee Partner.

ARTICLE 12
ADMISSION OF PARTNERS

Section 12.1 Admission of Subsequent Partner

No person shall be admitted as a Partner except in accordance with the terms of this Agreement and upon obtaining the consent of the General Partner. Any prospective Partner must submit to the General Partner (i) evidence of acceptance in form satisfactory to the General Partner of all of the terms and conditions of this Agreement, and (ii) such other documents or instruments, including powers of attorney, as may be required in the discretion of the General Partner in order to effect such Person's admission as a Partner.

A. The admission of any Person as a Subsequent Partner shall become effective on the date upon which the name of such Person is recorded in the books and records of the Partnership, following the consent of the General Partner to such admission.

B. If any Subsequent Partner is admitted to the Partnership on any day other than the first day of a Partnership Year, then Net Income, Net Losses, each item thereof and all other items allocable among Partners and Assignees

for such Partnership Year shall be allocated among such Subsequent Partner and all other Partners and Assignees by taking into account their varying interests during the Partnership Year in accordance with Section 706(d) of the Code, using the interim closing of the books method. Solely for purposes of making such allocations, each of such items for the calendar month in which an admission of any Subsequent Partner occurs shall be allocated among all the Partners and Assignees including such Additional Limited Partner. All distributions of Operating Cash Flow with respect to which the Partnership Record Date is before the date of such admission shall be made solely to Partners and Assignees other than the Subsequent Partner, and all distributions of Operating Cash Flow thereafter shall be made to all the Partners and Assignees including such Subsequent Partner.

Section 12.2 Amendment of Agreement and Certificate of Limited Partnership

For the admission to the Partnership of any Partner, the General Partner shall take all steps necessary and appropriate under the Act to amend the records of the Partnership and, if necessary, to prepare as soon as practicable an amendment of this Agreement (including an amendment of Exhibit A) and, if required by law, shall prepare and file an amendment to the Certificate.

ARTICLE 13
DISSOLUTION, LIQUIDATION AND TERMINATION

Section 13.1 Dissolution

The Partnership shall not be dissolved by the admission of Substituted Additional Limited Partners or Subsequent Partners or by the admission of a successor General Partner in accordance with the terms of this Agreement. Upon the withdrawal of the General Partner, any successor General Partner shall continue the business of the Partnership. The Partnership shall dissolve, and its affairs shall be wound up, upon the first to occur of any of the following ("Liquidating Events"):

A. the expiration of its term as provided in Section 2.5 hereof;

B. an event of withdrawal of the General Partner, as defined in the Act, unless (i) at the time of such event there is at least one remaining general partner of the Partnership who carries on the business of the Partnership (and each remaining general partner of the Partnership is hereby authorized to carry on the business of the Partner ship in such an event) or (ii) within ninety (90) days after such event, all Partners agree in writing to continue the business of the Partnership and to the appointment, effective as of the date of such event, of LXP as the general partner of the Partnership (and LXP agrees to become a general partner of the Partnership);

C. entry of a decree of judicial dissolution of the Partnership pursuant to the provision of the Act; or

D. the sale of all or substantially all of the assets and properties of the Partnership.

Section 13.2 Winding Up

A. Upon the occurrence of a Liquidating Event, the Partnership shall continue solely for the purposes of winding up its affairs in an orderly manner, liquidating its assets, and satisfying the claims of its creditors and Partners. No Partner shall take any action that is inconsistent with, or not necessary to or appropriate for, the winding up of the Partnership's business and affairs. The General Partner or, in the event there is no remaining General Partner, any Person elected by a majority in interest of the Limited Partners (the General Partner or such other Person being referred to herein as the "Liquidator") shall be responsible for overseeing the winding up and dissolution of the Partnership and shall take full account of the Partnership's liabilities and property and the Partnership property shall be liquidated as promptly as is consistent with obtaining the fair value thereof, and the proceeds therefrom shall be applied and distributed in the following order:

(1) First, to the satisfaction of all of the Partnership's debts and liabilities, including all contingent, conditional or immature claims and obligations to creditors other than the Partners (whether by payment or the making of reasonable provision for payment thereof);

(2) Second, to the payment and discharge of all of the Partnership's debts and liabilities to the General Partner;

(3) Third, to the payment and discharge of all of the Partnership's debts and liabilities to the other Partners;

(4) The balance if any, to the Partners in accordance with the positive Capital Account balances of the Partners, after giving effect to all contributions, distributions, and allocations for all periods.

The General Partner shall not receive any additional compensation for any services performed pursuant to this Article 13.

B. Notwithstanding the provisions of Section 13.2.A hereof which require liquidation of the assets of the Partnership, but subject to the order of priorities set forth therein, if prior to or upon dissolution of the Partnership the Liquidator determines that an immediate sale of part or all of the Partnership's assets would be impractical or would cause undue loss to the Partners, the Liquidator may, in its sole and absolute discretion (subject to its obligation to gradually settle and close the Partnership's business under Section 17-803 of the Act), defer for a reasonable time the liquidation of any assets except those necessary to satisfy liabilities of the Partnership (including to those Partners as creditors).

Section 13.3 Negative Capital Accounts

A. Except as provided in this Section 13.3, no Partner, general or limited, shall be liable to the Partnership or to any other Partner for any negative balance outstanding in each such Partner's Capital Account, whether such negative Capital Account results from the allocation of Net Losses, or other items of deduction and loss to such Partner or from distributions to such Partner.

B. Subject to Section 13.3.C, if any Special Limited Partner on the date of the "liquidation" of his respective interest in the Partnership (within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g)), including a redemption under Section 8.4, would, following a hypotheti-

cal sale of Partnership assets and the liquidation of the Partnership, have a negative balance in his Capital Account, then such Special Limited Partner shall contribute in cash to the capital of the Partnership the amount required to increase his Capital Account as of such date to zero. Any such contribution required of such Special Limited Partner hereunder shall be made on or before the later of (i) the end of the Partnership Year in which the interest of such Special Limited Partner is liquidated or (ii) the ninetieth (90th) day following the date of such liquidation.

C. After the death of a Special Limited Partner, the executor of the estate of such Special Limited Partner may elect to reduce (or eliminate) the deficit Capital Account restoration obligation of such Special Limited Partner. Pursuant to Section 13.3.B. such election may be made by such executor by delivering to the General Partner within two hundred seventy (270) days of the death of such Special Limited Partner a written notice setting forth the maximum deficit balance in his Capital Account that such executor agrees to restore under Section 13.3.B, if any. If such executor does not make a timely election pursuant to this Section 13.3.C (whether or not the balance in his Capital Account is negative at such time), then a Special Limited Partner's estate (and the beneficiaries thereof who receive distribution of Partnership Units therefrom) shall be deemed to have a deficit Capital Account restoration obligation as set forth pursuant to the terms of Section 13.3.B.

Section 13.4 Deemed Distribution and Recontribution

Notwithstanding any other provision of this Article 13, in the event the Partnership is liquidated within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g) but no Liquidating Event has occurred, the Partnership's property shall not be liquidated, the Partnership's liabilities shall not be paid or discharged, and the Partnership's affairs shall not be wound up. Instead, for federal income tax purposes and for purposes of maintaining Capital Accounts pursuant to Exhibit B hereto, the Partnership shall be deemed to have distributed the property in kind to the Partners, who shall be deemed to have assumed and taken such property subject to all Partnership liabilities, all in accordance with their respective Capital Accounts. Immedi-

ately thereafter, the General Partner and Limited Partners shall be deemed to have re-contributed the Partnership property in kind to the Partnership, which shall be deemed to have assumed and taken such property subject to all such liabilities.

Section 13.5 Rights of the Limited Partners

Except as otherwise provided in this Agreement, the Limited Partners shall look solely to the assets of the Partnership for the return of its Capital Contribution and shall have no right or power to demand or receive property other than cash from the Partnership.

Section 13.6 Waiver of Partition

Each Partner hereby waives any right to partition of the Partnership property.

ARTICLE 14
AMENDMENT OF PARTNERSHIP AGREEMENT

Section 14.1 Amendments

A. This Agreement may be amended with the con sent of the General Partner, the Initial Limited Partner, and the Special Limited Partners

representing a majority of Partnership Units held by such Special Limited Partners, but such amendments shall not require the approval of any Additional Limited Partners other than the Special Limited Partners.

B. Notwithstanding Section 14.1.A, the General Partner shall have the power, without the consent of any other Partner to amend this Agreement as may be required to facilitate or implement any of the following purposes:

(1) to add to the obligations of the General Partner or surrender any right or power granted to the General Partner or any Affiliate of the General Partner for the benefit of the Limited Partners; to set forth the designation, rights, powers, duties, and preferences of the holders of any additional Partnership Interests issued pursuant to Section 4.2.A hereof;

(2) to reflect a change that is of an inconsequential nature and does not adversely affect the Limited Partners in any material respect, or to cure any ambiguity, correct or supplement any provision in this Agreement not inconsistent with law or with other provisions, or make other changes with respect to matters arising under this Agreement that will not be inconsistent with law or with the provisions of this Agreement; and

(3) to satisfy any requirements, conditions, or guidelines contained in any order, directive, opinion, ruling, or regulation of a federal or state agency or contained in federal or state law.

The General Partner shall provide notice to the other Partners when any action under this Section 14.1.B is taken.

C. Notwithstanding Sections 14.1.A and 14.1.B hereof, this Agreement shall not be amended without the consent of each Partner adversely affected if such amendment would (i) convert a Limited Partner's interest in the Partnership into a general partner interest, (ii) modify the limited liability of a Limited Partner in a manner adverse to such Partner, (iii) alter or modify the Redemption Right and REIT Shares Amount as set forth in Section 8.4 in a manner adverse to such Partner, or (iv) amend this Section 14.1.C. Further, no amendment may alter the restrictions on the General Partner's authority set forth in Section 7.3 without the consent specified in that section.

ARTICLE 15
GENERAL PROVISIONS

Section 15.1 Addresses and Notice

Any notice, demand, request or report required or permitted to be given or made to a Partner or Assignee under this Agreement shall be in writing and shall be deemed given or made when delivered in person or when sent by first class United States mail or by other means of written communication to the Partner or Assignee at the address set forth in Exhibit A or such other address of which the Partner shall notify the General Partner in writing.

Section 15.2 Titles and Captions

All article or section titles or captions in this Agreement are for convenience only. They shall not be deemed part of this Agreement and in no way define, limit, extend or describe the scope or intent of any provisions hereof. Except as specifically provided otherwise, references to "Articles" and "Sections" are to Articles and Sections of this Agreement.

Section 15.3 Pronouns and Plurals

Whenever the context may require, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa. Each reference herein to Partnership Units held by the General Partner, a Special Limited Partner, a Phoenix Limited Partner or a Warren Limited Partner shall be deemed to be a reference to Partnership Units held by such Partner in its role as such.

Section 15.4 Further Action

The parties shall execute and deliver all documents, provide all information and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement.

Section 15.5 Binding Effect

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

Section 15.6 Waiver

No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver or any such breach or any other covenant, duty, agreement or condition.

Section 15.7 Counterparts

This Agreement may be executed in counterparts, all of which together shall constitute one agreement binding on all the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart. Each party shall become bound by this Agreement immediately upon affirming its signature hereto.

Section 15.8 Applicable Law

This Agreement shall be construed and enforced in accordance with and governed by the laws of the State of Delaware, without regard to the principles of conflicts of law.

Section 15.9 Invalidity of Provisions

If any provision of this Agreement is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

Section 15.10 Entire Agreement

This Agreement contains the entire understanding and agreement among the Partners with respect to the subject matter hereof and supersedes the Prior Agreements and any other prior written or oral understandings or agreements among them with respect thereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement under seal as of the date first written above.

GENERAL PARTNER:
Lex GP-1, Inc.

By_____
Name:
Title:

LIMITED PARTNER:
Lex LP-1, Inc.

By_____
Name:
Title:

LEXINGTON CORPORATE PROPERTIES TRUST

By_____
Name:
Title:

SPECIAL LIMITED PARTNERS

By_____

On behalf of the Special Limited
Partners set forth on Exhibit A

PHOENIX LIMITED PARTNER

By_____
On behalf of the Phoenix Limited
Partner set forth on Exhibit A

WARREN LIMITED PARTNERS

By_____
On behalf of the Warren Limited
Partners set forth on Exhibit A

Execution Copy

EXHIBIT A

PARTNERS' CONTRIBUTIONS AND PARTNERSHIP INTERESTS

<TABLE>
<CAPTION>

Name of Partner	Capital Contribution	Partnership Units	Percentage Interest	Redemption Exemption Date
<S>	<C>	<C>	<C>	<C>
GENERAL PARTNER				
Lex GP-1, Inc.	$100	30,470	.62852%	N/A
LIMITED PARTNER				
Lex LP-1, Inc.	$100	3,095,177	63.84614%	N/A
SPECIAL LIMITED PARTNERS				
Doughlas S. Altabef	____	3,354	.06919%	N/A
The LCP Group, L.P.	____	14,914	.30764%	N/A
Anthony E. Monk	____	2,161.5	.04459%	N/A
Ellen C. Monk	____	2,161.5	.04459%	N/A
E. Robert Roskind	____	21,443	.44231%	N/A
Richard J. Rouse	____	8,241	.16999%	N/A
Edward C. Whiting	____	4,605	.09499%	N/A

</TABLE>

PARTNERS' CONTRIBUTIONS AND PARTNERSHIP INTERESTS

<TABLE>
<CAPTION>

Name of Partner	Capital Contribution	Partnership Units	Percentage Interest	Redemption Exemption Date
<S>	<C>	<C>	<C>	<C>
PHOENIX LIMITED PARTNER				January 15, 1999
E. Robert Roskind	G.P. interest	215,306	4.44125%	
WARREN LIMITED PARTNERS	(Units Contributed)			September 1, 1999
AGR Trust	2.0	6,672	.13762%	
Ambrose, Joseph D.	1.0	3,336	.06881%	
Ambrose, Joseph D. III	1.0	3,336	.06881%	
Angell, E. Joe	1.0	3,336	.06881%	
Baghramian, Michael M. & Carol	1.0	3,336	.06881%	
Bain, Frank L.(Jr.) & Linda C.	1.0	3,336	.06881%	
Bancroft, Toby O. Jr.	1.0	3,336	.06881%	
Barnett, Paul	0.5	1,668	.03441%	
Bartlett, June F.	1.0	3,336	.06881%	
Bateman, G. Warren	0.5	1,668	.03441%	
Becker, Karl E.	0.5	1,668	.03441%	
Berg, Michael P. & Virginia I.	1.0	3,336	.06881%	
Berger, Milton	1.0	3,336	.06881%	

Berman, Michael L.	1.0	3,336	.06881%	
Bickett, Walter C. & Patricia B.	1.0	3,336	.06881%	
Birdsall, John H. (Estate of)	1.0	3,336	.06881%	
Bolliger, Theodore T.	0.5	1,668	.03441%	
Bond, John L. & Jeanne G.	1.0	3,336	.06881%	
Botsai, Elmer E.	0.5	1,668	.03441%	
Boyd, John & Sylvia	1.0	3,336	.06881%	
Bradley, William E.	1.0	3,336	.06881%	
Breen, James J.	1.0	3,336	.06881%	
Brenner, William I.	1.0	3,336	.06881%	
Broback, John K. & Nancy	1.0	3,336	.06881%	

</TABLE>

PARTNERS' CONTRIBUTIONS AND PARTNERSHIP INTERESTS

<TABLE>
<CAPTION>

Name of Partner	Capital Contribution	Partnership Units	Percentage Interest	Redemption Exemption Date
<S>	<C>	<C>	<C>	<C>
Burnett, Ed	1.0	3,336	.06881%	
Carpenter, David R.	0.5	1,668	.03441%	
Carr, Robert V. Jr.	1.0	3,336	.06881%	
Chambers, Richard O.	1.0	3,336	.06881%	
Chen, Howard H.	1.0	3,336	.06881%	
Chen, Wen Long & Chun Hwa	0.5	1,668	.03441%	
Cherin, Harris A.	0.5	1,668	.03441%	
Chinn, Aaron	1.0	3,336	.06881%	
Clark, William R. & Janice R.	1.0	3,336	.06881%	
Coberly (Joseph E. Jr.) Revocable Trust	1.0	3,336	.06881%	
Cohen, Arthur & Julie F.	1.0	3,336	.06881%	
Cooper, George M.	0.5	1,668	.03441%	
Croft (Nelda J.) Trust dtd 6/2/89	1.0	3,336	.06881%	
Crow, Frank (Jr.) & Gertrude	0.5	1,668	.03441%	
Cuneo, Joseph J.	1.0	3,336	.06881%	
Dafcik (William V.) Trust	1.0	3,336	.06881%	
Dash, Jay	1.0	3,336	.06881%	
Daugharthy, James B. & Tana	1.0	3,336	.06881%	
Davis, Phyllis B.	1.0	3,336	.06881%	
DeLapp, Phyllis B.	1.0	3,336	.06881%	
DMK Trust	1.0	3,336	.06881%	
Dorman, Malcolm J.	0.5	1,668	.03441%	
Dunn, Lloyd F.	1.0	3,336	.06881%	
Eagleson, James S. & Elree F.	1.0	3,336	.06881%	
Edelman (Alan) Trust	1.0	3,336	.06881%	
Ehland, Elizabeth	0.333	1,111	.02292%	
Eleuterio, Herbert	1.0	3,336	.06881%	
Emmi, James	1.0	3,336	.06881%	

</TABLE>

PARTNERS' CONTRIBUTIONS AND PARTNERSHIP INTERESTS

<TABLE>
<CAPTION>

Name of Partner	Capital Contribution	Partnership Units	Percentage Interest	Redemption Exemption Date
<S>	<C>	<C>	<C>	<C>
Endsley, (Fred S. Jr.) Ins. Trust ...	1.0	3,336	.06881%	
Estorge Family LLC	1.0	3,336	.06881%	
Evans, Robert L. & Jewell V.	1.0	3,336	.06881%	
Everett, Billy T. & Betty J.	1.0	3,336	.06881%	
Fogarty, Patrick J.	1.0	3,336	.06881%	
Fogelson, Jeffery P. & Janet	1.0	3,336	.06881%	
Fout, James E.	0.5	1,668	.03441%	
Fouts, John B. & Susan	1.0	3,336	.06881%	
Fox, Jerrold & Miriam	1.0	3,336	.06881%	
Frandsen (James S.) Trust u/a/d 5/7/90	1.0	3,336	.06881%	
Frink, Fred F.	0.5	1,668	.03441%	
Gibbins, Peggie	1.0	3,336	.06881%	
Gilmore, James L. & Florence M.	1.0	3,336	.06881%	
Girod, Rene M.	1.0	3,336	.06881%	
Gold, Ronald A.	1.0	3,336	.06881%	

Goldfinger, David A.	1.0	3,336	.06881%
Gosseen, Robert I. & Francine A.	1.0	3,336	.06881%
The LCP Group	1.0	3,336	.06881%
Grimes, Daphne B.	1.0	3,336	.06881%
Grossberg, Robert H.	0.5	1,668	.03441%
Grossman, Kenneth S.	1.0	3,336	.06881%
Habermann, James H. & Helen A.	1.0	3,336	.06881%
Hallisey, Michael J. & Elizabeth	1.0	3,336	.06881%
Hamada, Frank K.	0.5	1,668	.03441%
Hanger, Robert T.	1.0	3,336	.06881%
Hendler, Albert I.	1.0	3,336	.06881%
Henry, Drexwell & Henry	4.0	13,343	.27523%

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Name of Partner	Capital Contribution	Partnership Units	Percentage Interest	Redemption Exemption Date
<S>	<C>	<C>	<C>	<C>
Hilb, Justin M.	1.0	3,336	.06881%	
HMSP Realty Co.	1.0	3,336	.06881%	
Holzheimer, Richard	1.0	3,336	.06881%	
Hoot, William R.	0.5	1,668	.03441%	
Houston, Robert A.	1.0	3,336	.06881%	
H.P.D. Co.	2.0	6,672	.13762%	
Hundahl (John C.) Trust	1.0	3,336	.06881%	
Huron, Michael & Audrey	1.0	3,336	.06881%	
Hyde, Clyde M.	0.5	1,668	.03441%	
Ingram, Charles B.	1.0	3,336	.06881%	
Irmscher, Max G. & Carol M.	1.0	3,336	.06881%	
Ito, Thomas Yakata	0.5	1,668	.03441%	
Jameson, Jacqueline	0.333	1,111	.02292%	
Jenkins, Stephen L.	1.0	3,336	.06881%	
Johnson, Russell L. & Mary C.	1.0	3,336	.06881%	
Jones (Edna M.) Rev. Trust uad 9/24/91	1.0	3,336	.06881%	
Joseph, Allen S.	1.0	3,336	.06881%	
Joseph, Gerald	1.0	3,336	.06881%	
Kaplansky, Arthur	1.0	3,336	.06881%	
Katz, Jonas B.	1.0	3,336	.06881%	
Kaufman (Irving & Beatrice) Rev Trust	1.0	3,336	.06881%	
Keller, Barnes	1.0	3,336	.06881%	
Kelly, Henry C.	1.0	3,336	.06881%	
Keto, Robert E.	1.0	3,336	.06881%	
Korschun, Sanford L.	1.0	3,336	.06881%	
Kraines, Lawrence M.	3.0	10,007	.20642%	
Kraines, Maurice H.	8.0	26,686	.55047%	

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Name of Partner	Capital Contribution	Partnership Units	Percentage Interest	Redemption Exemption Date
<S>	<C>	<C>	<C>	<C>
Kraines, Steven	3.0	10,007	.20642%	
Kuhlmann, Bruce W.	1.0	3,336	.06881%	
Larson, Carol	1.0	3,336	.06881%	
Lee, Robert T.	0.5	1,668	.03441%	
Lee, Winfred Y.	1.0	3,336	.06881%	
Leibsohn, Alvin & Ethel	1.0	3,336	.06881%	
Lesser, Melvin M.	1.5	5,004	.10322%	
Lesser, Norman B.	0.5	1,668	.03441%	
Levine (Howard & Irene) Trust	1.0	3,336	.06881%	
Levy, James A. & Paul G.	1.0	3,336	.06881%	
Levy, Ira & Marie	1.0	3,336	.06881%	
Lockton, John D. Jr.	1.0	3,336	.06881%	
Love, Elizabeth	1.0	3,336	.06881%	
Lynch, Francis Frederick	1.0	3,336	.06881%	

Name of Partner	Capital Contribution	Partnership Units	Percentage Interest	Redemption Exemption Date
Makatura, Raymond	0.5	1,668	.03441%	
Mandel, Robert J. & Gloria	0.5	1,668	.03441%	
Mankodi, Rashmikant P.	1.0	3,336	.06881%	
Manning (Carol), Hawaiian Tr Co. succ..	0.5	1,668	.03441%	
Markstein Trust	1.0	3,336	.06881%	
Maruyama, Donald	0.5	1,668	.03441%	
Maruyama, Harriet H.	0.5	1,668	.03441%	
Matsushita, Robert M. & Teruko	1.0	3,336	.06881%	
McCanna, Leo P. & Daisy	0.5	1,668	.03441%	
McCowan, Robert T.	1.0	3,336	.06881%	
McCoy, Harold V.	1.0	3,336	.06881%	
McDonald, Allen R.	0.5	1,668	.03441%	
McGarry, Frank P.	0.5	1,668	.03441%	
McKee, Susan D.	0.5	1,668	.03441%	

Name of Partner	Capital Contribution	Partnership Units	Percentage Interest	Redemption Exemption Date
Meyer, Sandra	1.0	3,336	.06881%	
Miller, Dennis G. & Nadine G.	0.5	1,668	.03441%	
Monk, Edward H.	0.5	1,668	.03441%	
Moss, Joel	0.5	1,668	.03441%	
Naparst, Eugene A.	0.5	1,668	.03441%	
Oceans Unlimited Partnership	1.0	3,336	.06881%	
Oliver, Fred L.	1.0	3,336	.06881%	
O'Meallie, Lawrence P.	1.0	3,336	.06881%	
Osborn, Robert P.	0.5	1,668	.03441%	
Otsuka, Charles I.	1.0	3,336	.06881%	
Owen, Terry W.	1.0	3,336	.06881%	
Patel, Chupendra & Indira	1.0	3,336	.06881%	
Penn, Sanford R. Jr.	1.0	3,336	.06881%	
Phillips, Merlin	0.5	1,668	.03441%	
Philpot, Donald	1.0	3,336	.06881%	
Pompeo, Barnard	1.0	3,336	.06881%	
Quigg, John D. & Tim D.	1.0	3,336	.06881%	
Quinn, David C.	0.5	1,668	.03441%	
Raymond, Lawrence	1.0	3,336	.06881%	
Robinson, Martha	2.0	6,672	.13762%	
Rockstrom, Donald W.	0.5	1,668	.03441%	
Rodwin, Roger M.	0.5	1,668	.03441%	
Rosenberg, Seligman	1.0	3,336	.06881%	
Roskam, Delbert	0.5	1,668	.03441%	
Roth, Paul W. Sr.	2.0	6,672	.13762%	
Russell, Charles M. Jr.	0.5	1,668	.03441%	
Sanders, Camille W.	1.0	3,336	.06881%	
Sandin (Richard L.) Trust	1.0	3,336	.06881%	
Sandin, R. Keith	1.0	3,336	.06881%	

Name of Partner	Capital Contribution	Partnership Units	Percentage Interest	Redemption Exemption Date
Silberer, Richard L. & Eunice D.	3.0	10,007	.20642%	
Simmons, William M.	1.0	3,336	.06881%	
Sindler, Richard A.& Victoria M.	1.0	3,336	.06881%	
Smith, Edwin E.	1.0	3,336	.06881%	
Smith, Finis	1.0	3,336	.06881%	
Smith, Sandra	5.0	16,679	.34405%	
Specht, Alan	1.0	3,336	.06881%	

Spira, Melvin	1.0	3,336	.06881%
St. Martin, M. Edward Jr.	1.0	3,336	.06881%
Stein, Andrew	0.5	1,668	.03441%
Stein, Gail	0.5	1,668	.03441%
Stone, Bohdan W.	0.5	1,668	.03441%
Storaasli (Iris) Marital Trust...	1.0	3,336	.06881%
Stritmatter, Paul L. & JoAnn H.	1.0	3,336	.06881%
Sullivan, Pamalee Jean	0.333	1,111	.02292%
Tasson, Joseph D.	1.0	3,336	.06881%
Tipp (Justin), Hawaiian Tr Co, succ Ttee	0.5	1,668	.03441%
Travis, Sonaia	1.0	3,336	.06881%
UBATCO & CO.	0.5	1,668	.03441%
Van Wagner, Gordon	0.5	1,668	.03441%
Verlin, Murray	1.0	3,336	.06881%
Voute, P. Michael	1.0	3,336	.06881%
Weaver, John W.	1.0	3,336	.06881%
Webster, James E.	1.0	3,336	.06881%
Weckerle, Joseph F.	1.0	3,336	.06881%
Weinstock, Michael	1.0	3,336	.06881%
Weinstock, George A.	1.0	3,336	.06881%
Weyand, Fred C.	1.0	3,336	.06881%

Name of Partner	Capital Contribution	Partnership Units	Percentage Interest	Redemption Exemption Date
Wilcox, Allen	1.0	3,336	.06881%	
Williamson, Ronald K.	1.0	3,336	.06881%	
Woolverton (Florence Flannery) Trust	0.6	2,002	.04128%	
Woolverton (H.A.M.E.) Trust	0.4	1,334	.02754%	
Worthington (Frances Fant) Special Trust	1.0	3,336	.06881%	
Wright, Robert R.	1.0	3,336	.06881%	
Wu, Yen Bin & Jean Eng	0.5	1,668	.03441%	
Yusim, Milton & Jo Anne	1.0	3,336	.06881%	
Zahr, Sameer & Muna	1.0	3,336	.06881%	
Zaslow, Stanley & Thelma	1.0	3,336	.06881%	
Roskind, E. Robert	0.302	3,407	.07028%	
Monk, Antony E.	0.1125	1,575	.03249%	
Monk, Ellen C.	0.1125	1,575	.03249%	
Rouse, Richard J.	0.121	1,873	.03864%	
Whiting, Edward C.	0.095	1,783	.03678%	
Kinnunen, Peter J.	0.078	1,240	.02558%	
Peterson (Terrell) Trust dtd. 4/5/90	0.024	1,060	.02187%	
Dannhauser, James F.	0.010	33	.00068%	
Letaconnoux, Francois	0.023	588	.01213%	
Lepercq, de Neuflize & Co. Incorporated	0.124	413	.00852%	
Hadley Page, Inc.		88,944	1.83470%	
Kinnunen, Peter J.		34,154	.70451%	
The LCP Group, L.P.		315,424	6.50645%	
Letaconnoux, Francois		13,377	.27594%	
Peterson (Terrell)Trust dtd. 4/5/90		34,154	.70451%	
Roskind, E. Robert		52,226	1.07730%	

Name of Partner	Capital Contribution	Partnership Units	Percentage Interest	Redemption Exemption Date
Rouse, Richard J.		38,423	.79258%	

Third Hadley Page, Inc.	83,605	1.72457%
Whiting, Edward C.	51,232	1.05679%
The LCP Group, L.P.	57,692	1.19005%
Warren Property Corp.	3,404	.07022%

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EXHIBIT B

CAPITAL ACCOUNT MAINTENANCE

1. Capital Accounts of the Partners

A. The Partnership shall maintain for each Partner a separate Capital Account in accordance with the rules of Regulations Section 1.704-1(b)(2)(iv). Such Capital Account shall be increased by (i) the amount of all Capital Contributions and any other deemed contributions made by such Partner to the Partnership pursuant to this Agreement and (ii) all items of Partnership income and gain (including income and gain exempt from tax) computed in accordance with Section 1.B hereof and allocated to such Partner pursuant to Section 6.1.A of the Agreement and Exhibit C hereof, and decreased by (x) the amount of cash or Agreed Value of all actual and deemed distributions of cash or property made to such Partner pursuant to this Agreement and (y) all items of Partnership deduction and loss computed in accordance with Section 1.B hereof and allocated to such Partner pursuant to Section 6.1.B of the Agreement and Exhibit C hereof.

B. For purposes of computing the amount of any item of income, gain, deduction or loss to be reflected in the Partners' Capital Accounts, unless otherwise specified in this Agreement, the determination, recognition and classification of any such item shall be the same as its determination, recognition and classification for federal income tax purposes determined in accordance with Section 703(a) of the Code (for this purpose all items of income, gain, loss or deduction required to be stated separately pursuant to Section 703(a)(1) of the Code shall be included in taxable income or loss), with the following adjustments:

(1) Except as otherwise provided in Regulation Section 1.704-1(b)(2)(iv)(m), the computation of all items of income, gain, loss and deduction shall be made without regard to any election under Section 754 of the Code which may be made by the Partnership; provided that the amounts of any adjustments to the adjusted bases of the assets of the Partnership made pursuant to Section 734 of the Code as a result of the distribution of property by the Partnership to a Partner (to the extent that such adjustments have not previously been reflected in the Partners' Capital Accounts) shall be reflected in the Capital Accounts of the Partners in the manner and subject to the limitations prescribed in Regulations Section 1.704-1(b)(2)(iv)(m)(4).

(2) The computation of all items of income, gain, loss and deduction shall be made without regard to the fact that items described in Sections 705(a)(1)(B) or 705(a)(2)(B) of the Code are not includable in gross income or are neither currently deductible nor capitalized for federal income tax purposes.

(3) Any income, gain or loss attributable to the taxable disposition of any Partnership property shall be determined as if the adjusted basis of such property as of such date of disposition were equal in amount to the Partnership's Carrying Value with respect to such property as of such date.

(4) In lieu of the depreciation, amortization, and other cash recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such fiscal year.

(5) In the event the Carrying Value of any Partnership Asset is adjusted pursuant to Section 1.D hereof, the amount of any such adjustment shall be taken into account as gain or loss from the disposition of such asset.

(6) Any items specially allocated under Section 2 of Exhibit C hereof shall not be taken into account.

C. Generally, a transferee (including any Assignee) of a Partnership Unit shall succeed to a pro rata portion of the Capital Account of the transferor; provided that if the transfer causes a termination of the Partnership under Section 708(b)(1)(B) of the Code, the Partnership's properties shall be deemed, solely for federal income tax purposes, to have been distributed in liquidation of the Partnership to the holders of Partnership Units (including such transferee) and re-contributed by such Persons in

reconstitution of the Partnership. In such event, the Carrying Values of the Partnership properties shall be adjusted immediately prior to such deemed distribution pursuant to Section 1.D.(2) hereof. The Capital Accounts of such reconstituted Partnership shall be maintained in accordance with the principles of this Exhibit B.

D. (1) Consistent with the provisions of Regulations Section 1.704-1(b)(2)(iv)(f), and as provided in Section 1.D.(2), the Carrying Values of all Partnership assets shall be adjusted upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to such Partnership property, as of the times of the adjustments provided in Section 1.D.(2) hereto, as if such Unrealized Gain or Unrealized Loss had been recognized on an actual sale of each such property and allocated pursuant to Section 6.1 of the Agreement.

(2) Such adjustments shall be made as of the following times: (a) immediately prior to the acquisition of an additional interest in the Partnership by any new or existing Partner in exchange for more than a de minimis Capital Contribution; (b) immediately prior to the distribution by the Partnership to a Partner of more than a de minimis amount of property as consideration for an interest in the Partnership; and

(c) immediately prior to the liquidation of the Partnership within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g); provided that adjustments pursuant to clauses (a) and (b) above shall be made only if the General Partner determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Partners in the Partnership.

(3) In accordance with Regulations Section 1.704-1(b)(2)(iv)(e) the Carrying Value of Partnership assets distributed in kind shall be adjusted upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to such Partnership property, as of the time any such asset is distributed.

(4) In determining Unrealized Gain or Unrealized Loss for purposes of this Exhibit B, the aggregate cash amount and fair market value of all Partnership assets (including cash or cash equivalents) shall be determined by the General Partner using such reasonable method of valuation as it may adopt, or in the case of a liquidating distribution pursuant to Article 13 of the Agreement, be determined and allocated by the Liquidator using such reasonable methods of valuation as it may adopt. The General Partner, or the Liquidator, as the case may be, shall allocate such aggregate value among the assets of the Partnership (in such manner as it determines in its sole and absolute discretion to arrive at a fair market value for individual properties).

E. The provisions of this Agreement (including this Exhibit B and the other Exhibits to this Agreement) relating to the maintenance of Capital Accounts are intended to comply with Regulations Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with such Regulations. In the event the General Partner shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities which are secured by contributed or distributed property or which are assumed by the Partnership, the General Partner, or the Limited Partners), are computed in order to comply with such Regulations, the General Partner may make such modification, provided that it is not likely to have a material effect on the amounts distributable to any Person pursuant to Article 13 of the Agreement upon the dissolution of the Partnership. The General Partner also shall (i) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Partners and the amount of Partnership Capital reflected on the Partnership's balance sheet, as computed for book purposes, in accordance with Regulations Section 1.704-1(b)(2)(iv)(q), and (ii) make any appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Regulations Section 1.704-1(b).

2. No Interest

No interest shall be paid by the Partnership on Capital Contributions or on balances in Partners' Capital Accounts.

3. No Withdrawal

No Partner shall be entitled to withdraw any part of his Capital Contributions or his Capital Account or to receive any distribution from the Partnership, except as provided in this Agreement.

EXHIBIT C

SPECIAL ALLOCATION RULES

1. Special Allocation Rules

Notwithstanding any other provision of the Agreement or this Exhibit C, the following special allocations shall be made in the following order:

A. Minimum Gain Chargeback. Notwithstanding the provisions of Section 6.1 of the Agreement or any other provisions of this Exhibit C, if there is a net decrease in Partnership Minimum Gain during any Partnership Year, each Partner shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Partner's share of the net decrease in Partnership Minimum Gain, as determined under Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Partner pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Section 1.704-2(f)(6). This Section l.A is intended to comply with the minimum gain chargeback requirements in Regulations Section 1.704-2(f) and for purposes of thishe net decrease only, each Partner's Adjusted Capital Account Deficit shall be determined prior to any other allocations pursuant to Section 6.1 of this Agreement with respect to such Partnership Year and without regard to any decrease in Partner Minimum Gain during such Partnership Year.

B. Partner Minimum Gain Chargeback. Notwithstanding any other provision of Section 6.1 of the Agreement or any other provisions of this Exhibit C (except Section l.A. hereof), if there is a net decrease in Partner Minimum Gain attributable to a Partner Nonrecourse Debt during any Partnership Year, each Partner who has a share of the Partner Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(5), shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Partner's share of the net decrease in Partner Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(5). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Partner pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Section 1.704-2(i)(4). This Section 1.B is intended to comply with the minimum gain chargeback requirement in such Section of the Regulations and shall be interpreted consistently therewith. Solely for the purposes of this Section 1.B, each Partner's Adjusted Capital Account Deficit shall be determined prior to any other allocations pursuant to

Section 6.1 of the Agreement or this Exhibit C with respect to such Partnership Year, other than allocations-pursuant to Section 1.A hereof.

C. Qualified Income Offset. In the event any Partner unexpectedly receives any adjustments, allocations or distributions described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), or 1.704-1(b)(2)(ii)(d)(6), and after giving effect to the allocations required under Sections l.A and l.B hereof, such Partner has an Adjusted Capital Account Deficit, items of Partnership income and gain shall be specifically allocated to such Partner in an amount and manner sufficient to eliminate, to the extent required by the Regulations, its Adjusted Capital Account Deficit created by such adjust ments, allocations or distributions as quickly as possible.

D. Nonrecourse Deductions. Nonrecourse Deductions for any Partnership Year shall be allocated to the Partners in accordance with their respective Percentage Interests. If the General Partner determines in its good faith discretion that Nonrecourse Deductions for any Partnership Year must be allocated in a different ratio to satisfy the safe harbor requirements of the Regulations promulgated under Section 704(b) of the Code, the General Partner is authorized, upon notice to the Initial Limited Partner and the Limited Partners, to revise the prescribed ratio for such Partnership Year to the numerically closest ratio which does satisfy such requirements.

E. Partner Nonrecourse Deductions. Any Partner Nonrecourse Deductions for any Partnership Year shall be specially allocated to the Partner who bears the economic risk of loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable in accordance with Regulations Section 1.704-2(i)(2).

F. Code Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to Section 734(b) or 743(b) of the Code is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m) to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an

item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such item of gain or loss shall be specially allocated to the Partners in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such Section of the Regulations.

2. Allocations for Tax Purposes

A. Except as otherwise provided in this Section 2, for federal income tax purposes, each item of income, gain, loss and deduction shall be allocated among the Partners in the same manner as its correlative item of

"book" income, gain, loss or deduction is allocated pursuant to Section 6.1 of the Agreement and Section 1 of this Exhibit C.

B. In an attempt to eliminate Book-Tax Disparities attributable to a Contributed Property or Adjusted Property, items of income, gain, loss and deduction shall be allocated for federal income tax purposes among the Partners as follows:

(1) (a) In the case of a Contributed Property, such items attributable thereto shall be allocated among the Partners consistent with the principles of Section 704(c) of the Code that takes into account the variation between the 704(c) Value of such property and its adjusted basis at the time of contribution; and

(b) any item of Residual Gain or Residual Loss attributable to a Contributed Property shall be allocated among the Partners in the same manner as its correlative item of "book" gain or loss is allocated pursuant to Section 6.1 of the Agreement and Section 1 of this Exhibit C.

(2) (a) In the case of an Adjusted Property, such items shall

(1) first, be allocated among the Partners in a manner consistent with the principles of Section 704(c) of the Code to take into account the Unrealized Gain or Unrealized Loss attributable to such property and the allocations thereof pursuant to Exhibit B and

(2) second, in the event such property was originally a Contributed Property, be allocated among the Partners in a manner consistent with Section 2.B.(1) of this Exhibit C; and

(b) any item of Residual Gain or Residual Loss attributable to an Adjusted Property shall be allocated among the Partners in the same manner as its correlative item of "book" gain or loss is allocated pursuant to Section 6.1 of the Agreement and Section 1 of this Exhibit C.

(3) All other items of income, gain, loss and deduction shall be allocated among the Partners in the same manner as their correlative item of "book" gain or loss is allocated pursuant to Section 6.1 of the Agreement and Section 1 of this Exhibit C.

C. To the extent Regulations promulgated pursuant to 704(c) of the Code permit a partnership to utilize creative methods to eliminate the disparities between the value of property and its adjusted basis (including, without limitation, the implementation of curative allocations), the General Partner shall have the authority to elect the

method used by the Partnership and such election shall be binding on the Partners.

Without limiting the foregoing, the General Partner shall take all steps (including, without limitation, implementing curative allocations) that it determines are necessary or appropriate to ensure that the amount of taxable gain required to be recognized by the General Partner upon a disposition by the Partnership of any Contributed Property or Adjusted Property does exceed the sum of (i) the gain that would be recognized by the General Partner if such property had an adjusted tax basis at the time of disposition equal to the 704(c) Value of such property plus (ii) the deductions for depreciation, amortization or other cost recovery actually allowed to the General Partner with respect to such property for federal income tax purposes (after giving effect to the "ceiling rule").

EXHIBIT D-1

NOTICE OF REDEMPTION

The undersigned Special Limited Partner hereby irrevocably (i) redeems _____ Partnership Units in Lepercq Corporate Income Fund II L.P. in accordance with the terms of the Second Amended and Restated Agreement of Limited Partnership of Lepercq Corporate Income Fund II L.P., as amended, and the Special Limited Partner Redemption Right referred to therein, (ii) surrenders such Partnership Units and all right, title and interest therein, and (iii) directs that the Redemption Amount deliverable upon exercise of the Special Limited Partner Redemption Right be delivered to the address and placed in the name(s) and at the address(es) specified below. The undersigned hereby represents, warrants, certifies and agrees (a) that the undersigned has good, marketable and unencumbered title to such Partnership Units, free and clear of the rights or interests of any other person or entity, (b) that the undersigned has the full right, power and authority to redeem and surrender such Partnership Units as provided herein, (c) that the undersigned has obtained the consent or approval of all persons or entities, if any, having the right to consent to or approve such redemption and surrender, (d) that if the undersigned is acquiring REIT Shares, the undersigned is doing so with the understanding that such REIT Shares may only be resold or distributed pursuant to a registration statement under the Securities Act of 1933 or in a transaction exempt from the registration requirements of such Act and (e) that Lexington Corporate Properties Trust may refuse to transfer such REIT Shares as to which evidence satisfactory to it of such registration or exemption is not provided to it.

Dated: _____

Name of Special Limited Partner:

_____
(Signature of Special Limited Partner)

_____
(Street Address)

_____
(City) (State) (Zip Code)

Signature Guaranteed by:

If REIT Shares are issued, issue them to:

Please insert social security or identifying number:

Name:

EXHIBIT D-2

NOTICE OF REDEMPTION

The undersigned Phoenix Limited Partner hereby irrevocably (i) redeems _____ Partnership Units in Lepercq Corporate Income Fund II L.P. in accordance with the terms of the Second Amended and Restated Agreement of Limited Partnership of Lepercq Corporate Income Fund II L.P., as amended, and the Phoenix Limited Partner Redemption Right referred to therein, (ii) surrenders such Partnership Units and all right, title and interest therein, and (iii) directs that the Redemption Amount deliverable upon exercise of the Phoenix Limited Partner Redemption Right be delivered to the address and placed in the name(s) and at the address(es) specified below. The undersigned hereby represents, warrants, certifies and agrees (a) that the undersigned has good, marketable and unencumbered title to such Partnership Units, free and clear of the rights or interests of any other person or entity, (b) that the undersigned has the full right, power and authority to redeem and surrender such Partnership Units as provided herein, (c) that the undersigned has obtained the consent or approval of all persons or entities, if any, having the right to consent to or approve such redemption and surrender, (d) that if the undersigned is acquiring REIT Shares, the undersigned is doing so with the understanding that such REIT Shares may only be resold or distributed pursuant to a registration statement under the Securities Act of 1933 or in a transaction exempt from the

registration requirements of such Act and (e) that Lexington Corporate Properties Trust may refuse to transfer such REIT Shares as to which evidence satisfactory to it of such registration or exemption is not provided to it.

Dated: _____

Name of Phoenix Limited Partner:

(Signature of Phoenix Limited Partner)

(Street Address)

(City) (State) (Zip Code)

Signature Guaranteed by:

If REIT Shares are issued, issue them to:

Please insert social security or identifying number:

Name:

EXHIBIT D-3

NOTICE OF REDEMPTION

The undersigned Warren Limited Partner hereby irrevocably (i) redeems _____ Partnership Units in Lepercq Corporate Income Fund II L.P. in accordance with the terms of the Second Amended and Restated Agreement of Limited Partnership of Lepercq Corporate Income Fund II L.P., as amended, and the Warren Limited Partner Redemption Right referred to therein, (ii) surrenders such Partnership Units and all right, title and interest therein, and (iii) directs that the Redemption Amount deliverable upon exercise of the Warren Limited Partner Redemption Right be delivered to the address and placed in the name(s) and at the address(es) specified below. The undersigned hereby represents, warrants, certifies and agrees (a) that the undersigned has good, marketable and unencumbered title to such Partnership Units, free and clear of the rights or interests of any other person or entity, (b) that the undersigned has the full right, power and authority to redeem and surrender such Partnership Units as provided herein, (c) that the undersigned has obtained the consent or approval of all persons or entities, if any, having the right to consent to or approve such redemption and surrender, (d) that if the undersigned is acquiring REIT Shares, the undersigned is doing so with the understanding that such REIT Shares may only be resold or distributed pursuant to a registration statement under the Securities Act of 1933 or in a transaction exempt from the registration requirements of such Act and (e) that Lexington Corporate Properties Trust may refuse to transfer such REIT Shares as to which evidence satisfactory to it of such registration or exemption is not provided to it.

Dated: _____

Name of Warren Limited Partner:

(Signature of Warren Limited Partner)

(Street Address)

(City) (State) (Zip Code)

Signature Guaranteed by:

If REIT Shares are issued, issue them to:

Please insert social security or identifying number:

Name: