GOVERNMENT PROPERTIES TRUST INC
Form DEF 14A
April 27, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant [X]
Filed by a Party other than the Registrant [ ]

Check the appropriate box:

[ ] Preliminary Proxy Statement
[ ] CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))
[X] Definitive Proxy Statement
[ ] Definitive Additional Materials
[ ] Soliciting Material Pursuant to Section 240.14a-12

GOVERNMENT PROPERTIES TRUST, INC.
(Name of Registrant as Specified In Its Charter)

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(GPT LOGO)

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NYSE: GPP

April 21, 2004

To Our Stockholders:

We are pleased to welcome you as stockholders of Government Properties Trust, Inc. GPT became a public company through an initial public offering in January 2004, raising net proceeds of $177 million. Initially, we used the initial public offering proceeds to pay down outstanding debt, and the remainder is now being deployed to grow our portfolio of properties and add value to our company.

Upon completion of the IPO, we reincorporated in Maryland, became internally managed and changed our name to Government Properties Trust. The enclosed financial statements relate to our old structure and name. Because our 2003 performance is not indicative of the type of company that we are today, or of the type of company we will become, we want to focus this letter on the present and the future rather than on the past.

ATTRACTIVE MARKET OPPORTUNITY

We believe that we are the only public company solely focused on investing in government-leased properties, of which there is a large and growing supply. All of our current government tenants are agencies of the federal government, which is the largest user of real estate in the nation. The federal government currently occupies 835 million square feet of office and related space. Of that, it leases 191 million square feet of office space from more than 8,000 private property owners and spends approximately $3.6 billion on rent annually.

The federal government is turning more to leasing rather than owning properties. In fact, from 1997 through 2002, the federal government increased its occupancy of leased office space by 63 million square feet, or an average of 17 million square feet of new leased space per year. This represents an 8.3% compound average growth rate for leased space compared with a 2.3% compound annual growth rate for owned space over the same period of time. We intend to capitalize on this trend to fuel our growth.

FOCUSED BUSINESS STRATEGY

Our status as a public company gives us significant competitive advantages when purchasing properties. We focus on properties valued at $10 million or more, which are often beyond the financial reach of many private investors. Our balance sheet and access to capital give sellers and the General Services Administration, or GSA, the federal government's property management arm, confidence that we can close acquisitions.

Another competitive advantage is our strong relationships with participants in the government-leased real estate market. Some members of our team have been active in this market for more than a decade and have developed excellent relationships with the GSA and the owners and developers of GSA properties.

Turning to our acquisition strategy, our target properties are fully leased to the federal government, have remaining lease terms of 10 years or more, and have been built or significantly remodeled within the last five years to meet the GSA's current specifications. The federal government is considered to be the best credit risk in the world, and our strategy is to leverage the superior credit quality of this tenant and use debt to finance approximately 75% of the acquisition cost of the properties that we buy.

One of the most significant risks that we face is the preservation of the net operating income from each property that we own--that is preventing any unexpected "leakage" between gross revenue and net operating income. Currently our GSA leases are modified gross leases, which means we could bear most of the risk for higher operating costs. We reduce this risk through annual Consumer Price Index-based rent

increases and lease terms that assign the risk of property tax increases to the government. We manage the remaining risk through stringent due diligence, thoroughly investigating operating costs prior to acquisition and, after acquisition, managing these properties in a budget-driven manner while preserving value.

There is an emerging trend towards more net-like GSA leases, which means the government assumes more risk for operating cost increases. This is obviously good for us and reduces our operating risk. While we will attempt to obtain properties with these types of net leases, it is important to note that most GSA leases still are modified gross leases.

Interest rates have also been in our favor. In the current interest rate environment, we are reviewing properties with capitalization rates in the 8% to mid-9% level. Since our IPO, yields on 10-year treasuries have fluctuated quite a bit, which has led to corresponding fluctuations in capitalization rates within the marketplace. Fortunately, borrowing rates have also fluctuated most recently in a corresponding manner and our targeted spreads are being achieved.

Another factor that mitigates acquisition and management risks is our experienced management team. Our team has over 100 years of combined experience in the commercial and investment real estate industry.

EXPANDING PIPELINE TO ADD STOCKHOLDER VALUE

At the end of 2003, our portfolio consisted of five properties totaling approximately 248,000 square feet. These properties were, and still are, 100% occupied, have no delinquencies, and currently have an average remaining lease term of approximately 13 years. Four properties are occupied by U.S. government agencies while Federal Express Corporation occupies one.

We have decided to sell the FedEx property so that our portfolio is leased exclusively by government entities. We recently agreed to sell the FedEx property for approximately $4.6 million.

At the time of our IPO, we had $129 million in property under purchase contract or letter of intent to purchase. Additionally, we were considering for acquisition an additional $169 million in properties. In March, we closed on the first of these properties, a 38,000-square-foot Bureau of Public Debt facility in Mineral Wells, W. Va., for $5 million. Also in March, we moved two properties totaling $36 million in aggregate purchase price from letter of intent to contract. Further, we have increased the pipeline of properties under consideration to in excess of $500 million.

Two properties that we had under contract at the time of the IPO are no longer under contract due to valuation issues. Negotiations continue on both of these properties. However, we remain steadfast in our mission to acquire properties based on sound business decisions and thorough due diligence. To maximize long-term stockholder value, we must operate our business and acquire properties in a disciplined manner.

When we filed for our IPO, we expected to raise approximately $128 million in net proceeds, which led us to anticipate that we would close $500 million in acquisitions within 12 months. Instead, we raised $177 million in net IPO proceeds, almost 40% more than our original expectations. The additional funds have raised our acquisition target to $700 million, but lengthened the timeframe to deploy all of the proceeds to 15 months from the closing of the offering.

Deploying our funds and becoming fully leveraged in a rapid, but disciplined, manner are key to increasing value to our stockholders. Once we reach this stage, we will review our dividend payout. To date we have issued a quarterly dividend of 15 cents per share. Over time, our goal is to consistently increase our payout, subject, of course, to Board approval.

LOOKING FORWARD

We are on track to grow our portfolio through a pipeline that has grown significantly since the IPO. As I write this letter, in addition to the potential acquisitions already mentioned, we have entered into negotiations on 23 properties valued at $581 million, representing over 2.9 million square feet of leased

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space and an average remaining lease term of 12 years. The purchase prices range from a low of $4 million to $48 million on the high end, and the average cost per square foot is less than $200.

Again, our top priority is to profitably deploy our stockholders' funds by aggressively acquiring high-quality properties in a disciplined manner. We are confident that we can accomplish this. We have an excellent acquisition pipeline. We have a growing target market and strong industry relationships to provide acquisition opportunities. We have a management team that can execute this strategy.

In closing, we want to thank our employees, stockholders and our tenant--the United States of America--for their support as we work to achieve our goals and become America's Landlord. We look forward to updating you on our progress over the course of the year.

Sincerely,

-s- Thomas D. Peschio

Thomas D. Peschio, CRE
President and Chief Executive Officer

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NOTICE OF 2004 ANNUAL MEETING
OF STOCKHOLDERS

Date: Wednesday, June 2, 2004
Time: 1:00 p.m. Central time

Place: Offices of Blackwell Sanders Peper Martin LLP
1620 Dodge Street, Suite 2100
Omaha, Nebraska 68102

MATTERS TO BE CONSIDERED:

- Election of directors
- Any other matters that may properly be brought before the meeting

By order of the Board of Directors

Thomas D. Peschio
Secretary

April 24, 2004

CONTENTS

PROXY STATEMENT

Your vote is very important. For this reason, the Board of Directors requests that you allow your common stock to be represented at the annual meeting by the proxies named on the enclosed proxy card. This proxy statement is being sent to you in connection with this request and has been prepared for the Board by our management. The terms "we", "our", "GPT" and the "Company" all refer to Government Properties

Trust, Inc. The proxy statement is being sent to our stockholders on or about April 24, 2004.

GENERAL INFORMATION ABOUT THE MEETING

WHO CAN VOTE

You may vote your GPT common stock if our records showed that you owned your shares on April 21, 2004. At the close of business on that date, a total of 20,680,502 shares of our common stock were outstanding and entitled to vote. Each share of GPT common stock has one vote. The enclosed proxy card shows the number of shares that you may vote. Your vote is confidential and will not be disclosed to persons other than those recording the vote, except as may be required by law or as authorized by you.

VOTING YOUR PROXY

If you own your common stock through a broker, bank or other nominee, you will receive instructions from them that you must follow to vote your shares.

If you own your shares directly in your own name, you may instruct the proxies how to vote your common stock by signing, dating and mailing the proxy card in the postage paid envelope that we have provided for you.

You can always come to the meeting and vote your shares in person. Whichever method you use, the proxies will vote your shares in accordance with your instructions. If you sign and return a proxy card without giving specific voting instructions, your shares will be voted as recommended by our Board of Directors.

MATTERS TO BE PRESENTED

We are not aware of any matters that will presented other than those described in this proxy statement. If any matters not described in the proxy statement are properly presented at the meeting, the proxies will use their judgment to determine how to vote your shares. If the meeting is adjourned, the proxies can vote your common stock on the new meeting date as well, unless you have revoked your proxy instructions.

REVOKING YOUR PROXY

You may revoke your proxy instructions at any time before the meeting. To do so, you must:

- advise our Corporate Secretary in writing;
- deliver new proxy instructions; or
- attend the meeting and vote your shares in person.

HOW VOTES ARE COUNTED

We will hold the annual meeting if a majority of our outstanding common stock is represented at the meeting. If you have returned valid proxy instructions or attend the meeting in person, your common stock will be counted for the purpose of determining whether there is a quorum, even if you wish to abstain from voting on some or all matters introduced at the meeting.

If you own your shares through a bank, broker or other nominee (in "street name") and you do not instruct your nominee how to vote your shares, your nominee may either leave your shares unvoted or vote your shares on the matters that will be considered at the annual meeting.

If your shares are held in street name, your nominee cannot vote on matters that are not routine if you have not provided it with voting instructions. Your shares will constitute "broker non-votes." Broker non-votes count for quorum purposes, but we do not count broker non-votes as votes for or against any proposal.

COST OF THIS PROXY

We will pay the cost of this proxy solicitation. In addition to soliciting proxies by mail, our directors, officers and employees may solicit stockholders personally, by telephone, by e-mail or by facsimile. Our employees will not receive any additional compensation for doing this. We will, on request, reimburse banks, brokers and other nominees for their expenses in sending proxy materials to their customers who are beneficial owners and obtaining their voting instructions.

HOUSEHOLDING OF PROXY MATERIAL

In an effort to reduce printing costs and postage fees, we have adopted a practice approved by the SEC called "householding." Under this practice, stockholders who have the same address will receive only one copy of our proxy materials unless one or more of these stockholders notifies us that they wish to continue receiving individual copies. Stockholders who participate in householding will continue to receive separate proxy cards. If you share an address with another stockholder and received only one set of proxy materials and would like to request a separate copy of these materials, please submit your request either by mail addressed to our Corporate Secretary at 10250 Regency Circle, Suite 100, Omaha, Nebraska 68114 or by telephone at (402) 391-0010.

ATTENDING THE ANNUAL MEETING

If you are a holder of record and plan to attend the annual meeting, please indicate this when you vote. The lower portion of the proxy card is your admission ticket. If you own your common stock through a broker, bank or other nominee, you will need proof of ownership to be admitted to the meeting. A recent brokerage statement or a letter from a bank or broker are examples of proof of ownership. If you want to vote in person common stock that you own through a nominee, you must get a written proxy in your name from the broker, bank or other nominee that holds your shares.

PROPOSAL 1:

ELECTION OF DIRECTORS

Our Board of Directors consists of seven directors. Our nominating and governance committee has nominated seven directors for election at this annual meeting. If elected, the nominees will serve until our 2005 annual meeting and until their successors are elected and qualified.

POLICY ON CANDIDATES	The nominating and governance committee considers candidates for Board membership suggested by its members and other Board members, as well as management and stockholders. The committee may in its discretion retain third party search firms to identify potential candidates. Stockholders wishing to recommend director candidates for consideration by the committee can do so by writing to our Corporate Secretary at 10250 Regency Circle, Suite 100, Omaha, Nebraska 68114, giving the candidate's name, biographical data and qualifications. Our Corporate Secretary will, in turn, deliver any stockholder recommendations for director candidates prepared in accordance with our bylaws to the committee. Any such recommendation must be accompanied by a written statement from the individual of his or her consent to be named as a candidate and, if nominated and elected, to serve as a director.
DESCRIPTION OF SELECTION PROCESS	The nominating and governance committee utilizes a variety of methods for identifying and evaluating nominees for director. The committee assesses the appropriate size of the Board and whether any vacancies on the Board are expected due to retirement or otherwise. If vacancies are anticipated, or otherwise arise, the committee considers various potential candidates for director. Candidates may come to the attention of the committee through current Board members, search firms, stockholders or other persons. These candidates are evaluated at meetings of the committee and may be considered at any point during the year. The committee will consider properly submitted stockholder nominations for candidates for the Board. In evaluating such nominations, the nominating and governance committee seeks to achieve a balance of knowledge, experience and capability on the Board.
VOTES REQUIRED	Directors are elected by a plurality of the votes cast at the meeting. This means that the nominees receiving the greatest number of votes will be elected. Votes withheld for any nominee will not be counted. Although we know of no reason why any of the nominees would not be able to serve, if any nominee is unavailable for election, the proxies will vote your common stock to approve the election of any substitute nominee proposed by the Board of Directors. The Board may also choose to reduce the numbers to be elected, as permitted by our Bylaws.
INFORMATION ABOUT THE NOMINEES	Each nominee is currently a director. Each nominee has agreed to be named in this proxy statement and to serve if elected. Each nominee has attended at least 75% of the meetings of the Board and committees on which the nominee has served. There is no family relationship either by blood or by marriage between any of the nominees.

JERRY D. BRINGARD (AGE 67)
Mr. Bringard has been Chairman of our Board of Directors since our inception in 2002, and was our interim President and Chief Executive Officer from our inception until June 2003. Mr. Bringard retired in June 1998 as Vice President-General Counsel of Ford Motor Credit Company and as a member of its Executive Committee, having been employed by Ford Credit for 38 years. Since that time, Mr. Bringard has focused on educational and philanthropic activities. He currently is President Emeritus of William Tyndale College and a member of its Board of Directors. He also serves as Chairman of the Law Committee of the American Financial Services Association and as Chairman-Emeritus of The Conference on Consumer Finance Law.

ROBERT M. AMES (AGE 61)
Mr. Ames was elected to the Board of Directors in 2003. He is the President and Chief Executive Officer of Minute Man Printing, Inc. and CopyCat, Inc., positions he has held for more than five years. Mr. Ames previously was Executive Vice President of Commercial Federal Corporation, a Nasdaq-traded bank holding company headquartered in Omaha, Nebraska and with commercial banking branches in seven states, where he was responsible for strategic planning and non-branch activities, including mortgage operations, leasing and real estate investments. Prior thereto, Mr. Ames was an audit manager with Deloitte & Touche and an audit partner with Ernst & Young.

SPENCER I. BROWNE (AGE 53)
Mr. Browne was elected to the Board of Directors in 2004. He is a principal of Strategic Asset Management, LLC, a privately owned investment firm, which he founded in November 1996. He also currently serves as a director of Internet Commerce Corporation, Annaly Mortgage Management, Delta Financial Corporation and Kronos Advanced Technologies, Inc. Mr. Browne has held various executive and management positions with several publicly traded companies engaged in businesses related to the residential and commercial mortgage loan industry. From August 1988 until September 1996, Mr. Browne served as President, Chief Executive Officer and a director of Asset Investors Corporation ("AIC"), a company he co-founded in 1986. He also served as President, Chief Executive Officer and a director of Commercial Assets, Inc., an affiliate of AIC, from its formation in October 1993 until September 1996. In addition, from June 1990 until March 1996, Mr. Browne served as President and a director of M.D.C. Holdings, Inc., a national homebuilder and mortgage banking company.

5

PHILIP S. COTTONE (AGE 64)
Mr. Cottone was elected to the Board of Directors in 2004. He has been the President of Property Trust Advisory Corporation, a real estate advisory firm, since 1987 and the Chairman of Ascott Investment Corporation, a real estate development and syndication company, since 1982. Mr. Cottone also currently serves as Vice President of Rutherford, Brown

& Catherwood, a Philadelphia, PA, based broker-dealer, and as Vice President of Universal Field Services, a Tulsa, Oklahoma, right-of-way acquisition and engineering services firm. He is a director of Boston Capital Real Estate Investment Trust, and RC Company, Inc., a Paoli, Pennsylvania general contractor, and an affiliate of Universal. From 1977 through 1983, and again from 1998 through 2002, Mr. Cottone was General Counsel and a member of the Executive Committee of the International Right of Way Association. Mr. Cottone is a Counselor of Real Estate, was a 1999 Vice President of the Counselors, and is the Chairman of the Board in 2004.

ROBERT A. PECK (AGE 56)
Mr. Peck was elected to the Board of Directors in 2003. He has been President of the Greater Washington Board of Trade, the regional chamber of commerce for Washington D.C. and its Virginia and Maryland suburbs since October 1, 2001. From 1995 to 2001, Mr. Peck was the appointed Commissioner of the Public Buildings Service of the General Services Administration. In this capacity, he was in charge of nationwide asset management, design, construction, leasing, building operations, security and disposals for a real estate portfolio of more than 340 million square feet in more than 8,300 public and private buildings accommodating over one million federal workers. He oversaw an annual budget of approximately $5.5 billion, more than 90% of it contracted out, and a workforce of about 7,300.

THOMAS D. PESCHIO (AGE 63)
Mr. Peschio has been our President since June 2003 and a director since our inception. From 1997 to December 2003, Mr. Peschio was a stockholder, a member of the Board of Directors and Executive Vice President of The Lund Company in Omaha, Nebraska, a commercial real estate brokerage and management firm with 33 affiliated investment partnerships and with property management responsibility for over 70 commercial properties. In this capacity, Mr. Peschio was responsible for brokerage activities of 20 licensed sales personnel, property acquisitions, dispositions, investments, leasing, marketing and administrative activities.

RICHARD H. SCHWACHTER (AGE 59)
Mr. Schwachter has been a director since our inception. Mr. Schwachter has been continually engaged in the private practice of law since 1969, focusing on real estate and securities law. He has been a general partner and or owner of strip shopping centers, apartment complexes, and government subsidized housing projects. He was for many years a consultant to Concord Assets Group a company that was one of the largest owners of strip shopping centers in the country.

BOARD RECOMMENDATION

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" EACH NOMINEE.

THE BOARD

GPT is governed by a Board of Directors and various committees of the Board that meet throughout the year. Directors discharge their responsibilities throughout the year at Board and committee meetings and also through other communications with the chairman, chief executive officer and others regarding matters of concern and interest to the Corporation. During 2003, the Board met four times. The Board of Directors has regularly scheduled meetings of non-management directors.

COMMITTEES

The Board has an audit committee, a compensation committee, a nominating and governance committee, a finance committee and a real estate investment committee. The following describes for each committee its current membership and its mission.

AUDIT COMMITTEE

ROBERT M. AMES (CHAIR), JERRY D. BRINGARD, SPENCER I. BROWNE AND ROBERT A. PECK

The audit committee, which at the time consisted of Messrs. Bringard, Peschio and Schwachter, met once in 2003. The audit committee assists the board in overseeing (i) our accounting and financial reporting processes; (ii) the integrity and audits of our financial statements; (iii) our compliance with legal and regulatory requirements; (iv) the qualifications and independence of our independent auditors; and (v) the performance of our audit function. The audit committee also:

- has sole authority to appoint or replace our independent auditors;

- pre-approves all audit and permitted non-audit engagement fees, scope and terms with our independent auditors; and

- meets at least quarterly with our senior executive officers and our independent auditors in separate executive sessions.

The audit committee is also responsible for preparing the audit committee report required by SEC rules, which is included in this proxy statement on page .

The Board has determined that each audit committee member is independent in accordance with New York Stock Exchange listing standards and SEC regulations, and that Robert M. Ames is an audit committee financial expert as defined by the SEC.

COMPENSATION COMMITTEE

SPENCER I. BROWNE (CHAIR), JERRY D. BRINGARD, PHILIP S. COTTONE AND RICHARD H. SCHWACHTER

The compensation committee did not meet in 2003. The principal functions of the compensation committee are to:

- evaluate the performance of our senior executives;

- review and approve senior executive compensation plans, policies and programs;

- consider the design and competitiveness of our compensation plans; and

	-administer and review changes to our incentive, share option and r share and long-term incentive plans under the terms of the plans.
	The committee also reviews and approves corporate goals and objecti to chief executive officer compensation, evaluates the chief execut performance in light of those goals and objectives, and recommends the chief executive officer's compensation levels based on its eval committee has the authority to retain and terminate any compensatio to be used to assist in the evaluation of chief executive officer o executive compensation.
	The compensation committee is also responsible for preparing the co committee report required by SEC rules, which is included in this p on page 13.
	The Board has determined that each compensation committee member is in accordance with New York Stock Exchange listing standards.
NOMINATING AND GOVERNANCE COMMITTEE	PHILIP S. COTTONE (CHAIR), ROBERT M. AMES, JERRY D. BRINGARD AND RI SCHWACHTER
	The nominating and governance committee did not meet in 2003. It is for seeking, considering and recommending to the board qualified ca election as directors and recommending a slate of nominees for elec directors at the annual meeting. It also periodically prepares and board for adoption the committee's selection criteria for director reviews and makes recommendations on matters involving general oper board and our corporate governance, and it annually recommends to t nominees for each committee of the board. In addition, the committe facilitates the assessment of the board of director's performance a of the individual directors and reports thereon to the board. The c the sole authority to retain and terminate any search firm to be us director candidates.
	The Board has determined that each nominating and governance commit independent in accordance with New York Stock Exchange listing stan
FINANCE COMMITTEE	ROBERT A. PECK (CHAIR), ROBERT M. AMES, SPENCER I. BROWNE AND THOMA
	The finance committee was established in 2004. It monitors the pres capital requirements and opportunities pertaining to our business a provides guidance to the Board and management about all proposals c major financial policies. The finance committee reviews and provide the full Board and management about all proposals concerning our ma policies, including:
	- Policies relating to our cash needs, stockholder distribution repurchases and investments;
	- Strategic planning and budgeting;

- Adjustments to our capital structure;

- Insurance and risk management;

- Tax planning and compliance;

- Proposed mergers, acquisitions, divestitures and strategic investments; and

- Other transactions or financial issues that management desires to have reviewed by the committee.

The finance committee also has the authority to designate the officers and employees of GPT who can execute documents and act on behalf of GPT in the ordinary course of business pursuant to previously approved banking, borrowing, and other financing agreements.

REAL ESTATE INVESTMENT COMMITTEE	RICHARD H. SCHWACHTER (CHAIR), PHILIP S. COTTONE, ROBERT A. PECK AND THOMAS D. PESCHIO

The real estate investment committee did not meet in 2003. It reviews and approves properties for acquisition by GPT and performs such other functions as may be specified from time to time by the Board. In addition, the committee may approve any property acquisition that has a purchase price of $18,000,000 or less.

INFORMATION ABOUT CURRENT EXECUTIVE OFFICERS

Our executive officers are set forth below. There is no family relationship either by blood or by marriage between our executive officers.

THOMAS D. PESCHIO (AGE 63)
Mr. Peschio has been our president and chief executive officer since June 2003. His relevant experience is discussed above. See "Information about the nominees."

NANCY D. OLSON (AGE 52)
Ms. Olson has been our chief financial officer since September 2003. From April 1999 to December 2003, Ms. Olson was the vice president of administration and finance of The Lund Company, where she has been responsible for developing, directing and managing the accounting, human resources and office administration functions of The Lund Company. From August 1998 through April 1999, Ms. Olson was engaged in philanthropic activities. From June 1986 through July 1998, Ms. Olson served as the chief financial officer for the Visiting Nurse Association of the Midlands, an organization with a $20 million budget and over 450 employees. In that position she established internal accounting standards, oversaw and managed all financial reporting to the Financial Committee of its Board of Directors and negotiated all engagements with the organization's outside auditors.

COMPENSATION

DIRECTOR COMPENSATION

DIRECTOR FEES

Each director is paid a director's fee of $25,000 per year. Directors also receive a fee of $1,000 for each board meeting attended. We pay directors a fee of $10,000 per year for service as chairman of our board of directors, $7,500 per year for service as chairman of our audit committee, $6,000 per year for service as the chairman of our compensation committee and $5,000 per year for service as chairman for any other of our committees. Each director is also paid a fee of $750 per committee meeting attended, except when the committee meeting is on the same day as a board meeting. In addition, we reimburse all directors for reasonable out-of-pocket expenses incurred in connection with their services on the board of directors. Directors who are employees receive no additional compensation for their service as a director.

STOCK GRANTS

Each non-employee director is also granted 2,000 shares of our restricted common stock each year. Each non-employee director, other than Messrs. Bringard and Schwachter, received a one-time grant of 2,500 shares of our restricted common stock in connection with their initial election to the board. Messrs. Bringard and Schwachter each received a one-time grant of 15,000 shares of our restricted stock.

EXECUTIVE COMPENSATION

We did not pay any compensation to our executive officers in 2003 or any prior years.

SECURITY OWNERSHIP

The following table summarizes the beneficial ownership of our common stock as of April 1, 2004 for:

- each person who we know beneficially owns more than 5% of our common stock;

- each director and nominee for director;

- each executive officer; and

- all directors and officers as a group.

Except as otherwise noted, each person named below has sole voting and investment power with respect to such securities.

Name of Beneficial Owner	Number of Shares Beneficially Own
Cramer Rosenthal McGlynn, LLC 520 Madison Avenue New York, New York 10022	1,692,500(1)
Hunter Global Investors L.P. 350 Park Avenue, 11(th) Floor New York, New York 10022	1,328,300(2)
Robert M. Ames	6,500
Jerry D. Bringard	15,000
Spencer I. Browne	12,500
Philip S. Cottone	3,750
Robert A. Peck	5,000
Thomas D. Peschio	112,500
Richard H. Schwachter	15,000
Nancy D. Olson	29,980
All directors and executive officers as a group	200,230

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* Less than 1%.

(1) Based on a Schedule 13G filed with the SEC on March 9, 2004. According to the Schedule 13G, Cramer Rosenthal McGlynn, LLC has sole voting power with respect to 1,054,500 shares and sole dispositive power with respect to 1,093,800 shares and shared voting and dispositive power with respect to 598,700 shares.

(2) Based on a Schedule 13G filed with the SEC on February 6, 2004 by Hunter Global Associates L.L.C., Hunter Global Investors L.P., Duke Buchanan III, Hunter Global Investors Fund I L.P. and Hunter Global Investors Fund II L.P. According to the Schedule 13G, Hunter Global Investors L.P. has shared voting and dispositive power with respect to all of these shares.

EMPLOYMENT AGREEMENTS

We have entered into employment agreements with Thomas D. Peschio, our president and chief executive officer, and Nancy D. Olson, our treasurer and chief financial officer.

Mr. Peschio's agreement provides that he receives an annual base salary of $350,000 with minimum annual increases based upon the Consumer Price Index. Mr. Peschio will be entitled to receive annual bonuses of 40%, 60% or 80% of his annual base salary, subject to specified financial performance goals to be established yearly by our compensation committee.

The initial term of Mr. Peschio's agreement is five years. After the initial term, the agreement will automatically extend for additional one year periods unless GPT or Mr. Peschio elects not to extend the agreement. If Mr. Peschio's employment ends for any reason, we will pay accrued salary, bonuses and incentive payments already determined, and other existing obligations. In addition, if we terminate Mr. Peschio's employment without cause, if Mr. Peschio is terminated as a result of death or total disability or if Mr. Peschio voluntarily terminates his employment for good reason, we must pay all the amounts due under the employment agreement, including base salary and a bonuses equal to the prior year's bonus, but not less than $150,000 per year, for a number of years equal to the greater of the remainder of the initial term of the employment agreement or three years. Additionally, in the event of a termination by us for any reason other than for cause, or if Mr. Peschio voluntarily terminates his employment for good reason, including a change in control, all of the unvested restricted shares granted to Mr. Peschio will fully vest. If Mr. Peschio's employment ends for cause or due to a voluntary termination on the part of Mr. Peschio other than for good reason, then any unvested restricted shares granted to Mr. Peschio will terminate unless otherwise agreed to by us.

If we fail to renew Mr. Peschio's employment agreement upon the expiration of its term, Mr. Peschio will receive a lump sum payment equal to two years of his most recent base salary plus the average of his yearly bonus awards for the previous two years. Additionally, all unvested restricted shares granted to Mr. Peschio will fully vest.

Ms. Olson's employment agreement provides that she receives an annual base salary of $130,000 with minimum annual increases based on the Consumer Price Index. Ms. Olson is also eligible to receive annual bonuses under our approved bonus plans.

The initial term of the agreement is three years. At the end of the initial three year term, Ms. Olson's employment will automatically extend for additional one year periods unless GPT or Ms. Olson elects not to extend the employment. We may terminate Ms. Olson's employment with appropriate notice with or without cause.

If we terminate Ms. Olson's employment without cause, if Ms. Olson's employment is terminated as a result of her death or total disability or if Ms. Olson voluntarily terminates her employment for good reason, we must pay all the amounts due under her employment agreement, including base salary and a bonus equal to the prior year's bonus. Additionally, in the event of a termination by us for any reason other than for cause, or if Ms. Olson voluntarily terminates her employment for good reason, all of the unvested restricted shares granted to Ms. Olson will fully vest. If Ms. Olson's employment ends for cause or due to her voluntary termination other than for good reason, then any unvested restricted shares granted to Ms. Olson will terminate unless otherwise agreed to by us.

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

Our executive compensation program is administered by our compensation committee. The compensation committee approves compensation objectives and policies as well as compensation plans and specific compensation levels for all executive officers.

COMPENSATION POLICIES

The compensation committee seeks to provide a total compensation package that will motivate and retain key employees. The compensation committee also seeks to provide incentives to achieve short and long-term business objectives that will enhance the value of our stock. When determining compensation amounts, the compensation committee considers (1) the base salary levels of executives with similar responsibilities in companies in a similar line of business, (2) the executive's experience in his or her position and in the line of business as well as his or her performance over a sustained period of time, and (3) the historical and projected financial performance of GPT. A review of the financial performance includes such measures as revenues, funds from operations, operating margin, net income, return on stockholders' equity, return on revenues and total market value. The compensation committee makes a subjective determination based upon all such factors. The officers' compensation will have three components: (1) base salary, (2) cash and/or stock bonuses and (3) long-term incentive compensation.

BONUSES

Bonuses for the officers are based on realizing financial targets set forth in formulas described in each of their employment agreements. The formulas are individually tailored to motivate the particular executive in accordance with his or her position, his or her prior performance and the potential impact he or she could have on profit for us.

LONG-TERM INCENTIVE COMPENSATION

Long-term incentive compensation opportunities are provided through stock options, stock appreciation rights, restricted stock awards, phantom stock unit awards, performance share unit awards and other stock bonus awards under our equity incentive plan.

CHIEF EXECUTIVE OFFICER COMPENSATION

The compensation committee believes that the role of chief executive officer is particularly important in reaching corporate objectives and accordingly reviews the chief executive officer's compensation package annually based on individual performance and our overall performance. In establishing Mr. Peschio's compensation, the compensation committee compares his compensation with the compensation of the chief executive officers in our industry in relation to our relative performance with respect to the industry and considers our performance during the fiscal year.

TAX CONSEQUENCES FOR COMPENSATION

Section 162(m) of the Internal Revenue Code generally prohibits a tax deduction to public companies for annual compensation over $1 million paid to each of the corporation's chief executive officer and four other most highly compensated executive officers, except to the extent such compensation qualifies as "performance-based." Provided that our business objectives are met, we intend to structure future incentive compensation arrangements for our executive officers in a manner that will allow such compensation to be fully deductible for Federal income tax purposes.

COMPENSATION COMMITTEE
SPENCER I. BROWNE
JERRY D. BRINGARD
PHILIP S. COTTONE
RICHARD H. SCHWACHTER

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

There are no compensation committee interlocks and none of our employees serves on the compensation committee.

PERFORMANCE GRAPH

APPOINTMENT OF EXTERNAL AUDITOR

ERNST & YOUNG LLP

Ernst & Young LLP served as our external auditor with respect to the audit of our financial statements for the year ending December 31, 2004. All services provided by Ernst & Young have been reviewed with our audit committee and senior management to confirm that the performance of such services meets regulatory requirements for auditor independence.

On September 2, 2003 we replaced our independent accounts, Zwick & Steinberger, P.L.L.C. ("Zwick"), and engaged the services of Ernst & Young as our new independent accounts. The audit committee recommended, and our Board of Directors approved, the dismissal of Zwick and the appointment of Ernst & Young.

During our fiscal years ended December 31, 2002 and December 31, 2001, and the subsequent interim period through September 2, 2003, there no disagreements between us and Zwick on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to Zwick's satisfaction, would have caused Zwick to make reference to the subject matter of the disagreement in connection with its reports; and there were no reportable events described under Item 304(a)(1)(v) of Regulation S-K.

The audit reports of Zwick on our consolidated financial statement
the fiscal years ended December 31, 2002 and December 31, 2001 did
adverse opinion or disclaimer of opinion, nor were they qualified
uncertainty, audit scope or accounting principles. During the year
31, 2002 and December 31, 2001 and through the date of Ernst & You
us, we did not consult with Ernst & Young with respect to the appl
accounting principles to a specified transaction, either completed
the type of audit opinion that might be rendered on our consolidat
statements, or any other matter or reportable events as set forth
304(a)(2)(i) and (ii) of Regulation S-K.

Zwick has furnished us with a letter addressed to the SEC stating
the statements contained in the preceding three paragraphs.

FEES

The following table summarizes the fees we paid to Zwick and Ernst
and 2003:

AGGREGATE FEES	2003	200
Audit	$427,644	$29,
Audit-related	43,850	
Tax	--	
All other	--	
Total	$471,494	$29,

In addition to the amounts shown above, we paid Zwick $128,928 in
2003.

AUDIT FEES - Audit fees consist of fees paid for the audit of our annual financial statements.

AUDIT-RELATED FEES - Audit-related fees consist of audits of prospective acquisition properties pursuant to Item 3-14 of Regulation S-X.

A member of Ernst & Young will be present at the meeting, will have the opportunity to make a statement and will be available to respond to appropriate questions by stockholders.

AUDIT COMMITTEE REPORT

Our audit committee consists entirely of independent directors and operates under a written charter adopted by the Board, a copy of which is attached as Appendix A to this proxy statement.

Management is responsible for our internal controls, preparation of our financial statements and the financial reporting processes. The external auditor is responsible for performing an independent audit of our financial statements in accordance with generally accepted auditing standards and to issue a report thereon. The committee's responsibility is to monitor and oversee these processes.

In this context, the committee has met and held discussions with management and the external auditor. Management represented to the audit committee that our financial statements for the year ended December 31, 2003 were prepared in accordance with generally accepted accounting principles, and the committee has reviewed and discussed the financial statements with management and the external auditor. The committee discussed with the external auditor matters required to be discussed by Statement on Auditing Standards No. 61 (Communications with Audit Committees).

Our external auditor also provided the committee with the written disclosures required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), and the committee discussed with the external auditor its independence.

Based on the committee's review of the audited financial statements and the various discussions referred to above, the committee recommended to the Board, and the Board has approved, that the audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2003, for filing with the SEC.

AUDIT COMMITTEE
ROBERT M. AMES
JERRY D. BRINGARD
SPENCER I. BROWNE
ROBERT A. PECK

STOCKHOLDER PROPOSALS AND NOMINATIONS FOR THE 2005 ANNUAL MEETING

STOCKHOLDER PROPOSALS

Under SEC rules, if a stockholder wants us to include a proposal in our proxy statement for our 2005 annual meeting of stockholders, the proposal must be received by us at our principal executive offices at 10250 Regency Circle, Suite 100, Omaha, Nebraska 68114 by December 27, 2004. The proposals should be sent to the attention of our Corporate Secretary.

Under our bylaws, a stockholder must follow specified procedures to nominate persons for election as directors or to introduce an item of business at an annual meeting of stockholders. For further information, you may obtain a copy of our bylaws without charge by sending a written request to Government Properties Trust, Inc., 10250 Regency Circle, Suite 100, Omaha, Nebraska 68114.

The Board is not aware of any matters that are expected to come before the 2004 annual meeting other than those referred to in this proxy statement. If any other matter should come before the annual meeting, the persons named in the accompanying proxy intend to vote the proxies using their best judgment.

The chairman of the meeting may refuse to allow the transaction of any business not presented beforehand or to acknowledge the nomination of any person not made in compliance with these procedures.

STOCKHOLDER COMMUNICATION

Stockholder who wish to communicate with our directors regarding GPT may send such communications to the directors in care of our Corporate Secretary, 10250 Regency Circle, Suite 100, Omaha, Nebraska 68114. Our Corporate Secretary will forward all communications to the directors. Our policy is to encourage our Board members to attend the annual meeting of stockholders.

You may obtain a copy of our Annual Report on Form 10-K without charge by sending a written request to Government Properties Trust, Inc., 10250 Regency Circle, Suite 100, Omaha, Nebraska 68114. Our Annual Report on Form 10-K is also available at www.gptrust.com.

Thomas D. Peschio
Chief Executive Officer

Omaha, Nebraska
April 24, 2004

APPENDIX A

GOVERNMENT PROPERTIES TRUST, INC.

AUDIT COMMITTEE CHARTER

I. PURPOSE

The Audit Committee is appointed by the Board of Directors of Government Properties Trust, Inc. (the "Company") (1) to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to any governmental body or the public; (2) to implement the Company's systems of internal controls regarding finance, accounting, legal compliance and ethics that management and the Board of Directors has established; and (3) to implement the Company's auditing, accounting and financial reporting processes generally. Consistent with this function, the Audit Committee should encourage continuous improvement of, and should foster compliance with, the Company's policies, procedures and practices at all levels. The Audit Committee's primary duties and responsibilities are as follows:

- To serve as an independent and objective party to monitor the Company's financial reporting process and internal control system.

- To review and appraise the audit efforts of the Company's independent auditors and management of the Company.

- To provide an open avenue of communication among the independent auditors, financial and senior management, employees and the Board of Directors.

- To assist the Board of Directors' oversight of (1) the integrity of the Company's financial statements; (2) the Company's compliance with legal and regulatory requirements, (3) the independent auditor's qualifications and independence, and (4) the performance of the Company's internal audit function and independent auditors.

- Prepare the report required to be included in the Company's annual proxy statement.

The Audit Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Section IV of this Charter.

II. COMMITTEE MEMBERSHIP

The Audit Committee shall consist of no fewer than three members. Each member of the Audit Committee: (1) other than in their capacity as a member of the Board of Directors or any board committee, does not directly or indirectly accept any consulting, advisory or other compensatory fee from the Company; (2) is not an affiliated person of the Company or any of the Company's subsidiaries; and (3) has no relationship to the Company that may interfere with the exercise of his independence from management and the Company. Each member of the Audit Committee shall also be an "independent director" as such term is defined from time-to-time by the New York Stock Exchange.

All members of the Audit Committee shall be financially literate, as such qualification is interpreted by the Company's Board of Directors in its business judgment, or must become financially literate within a reasonable period of time after their appointment to the Audit Committee, and at least one member

of the Audit Committee shall be an "audit committee financial expert," as that term is defined by the Securities and Exchange Commission ("SEC").

The members of the Audit Committee shall be appointed by the Board of Directors at the recommendation of the Nominating and Governance Committee. Audit Committee members may be replaced by the Board. The Audit Committee Chairman shall be designated by the Board of Directors, or if the Board of Directors chooses not to do so, by a majority vote of the Audit Committee.

III. MEETINGS

The Audit Committee shall meet at least four times per year, or more frequently as circumstances dictate. A majority of the members of the Audit Committee shall constitute a quorum for the transaction of business.

The Audit Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board of

Directors.

The Audit Committee will provide written reports to the Board of Directors of the Company regarding recommendations of the Audit Committee submitted to the Board of Directors for action, and copies of the written minutes of its meetings.

IV. COMMITTEE AUTHORITY AND RESPONSIBILITIES

The Audit Committee shall have the sole authority to retain and terminate any public accounting firm engaged (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attestation services for the Company and to approve such public accounting firm's fees and other retention terms. The independent auditor shall report directly to the Audit Committee. The Audit Committee has the ultimate authority and responsibility to select, evaluate and, where appropriate, replace the independent auditors (or to nominate the independent auditors to be proposed for stockholder approval in any proxy statement). The Audit Committee shall also have the authority to obtain advice and assistance from internal or external legal, accounting or other advisors.

The Company shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report and to any advisors employed by the Audit Committee.

To fulfill its duties and responsibilities the Audit Committee shall:

Review Procedures

Review and reassess the adequacy of this Charter at least annually and recommend any proposed changes to the Board of Directors for approval.

1. Review and discuss with management and the independent auditors the Company's audited financial statements prior to the release of year-end earnings and/or the Company's financial statement and prior to filing the Company's Annual Report on Form 10-K, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

2. Review and discuss with management and the independent auditors the Company's quarterly financial results, including the results of reviews by the independent auditors, prior to the release of quarterly earnings and/or the Company's financial statement and prior to filing the Company's Quarterly Report on Form 10-Q, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

3. Review, as appropriate, any other material financial information submitted to any governmental or public body, including any certification, report, opinion, or review rendered by the independent auditors.

4. Set clear Company policies concerning the hiring of employees of the Company's independent auditors.

5. Obtain and review, at least annually, a report by the independent

auditor describing the firm's internal quality control procedures, any material raised by the most recent internal quality-control review or peer review, of the firm or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps take to deal with such issues and all relationships between the independent auditor and the Company.

6. Discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.

7. Discuss policies with respect to risk assessment and risk management.

8. Periodically meet separately with management, internal auditors and independent auditors.

9. Report regularly to the board of directors.

10. Perform an annual performance evaluation.

Independent Auditors

11. Pre-approve the engagement of the independent auditors by the Company for audit or permitted non-audit services.

12. Ensure that the independent auditors submit on a periodic basis to the Audit Committee a formal written statement delineating all relationships between the auditor and the Company, consistent with Independence Standards Board Standard No. 1.

13. Actively engage in dialogue with the independent auditors and legal counsel with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors. In considering independence, receive confirmation that the independent auditors are independent pursuant to Rule 2-01 of Regulation S-X.

14. Recommend that the Board of Directors take appropriate action in response to the independent auditors' report to satisfy itself of the independent auditors' independence.

15. Recommend to the Board policies for the Company's hiring of employees or former employees of the independent auditor who participated in any capacity in the audit of the Company.

16. Approve, where appropriate, fees and other significant compensation to be paid to the independent auditors.

17. Meet with the independent auditors to review the scope of the proposed audit for the current year, the audit procedures to be utilized, the location, reliance on management, and staffing for the audit.

18. Retain and terminate the Company's independent auditors (subject, if applicable, to shareholder ratification).

19. Review with the independent auditor any audit problems or difficulties and management's response.

20. Confirm that the audit partners of the independent auditors are rotated in accordance with SEC requirements.

21. Assess the performance of the independent auditors and whether it is in the best interest of the Company to regularly rotate its independent auditors.

22. Consider whether the engagement of the independent auditors for non-audit services is compatible with maintaining the independent auditors' independence and review the fees for such services. If appropriate, approve the payment of such fees.

23. Review the experience and credentials of the senior individuals working for the independent auditors on the Company's account.

24. Review the policies and procedures of the independent auditors with respect to quality control.

25. Following each audit by the independent auditors, obtain from the independent auditors assurance that Section 10A of the Exchange Act has not been implicated.

26. Following each audit by the independent auditors, discuss and review with the independent auditors the report the independent auditors are required to provide the Audit Committee regarding: (i) all critical accounting policies and practices to be used; (ii) all alternative treatments within GAAP for policies and practices related to material items that have been discussed with management, including ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the independent auditors; and (iii) other material written communications between the independent auditors and the management.

27. In connection with the Company's year-end financials, discuss with financial management and the independent auditors significant issues regarding accounting principals, practices and judgments and any items required to be communicated by the independent auditors in accordance with Statement on Accounting Standards No. 61.

28. Review any opinions of the independent auditors that management received on the application of accounting principles to a completed, proposed or hypothetical transaction pursuant to Statement on Auditing Standards No. 50, and discuss with financial management and the independent auditors how the election of alternative methods permitted under GAAP would impact the financial statements.

29. Discuss and review with management and the independent auditors any off-balance sheet arrangements, as well as their effect and the effect of emerging issues arising out of accounting and regulatory proposals on the financial statements of the Company.

30. Discuss and review with management and the independent auditors any non-GAAP financial measures disclosed by the Company, the most directly comparable GAAP financial measure and the reconciliation between the two financial measures.

31. Discuss and review with management and the independent auditors any

correspondence with the NYSE or governmental agencies concerning material issues related to the financial statements, audits or accounting policies of the Company.

32. Discuss and review with management and the independent auditors any complaints by employees involving material concerns related to the financial statements, audits or accounting policies of the Company.

33. In connection with the Company's interim financials, discuss with financial management and independent auditors any significant changes to the Company's accounting principles and any items required to be communicated by the independent auditors in accordance with Statement on Accounting Standards No. 71. The Chairman of the Audit Committee may represent the entire Audit Committee for purposes of the quarterly review and communication.

34. Consider and approve, if appropriate, significant changes to the Company's auditing and accounting principles and practices as suggested by the independent auditors or management.

Improvement Process

35. Meet periodically with management to review the Company's major financial risk exposure and the steps management has taken to monitor and control such exposures.

Proxy Statement

36. Approve the report of the Audit Committee required by the rules of the SEC to be included in the Company's annual proxy statement.

37. Oversee the submission to the NYSE on an annual basis, within one month of the Company's annual meeting, or upon a change of the composition of the Audit Committee, the written affirmation required by the NYSE concerning the composition and expertise of the Audit Committee members and the review and reassessment of this Charter.

38. Oversee the publication of this Charter at least every three years in the Company's annual proxy statement in accordance with SEC regulations.

Ethical Compliance

39. Establish, review and update periodically a Code of Ethical Conduct (the "Ethical Code").

40. Review management's monitoring of the Company's compliance with the Ethical Code.

41. Obtain reports from management, the Company's senior internal auditing executive and the independent auditor that the Company's subsidiary entities are in conformity with applicable legal requirements and the Company's Ethical Code.

42. Advise the Board of Directors on the Company's policies and procedures regarding compliance with the Ethical Code.

Procedures for Handling Complaints

43. Establish procedures for the receipt, retention and treatment of (a) complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Miscellaneous

44. As appropriate, obtain advice and assistance from outside legal, accounting or other advisors.

45. Review with the Company's legal counsel legal matters that may have a material impact on the financial statements, the Company's compliance policies related to financial matters or the Company's Code of Business Conduct and Ethics and any material reports or inquiries related to financial matters that are received from regulators or governmental agencies.

46. Periodically conduct a self-assessment of the Audit Committee's performance.

47. Advise the Board of Directors on the Company's policies and procedures regarding compliance with applicable laws and regulations related to financial matters.

48. Submit the minutes of all meetings of the Audit Committee to, and discuss the matters discussed at each Audit Committee meeting with, the Board of Directors, as appropriate.

49. Discuss with management proper review systems to see that the Company's financial statements, reports and other financial information are disseminated to governmental organizations and the public in accordance with legal requirements.

50. Although it is not the duty of the Audit Committee to conduct investigations on behalf of the Company, it shall have the power to do so in connection with audit-related matters.

51. Perform any other activities consistent with this Charter, the Company's Bylaws and governing law, as the Audit Committee or the Board of Directors deems necessary or appropriate.

V. ROLE OF AUDIT COMMITTEE

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are prepared in accordance with generally accepted accounting principles. These are the responsibilities of management and the independent auditors. Nor is it the duty of the Audit Committee to assure compliance with laws and regulations, the Code of Ethics and the Insider Trading Policy.

Adopted September 26, 2003

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THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EACH NOMINEE.

1. Election of directors:	01 Jerry D. Bringard	02 Robert M. Ames	[ ] Vote FOR
	03 Spencer I. Browne	04 Philip S. Cottone	all nominees
	05 Robert A. Peck	06 Thomas D. Peschio	(except as m
	07 Richard H. Schwachter		

(INSTRUCTIONS: TO WITHHOLD AUTHORITY TO VOTE FOR ANY INDICATED NOMINEE, WRITE THE NUMBER(S) OF THE NOMINEE(S) IN THE BOX PROVIDED TO THE RIGHT.)

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED AS DIRECTED OR, IF NO DIRECTION IS GIVEN, WILL BE

Address Change? Mark Box [ ]
Indicate changes below:

Date

Signature(s) in B

Please sign exact
Proxy. If held in
sign. Trustees, a
include title and
provide full name
authorized office

GOVERNMENT PROPERTIES TRUST, INC.

ANNUAL MEETING OF STOCKHOLDERS

WEDNESDAY, JUNE 2, 2004
1:00 P.M.

OFFICES OF BLACKWELL SANDERS PEPER MARTIN LLP
1620 DODGE STREET, SUITE 2100
OMAHA, NEBRASKA 68102

\/ Please detach here \/

[GPT LOGO] Government Properties Trust,Inc.
10250 Regency Circle, Suite 100, Omaha,Nebraska 68114

THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS FOR USE AT THE ANNUAL MEETING OF STOCKHOLDERS O
(THE "COMPANY") TO BE HELD ON JUNE 2, 2004 OR ANY ADJOURNMENTS THEREOF.

The shares of stock you own will be voted as you specify below. IF NO CHOICE IS SPECIFIED, YOUR S
NOMINEE.

By signing this proxy, you revoke all prior proxies and appoint Jerry D. Bringard and Thomas D. P
proxies with full power of substitution, to vote your shares on the matters shown below and any o
before the Annual Meeting and all adjournments. See reverse for voting instructions.

See reverse for voting instructions.