GOVERNMENT PROPERTIES TRUST INC
Form DEFM14A
March 12, 2007

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

Filed by the Registrant þ

Filed by a Party other than the Registrant o

Check the appropriate box:
o Preliminary Proxy Statement
o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
þ Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

GOVERNMENT PROPERTIES TRUST, INC.
(Name of Registrant as Specified In Its Charter)
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):
o No fee required.
o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

Common Stock, par value $0.01 per share, of Government Properties Trust, Inc.

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

20,773,136 shares of Common Stock

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): $10.75 per share

(4) Proposed maximum aggregate value of transaction: $223,311,212.00 (equal to the sum of 20,773,136 shares of Common Stock multiplied by $10.75 per share).

(5) Total fee paid: $23,894.30

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Government Properties Trust, Inc.
13625 California Street, Suite 310
Omaha, Nebraska 68154

March 12, 2007

Dear Stockholder:

A special meeting of stockholders of Government Properties Trust, Inc., a Maryland corporation, has been scheduled for Wednesday, April 4, 2007, at 10:00 a.m., Central time, at the Company s headquarters, 13625 California Street, Suite 310, Omaha, Nebraska 68154. At the special meeting, we will ask you to consider and vote on a proposal to approve the merger of our company into Record Realty (US) LLC, an indirect wholly owned subsidiary of Record Realty Trust, an Australian listed property trust, such that our company will become an indirect wholly owned subsidiary of Record Realty Trust, hereinafter referred to as the merger. The Agreement and Plan of Merger, referred to as the merger agreement, dated as of October 23, 2006, by and among Record Realty Trust, Record Realty (US) LLC and our company, provides for the acquisition of our company by Record Realty Trust. If the merger is approved and completed, you will no longer have an ownership interest in our company and your shares of Government Properties Trust, Inc. (GPT) common stock will be converted into the right to receive $10.75 in cash, referred to as the merger consideration, without interest and less applicable withholding taxes, for each share of our common stock that you own. The merger consideration represents a 17.2% premium over the closing price of our common stock on October 23, 2006, the last trading day before the public announcement of the signing of the merger agreement.

At a meeting of our board of directors, the board unanimously: (i) approved the merger agreement; (ii) determined that the merger agreement and the terms and conditions of the merger are fair to, advisable and in the best interests of our company and our stockholders; and (iii) directed that the merger be submitted for approval at a special meeting of our stockholders. In reaching this determination, our board of directors considered a variety of factors, which are discussed in the attached proxy statement. Our board of directors recommends that all of our stockholders vote FOR the approval of the merger.

The merger cannot be completed unless the holders of a majority of the outstanding shares of our common stock entitled to be cast at the special meeting vote to approve the merger.

The accompanying Notice of Special Meeting of Stockholders and proxy statement explain the merger agreement and the merger and provide specific information concerning the special meeting. Please carefully read these materials and the appendices attached to the proxy statement.

Your vote is very important, regardless of the number of shares you own. To be certain that your shares are voted at the special meeting, please mark, sign, date and return promptly the enclosed proxy card in the postage-paid return envelope provided, whether or not you plan to attend the special meeting in person. If you do not return your proxy card or you abstain or do not instruct your broker or other nominee how to vote your shares, it will have the same effect as voting against the proposal to approve the merger. If you sign your proxy card without indicating your vote, your shares will be voted FOR the approval of the merger agreement and FOR adjournment of the special meeting, if necessary, to solicit additional proxies.

OUR BOARD OF DIRECTORS BELIEVES THAT THE MERGER IS IN THE BEST INTERESTS OF OUR COMPANY AND OUR STOCKHOLDERS. ACCORDINGLY, OUR BOARD HAS APPROVED THE MERGER AND RECOMMENDS THAT YOU VOTE FOR APPROVAL OF THE MERGER.

Please do not send your stock certificates to us at this time.

On behalf of our board of directors, thank you in advance for your continued support.

Sincerely,

Jerry D. Bringard
Chairman of the Board

This proxy statement is dated March 12, 2007 and is first being mailed to our stockholders on or about March 12, 2007.

GOVERNMENT PROPERTIES TRUST, INC.
13625 California Street, Suite 310
Omaha, Nebraska 68154
(402) 391-0010

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON WEDNESDAY, APRIL 4, 2007

NOTICE IS HEREBY GIVEN that a special meeting of stockholders of Government Properties Trust, Inc., will be held at the Company s headquarters, 13625 California Street, Suite 310, Omaha, Nebraska 68154, on Wednesday, April 4, 2007 at 10:00 a.m., Central time, for the following purposes, all of which are more completely set forth in the accompanying proxy statement:

(1) to consider and vote upon a proposal to approve the merger of Government Properties Trust, Inc. on the terms and conditions set forth in the Agreement and Plan of Merger, dated as of October 23, 2006, by and among Record Realty Trust, Record Realty (US) LLC and Government Properties Trust, Inc., as described in the accompanying proxy statement; and

(2) to consider and vote upon a proposal to grant discretionary authority to adjourn the special meeting if necessary to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the merger.

Our board of directors recommends that all of our stockholders vote FOR the approval of the merger.

The board of directors has fixed March 9, 2007 as the record date for the determination of stockholders entitled to notice of and to vote at the special meeting and any adjournment or postponement thereof. Only those stockholders of record as of the close of business on that date will be entitled to notice of and to vote at the special meeting. At the close of business on the record date, there were 20,773,136 shares of our common stock entitled to vote at the special meeting. Please note that, under applicable law, holders of our common stock are not entitled to dissenters rights in connection with the merger.

By Order of the Board of Directors,

Thomas D. Peschio
President

Omaha, Nebraska
March 12, 2007

YOUR VOTE IS VERY IMPORTANT

THE AFFIRMATIVE VOTE OF THE HOLDERS OF A MAJORITY OF THE OUTSTANDING SHARES OF OUR COMMON STOCK ENTITLED TO BE CAST AT THE SPECIAL MEETING IS REQUIRED TO APPROVE THE MERGER. EVEN IF YOU PLAN TO BE PRESENT AT THE SPECIAL MEETING, YOU ARE URGED TO COMPLETE, SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD PROMPTLY IN THE ENCLOSED POSTAGE-PAID RETURN ENVELOPE PROVIDED. IF YOU ATTEND THE SPECIAL MEETING, YOU MAY VOTE EITHER IN PERSON OR BY PROXY. ANY

PROXY GIVEN MAY BE REVOKED BY YOU IN WRITING OR IN PERSON AT ANY TIME PRIOR TO THE EXERCISE THEREOF. HOWEVER, IF YOU ARE A STOCKHOLDER WHOSE SHARES ARE NOT REGISTERED IN YOUR OWN NAME, YOU WILL NEED ADDITIONAL DOCUMENTATION FROM THE RECORD HOLDER IN ORDER TO VOTE IN PERSON AT THE SPECIAL MEETING. FAILURE TO VOTE YOUR SHARES BY MAIL OR IN PERSON AT THE SPECIAL MEETING WILL HAVE THE SAME EFFECT AS A VOTE AGAINST THE MERGER. IF YOU SIGN YOUR PROXY CARD WITHOUT INDICATING YOUR VOTE, YOUR SHARES WILL BE VOTED FOR THE APPROVAL OF THE MERGER AGREEMENT AND FOR ADJOURNMENT OF THE SPECIAL MEETING, IF NECESSARY, TO SOLICIT ADDITIONAL PROXIES.

GOVERNMENT PROPERTIES TRUST, INC.
PROXY STATEMENT

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This proxy statement and the documents incorporated herein by reference contain forward-looking statements by us within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, that are based on our current expectations, assumptions, estimates and projections about our company and our industry. These forward-looking statements include our statements concerning whether and when the proposed merger will close, whether conditions to the proposed merger will be satisfied, and the effect of the proposed merger on our business and operating results. In addition, any of the words believes, expects, anticipates, estimates, plans, projects, prec similar expressions indicate forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements due to, among other things:

- the failure of the merger to be completed or difficulties in obtaining stockholder approval of the merger or regulatory approvals;
- diversion of management time on merger-related issues;
- changes in the interest rate environment;
- changes in loan demand or real estate values;
- changes in general economic conditions or changes in the mortgage banking industry;
- legislative or regulatory changes; and
- failure to satisfy the other conditions to the merger.

The statements made in this proxy statement represent our views as of the date of this proxy statement, and it should not be assumed that the statements made herein will remain accurate as of any future date. Except to the extent required by applicable law or regulation, we undertake no duty to any person to update the statements made in this proxy statement under any circumstances. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions.

For additional information about factors that could cause actual results to differ materially from those described in the forward-looking statements, please see our reports that have been filed with the Securities and Exchange Commission, or SEC, under Where You Can Find More Information.

QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: What matters will I be asked to vote on at the special meeting?

A: At the special meeting, stockholders will be asked to consider and vote upon:

a proposal to approve the merger; and

a proposal to grant discretionary authority to adjourn the special meeting if necessary to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the merger.

If the merger is completed, you will no longer own shares of GPT common stock.

Q: How does GPT s board of directors recommend that I vote on the merger?

A: At a meeting of our board of directors, the board unanimously: (i) approved the merger agreement; (ii) determined that the merger agreement and the terms and conditions of the merger are fair to, advisable and in the best interests of our company and our stockholders; and (iii) directed that the merger be submitted for approval at a special meeting of our stockholders. In reaching this determination, our board of directors considered a variety of factors, which are discussed in the attached proxy statement. **Our board of directors recommends that all of our stockholders vote FOR the approval of the merger.**

Q: What effect will the merger have on our company?

A: If the merger is completed, we will be an indirect wholly owned subsidiary of Record Realty Trust and our common stock will no longer be publicly traded.

Q: What will I receive in the merger?

A: If the merger is completed, you will be entitled to receive $10.75 in cash, referred to as the merger consideration, without interest and less any applicable withholding taxes, for each share of our common stock that you own at the effective time of the merger. For example, if you own 100 shares of our common stock, you will be entitled to receive $1,075.00 in cash, less any applicable withholding taxes, in exchange for those shares.

Q: Who will own our company after the merger?

A: If the merger is completed, we will be an indirect wholly owned subsidiary of Record Realty Trust.

Q: What do I need to do now?

A: We urge you to read this proxy statement carefully, including its appendices, and to consider how the merger affects you. Then sign, date and mail your proxy card in the enclosed prepaid return envelope as soon as possible. This will enable your shares to be represented and voted at the special meeting. If you sign your proxy card without indicating your vote, your shares will be voted FOR the approval of the merger agreement and FOR the adjournment of the special meeting, if necessary, to solicit additional proxies.

Q: What does it mean if I receive more than one proxy card?

A: If you have shares of our common stock that are registered differently and are in more than one account, you will receive more than one proxy card. Please follow the directions for voting on each of the proxy cards you receive to ensure that all of your shares are voted.

Q: What happens if I do not return a proxy card by mail?

A: If you fail to return your proxy card by mail, your shares will not be counted for purposes of determining whether a quorum is present at the special meeting. In addition, the failure to return your proxy card by mail will have the same effect as voting against the proposal to approve the merger.

Q: What vote is needed to approve the merger?

A: The affirmative vote of the holders of a majority of the outstanding shares of our common stock entitled to be cast at the special meeting is required to approve the merger. Each holder of our common stock is entitled to one vote per share. If you sign your proxy card without indicating your vote, your shares will

be voted FOR the approval of the merger agreement and FOR the adjournment of the special meeting, if necessary, to solicit additional proxies.

Q: What vote of stockholders is required for the proposal to adjourn the special meeting?

A: The proposal to adjourn the special meeting, if necessary, to solicit additional proxies requires the affirmative vote of a majority of the votes entitled to be cast by the holders of our common stock present in person or represented by proxy at the special meeting and entitled to vote at the special meeting.

Q: Who can vote on the merger?

A: Holders of our common stock at the close of business on March 9, 2007, the record date for the special meeting, may vote in person or by proxy on the merger agreement at the special meeting. Each outstanding share of our common stock on the record date entitles the holder thereof to one vote on each matter submitted to stockholders for approval at the special meeting. As of the close of business on the record date, there were 20,773,136 shares of common stock of GPT entitled to be voted at the special meeting.

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

A: No. Your broker, bank or other nominee will not be able to vote shares held by it in street name on your behalf without instructions from you. You should instruct your broker, bank or other nominee to vote your shares, following the directions your broker, bank or other nominee provides.

Q: What if I fail to instruct my broker or bank?

A: Failure to vote, including the failure to give your broker, bank or other nominee instructions, will have the same effect as voting against the proposal to approve the merger.

Q: When and where is the special meeting?

A: The special meeting will be held at the Company s headquarters, 13625 California Street, Suite 310, Omaha, Nebraska 68154 on Wednesday, April 4, 2007 at 10:00 a.m., Central time.

Q: Do I need to attend the special meeting in person in order to vote?

A: No. You do not have to attend the special meeting in order to vote your shares of our common stock. Your shares can be voted at the special meeting without attending by mailing your completed, dated and signed proxy card in the enclosed postage-paid return envelope.

Q: Can I attend the special meeting and vote my shares in person?

A: Yes. All of our stockholders are invited to attend the special meeting. Our stockholders of record on March 9, 2007 can vote in person at the special meeting. If your shares are held in street name, then you are not the stockholder of record and you must ask your broker, bank or other nominee how you can vote at the special meeting.

Q: May I change my vote after I have mailed my signed proxy card?

A: Yes. You may change your vote at any time before your proxy is voted at the special meeting. You can do this in one of three ways. First, you can send a written, dated notice to our Secretary stating that you would like to revoke your proxy. Second, you can complete, date, and submit a new proxy card by mail, and any earlier dated proxies will be revoked automatically. Third, you can attend the special meeting and vote in person. Your attendance alone will not revoke your proxy. If you have instructed a broker, bank or other nominee to vote your shares, you must follow directions received from your broker, bank or other nominee to change your vote.

Q: How are votes counted?

A: For the proposal relating to the approval of the merger agreement, you may vote FOR, AGAINST or ABSTAIN . Abstentions will not count as votes cast on the proposal relating to approval of the merger agreement, but will count for the purpose of determining whether a quorum is present.

For the proposal to adjourn the special meeting, if necessary, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the merger agreement, you may vote FOR , AGAINST or ABSTAIN . Abstentions will not count as votes cast on the proposal to adjourn the special meeting, if necessary, to solicit additional proxies, but will count for the purpose of determining whether a quorum is present.

If you sign your proxy card without indicating your vote, your shares will be voted FOR the approval of the merger agreement and FOR the adjournment of the special meeting, if necessary, to solicit additional proxies.

A broker non-vote generally occurs when a broker, bank or other nominee holding shares on your behalf does not vote on a proposal because the nominee has not received your voting instructions and lacks discretionary power to vote the shares. Broker non-votes will not count as votes cast on a proposal, but will count for the purpose of determining whether a quorum is present.

Q: Should I send in my stock certificates now?

A: No. After the merger is completed, you will receive written instructions for exchanging your shares of our common stock for the merger consideration of $10.75 in cash, without interest and less applicable withholding taxes, for each share of our common stock that you own at the effective time of the merger.

Q: Will the merger be a taxable transaction for me?

A: If you are a U.S. taxpayer, for United States federal income tax purposes your receipt of the merger consideration will be treated as a taxable sale of our common stock held by you. In general, on each share of our common stock owned by you, you will recognize gain or loss as a result of your receipt of the merger consideration equal to the difference between (i) the merger consideration per share of our common stock exchanged in the merger and (ii) the adjusted tax basis in that share. In addition, because the merger may be a taxable transaction to non-U.S. stockholders, we intend to withhold a portion of the merger consideration that is payable to non-U.S. stockholders and, under certain circumstances, we may be required to withhold a portion of the merger consideration of U.S. stockholders under applicable tax laws. A non-U.S. stockholder is urged to consider selling his, her or its shares prior to the merger in order to be subject to generally more favorable provisions that govern the U.S. federal income tax consequences of a sale of real estate investment trust (REIT) shares rather than the generally less favorable provisions that apply to distributions by REITs. Tax matters can be complicated, and the tax consequences of the merger to you will depend on your particular tax situation. We encourage you to consult your tax advisor regarding the tax consequences of the merger to you.

Q: What about payment of dividends through closing?

A: The merger agreement permits us to pay regular quarterly dividends for any calendar quarters prior to the quarter during which the proposed merger is completed. However, we may not pay any quarterly dividend in excess of $0.1125 per share without the written consent of Record Realty Trust. We expect to complete the proposed merger shortly after the special meeting. Immediately prior to the completion of the proposed merger, we will declare a quarterly prorated cash dividend covering the period from the first date of the quarter in which the proposed merger is consummated through the date of consummation of the proposed merger.

Q: Will I have dissenters rights in connection with the merger?

A: No. Under Maryland law, which is the jurisdiction of our incorporation, holders of our common stock do not have rights to dissent from the merger and obtain the fair value of their shares.

Q: When do you expect to complete the merger?

A: We are working toward completing the merger as quickly as possible. We hope to complete the merger as soon as possible following the special meeting, and the receipt of all required regulatory and lender approvals and statements of lease from the General Services Administration of the United States of America. Although we cannot assure you when or if the merger will be completed, we are working toward a closing shortly after the special meeting. In addition to receipt of stockholder, regulatory and lender

approvals and statements of lease from the General Services Administration, the other closing conditions contained in the merger agreement must be satisfied or waived. Either we, Record Realty Trust or Record Realty (US) LLC may terminate the merger agreement if the merger has failed to occur on or before June 30, 2007, so long as any failure by the terminating party to comply with any provision of the merger agreement in a material respect has not caused or resulted in that failure.

Q: What if the proposed merger is not completed?

A: If the merger is not completed, we will continue our current operations and will remain a publicly held company and you will not receive any of the merger consideration.

Q: Who will bear the cost of this solicitation?

A: We will pay the cost of this solicitation, which will be made primarily by mail. Proxies also may be solicited in person, or by telephone, facsimile, Internet or similar means, by our directors, officers or employees without additional compensation. We will, on request, reimburse stockholders who are brokers, banks or other nominees for their reasonable expenses in sending proxy materials to the beneficial owners of the shares they hold of record.

Q: Whom should I call with questions?

A: If you would like additional copies, without charge, of this proxy statement or if you have questions about the merger, including the procedures for voting your shares, you should contact our investor relations department via e-mail at slatham@gptrust.com or call (402) 548-4207.

SUMMARY

This summary highlights selected information from this proxy statement and may not contain all of the information that is important to you. To understand the merger fully and for a more complete description of the legal terms of the merger, you should read carefully this entire document, including the merger agreement, attached as Appendix A, and the other documents to which we have referred you. See Where You Can Find More Information beginning on page 48. Page references are included in this summary to direct you to a more complete description of the topics.

Throughout this document, Record Realty refers to Record Realty Trust, an Australian listed property trust, Record Realty (US) refers to Record Realty (US) LLC, a Maryland limited liability company and wholly owned subsidiary of Record Realty, and references to we , us , our, the Company or GPT refer to Government Properties Trust, Inc. A we refer to our merger with Record Realty (US) as the merger, and the Agreement and Plan of Merger, dated as of October 23, 2006, by and among Record Realty, Record Realty (US) and GPT as the merger agreement.

Parties to the Proposed Merger (Page 14)

GPT. Government Properties Trust, Inc. invests primarily in single tenant properties under long-term leases to the U.S. government. Government Properties Trust, Inc. is a self-managed, self-administered real estate investment trust, or REIT. The Company is located at 13625 California Street, Suite 310, Omaha, Nebraska 68154. For additional information, please visit the Government Properties Trust, Inc. web site at www.gptrust.com. The Company s telephone number is 402-391-0010.

Record Realty. Record Realty is an investment vehicle managed by Record Funds Management Limited, a wholly owned subsidiary of Allco Finance Group, which applies structured finance techniques designed to achieve optimal returns on investments. Record Realty s investment model targets quality properties with stable long-term cash flows from premium principal tenants (government or major corporates) and where there is a high probability of lease renewal. Record Realty s strategy is primarily focused on investing in the residual equity positions of premium properties and property portfolios. Record Realty is located at Level 24 Gateway Building, 1 Macquarie Place, Sydney, Australia. Record Realty s telephone number is 011-612-9255-4100.

Record Realty (US). Record Realty (US) is a wholly owned subsidiary of Record Realty organized under the laws of Maryland. It was formed solely for the purposes of the merger with GPT and is engaged in no other business. Record Realty (US) is located at c/o Record Realty Trust, 153 East 53rd Street, 55th Floor, New York, New York 10022-4611. Record Realty (US) s telephone number is 212-835-9090.

Structure of the Merger (Page 26)

We encourage you to read carefully the merger agreement in its entirety, a copy of which is attached as Appendix A to this proxy statement, because it is the legal document that governs the merger. We are proposing a merger whereby we will become a wholly owned subsidiary of Record Realty. If the merger is approved, GPT will merge with and into Record Realty (US), with Record Realty (US) as the surviving company. We expect to complete the proposed merger shortly after the special meeting.

Pursuant to the Merger, GPT Stockholders Will Receive $10.75 for Each Share of GPT Common Stock Outstanding (Page 26)

Immediately prior to the completion of the merger, all unvested shares of GPT restricted common stock shall vest in full and shall become outstanding shares of common stock for the purposes of the merger and the holders thereof shall be entitled to receive the merger consideration.

If the merger of GPT with and into Record Realty (US) is completed, each outstanding share of our common stock will be converted into the right to receive $10.75 in cash, without interest and less any applicable withholding taxes.

Potential Reductions to Merger Consideration (Page 26)

Prior to entering into the merger agreement, GPT had entered into a definitive agreement to purchase certain property in Denver, Colorado. The merger agreement provided for two potential reductions to the merger consideration (in an aggregate amount not to exceed $0.08 per share), both of which related to the acquisition of that Denver property.

The merger agreement provided that, if GPT did not amend the Denver property purchase agreement (in a manner favorable to GPT as described in the merger agreement) prior to the time the merger is consummated, the merger consideration would be reduced by $618,960, or approximately $0.03 per share. On November 15, the Denver property purchase agreement was so amended.

The merger agreement also provided for a reduction of the merger consideration, in an amount not to exceed $0.05 per share, in the event that (1) the Denver property purchase agreement was terminated prior to the completion of the merger or (2) at the time the merger is consummated, GPT had not completed the acquisition of the Denver property and (a) any default had occurred that was reasonably likely to result in the termination of the Denver property purchase agreement, (b) it was reasonably likely that any condition to closing on the purchase of the Denver property would not be satisfied or (c) GPT failed to provide to Record Realty specified evidence confirming that there were no existing defaults under the Denver property purchase agreement. On December 20, 2006, GPT completed the acquisition of the Denver property.

Because both contingencies have been satisfied in full, the merger consideration will not be decreased as contemplated by these provisions of the merger agreement, and, if the merger is completed, every stockholder will receive $10.75 per share.

Procedures for the Exchange of GPT Common Stock Certificates and Grants of Restricted Stock (Page 27)

Our stockholders will need to surrender their common stock certificates or grants evidencing ownership of restricted common stock in order to receive the $10.75 in cash per share after the consummation of the merger, but you should not send in any certificates or grants now. As soon as reasonably practicable after the effective time of the merger, Record Realty (US) will cause an exchange agent to send to our stockholders a letter of transmittal and instructions for surrendering certificates or grants representing shares of our common stock in exchange for the merger consideration. The letter of transmittal should be completed and returned to the designated exchange agent along with the stock certificates or grants representing shares of our common stock. After the letter of transmittal has been received and processed, our stockholders will be sent the merger consideration, without interest and less applicable withholding taxes, to which they are entitled.

Market Price Information (Page 45)

Our common stock is listed on the New York Stock Exchange under the symbol GPT. On October 23, 2006, the last trading day preceding public announcement of the proposed merger, the closing share price of our common stock was $9.17. On March 9, 2007, the last practicable trading date before the printing of this proxy statement, the closing share price of our common stock was $10.54.

Material United States Federal Income Tax Consequences of the Merger (Page 40)

The merger will be a taxable transaction for United States federal income tax purposes that will be treated as a sale or exchange by U.S. stockholders of shares of our common stock for the merger consideration. In general, with respect to each share of our common stock owned, a U.S. stockholder will recognize gain or loss as a result of the stockholder s receipt of the merger consideration equal to the difference between the merger consideration per share of our common stock exchanged in the merger and the stockholder s adjusted tax basis in that share. Such gain or loss will be capital gain or loss if such share is a capital asset in the hands of the stockholder and will be long-term gain or loss if the stockholder has held such share for more than twelve (12) months as of the effective time of the proposed merger. In addition, because the merger may be a taxable transaction to non-U.S. stockholders, we intend to withhold a portion of the merger consideration that is payable to non-U.S. stockholders and, under certain circumstances, we may be required to withhold a portion of the merger consideration of U.S. stockholders under applicable tax laws. A non-U.S. stockholder is urged to consider selling his, her or its shares prior to the merger in order to be subject to generally more favorable provisions that govern the U.S. federal income tax consequences of a sale of REIT shares rather than the generally less favorable provisions that apply to distributions by REITs.

Tax matters can be complicated, and the tax consequences of the merger to you, including the application and effect of any state, local or foreign income and other tax laws, will depend on the facts of your own situation. You are encouraged to consult your own tax advisor to understand fully the tax consequences of the merger to you.

Opinion of Our Financial Advisor (Page 20)

In connection with the merger, our financial advisor, Wachovia Securities, delivered a written opinion to our board of directors as to the fairness, from a financial point of view and as of the date of such opinion, of the merger consideration to be received by the holders of our common stock, subject to and based on the assumptions made, procedures followed, matters considered and limitations on the opinion and the review undertaken by Wachovia Securities, as set forth in the opinion. The written opinion of Wachovia is attached to this proxy statement as Appendix B. We encourage you to read this opinion carefully in its entirety for a description of the procedures followed, assumptions made, matters considered and limitations on the scope of review undertaken. The Wachovia opinion was provided to our board of directors in connection with its evaluation of whether the merger consideration was fair, from a financial point of view, to holders of GPT common stock and does not address any other aspect of the proposed merger. This opinion also does not address our underlying business decision to engage in the merger, the relative merits of the merger as compared to any alternative business strategies that might exist for us or the effect of any other transaction in which we might engage, and does not constitute a recommendation to any stockholder as to how such stockholder should vote or act with respect to any matter relating to the merger. Wachovia Securities provided its opinion for the information and assistance of the Company s board of directors in connection with their consideration of the transactions contemplated by the merger agreement.

Recommendation of Our Board of Directors (Page 18)

Our board of directors has determined that the merger and the terms of the merger agreement are fair to, advisable and in the best interests of our company and our stockholders. Our board of directors has approved the merger agreement and recommends that our stockholders vote FOR the approval of the merger.

The Special Meeting of Stockholders (Page 11)

Date, Time and Place. A special meeting of stockholders will be held on Wednesday, April 4, 2007, at 10:00 a.m., Central time, at the Company s headquarters, at 13625 California Street, Suite 310, Omaha, Nebraska 68154.

Purpose of the Special Meeting. At the special meeting, we will ask you to approve the merger. We will also ask you to approve a proposal to grant discretionary authority to adjourn the special meeting if necessary

to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the merger.

Record Date; Stock Entitled to Vote. You are entitled to vote at the special meeting if you owned shares of our common stock at the close of business on March 9, 2007, the record date for the special meeting. You will have one vote at the special meeting for each share of our common stock you owned at the close of business on the record date. As of the record date, there were 20,773,136 shares of our common stock entitled to be voted at the special meeting.

Quorum. The holders of a majority of the outstanding shares of common stock entitled to vote at meetings of stockholders as of the record date must be present, either in person or by proxy, to constitute a quorum at the special meeting. We will count abstentions, either in person or by proxy, and broker nonvotes (shares held by a broker or other nominee that does not have the authority to vote, and does not vote, on a matter but which otherwise submits a validly executed proxy) for the purpose of establishing a quorum. If at any time less than a quorum is present at the special meeting, it is expected that the special meeting will be adjourned or postponed until such time as a quorum is present.

Vote Required. Assuming a quorum is present, the affirmative vote of a majority of the outstanding shares of our common stock entitled to be cast at the special meeting is required to approve the merger.

Our Directors and Executive Officers Own Shares Which May Be Voted at the Special Meeting (Page 36)

As of the record date, our directors and executive officers beneficially owned approximately 1.20% of the outstanding shares of our common stock entitled to vote at the special meeting.

GPT and Record Realty Must Meet Several Conditions to Complete the Merger (Page 27)

Completion of the merger depends on meeting a number of conditions, including the following:

- the requisite holders of the shares of our common stock must have approved the merger;
- all regulatory approvals or waivers required to consummate the merger by any governmental authority must have been obtained and must remain in full force and effect, and all statutory waiting periods in respect thereof must have expired;
- no statute, rule, regulation, judgment, decree, injunction or other order may have been enacted, issued, promulgated, enforced or entered which prohibits, restricts or makes illegal the consummation of the merger;
- the representations and warranties of each of Record Realty, Record Realty (US), and GPT in the merger agreement must be accurate, subject to exceptions that would not have a material adverse effect on Record Realty or GPT, respectively;
- Record Realty must have received statements of lease from the General Services Administration of the United States confirming that neither GPT nor any subsidiary thereof is in default of its obligations as landlord with respect to at least 90% of the aggregate square footage leased by the United States of America under leases with GPT or our subsidiaries;
- Record Realty must have received consent to the merger from each mortgagee of all of our properties encumbered by a mortgage, except for those mortgages that Record Realty will repay upon the completion of the merger;

Record Realty must have received a tax opinion from Ballard Spahr Andrews & Ingersoll, LLP dated as of the date of the merger;

each employee of GPT must have waived any right to future grants of equity based compensation; and

Record Realty, Record Realty (US) and GPT must have complied in all material respects with their respective obligations in the merger agreement.

Unless prohibited by law, either Record Realty, Record Realty (US) or we could elect, in accordance with the merger agreement, to waive certain conditions that have not been satisfied and complete the merger anyway. The parties cannot be certain whether or when any of the conditions to the merger will be satisfied, or waived where permissible, or that the merger will be completed.

Record Realty Must Obtain Regulatory Approvals to Complete the Merger (Page 29)

Unless the parties to the merger agreement agreed otherwise, the merger could not be completed until the period of time for any applicable review process by the Committee on Foreign Investment in the United States (CFIUS) under the Exon-Florio Amendment to the Defense Production Act of 1950, as amended, (Exon-Florio) has expired or CFIUS or a related governmental authority has provided a written notice to the effect that a review (if any) of the proposed merger has been concluded. On February 20, 2007, the parties were informed by the Department of Treasury that CFIUS has determined that there are no issues of national security sufficient to warrant a second stage investigation under Exon-Florio and that CFIUS review is completed with respect to the merger transaction.

Record Realty and GPT May Terminate the Merger Agreement (Page 35)

Record Realty, Record Realty (US) and GPT can mutually agree at any time to terminate the merger agreement before completing the merger, even if our stockholders have already voted to approve the merger.

The merger agreement may also be terminated by:

a non-breaching party, if the other party breaches or fails to perform in any material respect any of its representations, warranties, covenants or agreements contained in the merger agreement, which breach or failure to perform is reasonably likely to be incapable of being cured by June 30, 2007;

any party, if the merger is not consummated by June 30, 2007, except that the right to terminate the merger agreement will not be available to either party if such party s failure to comply with any provision of the merger agreement in a material respect has been the proximate cause of, or resulted in, the failure of the merger to occur on or before June 30, 2007;

any party if any governmental entity of competent jurisdiction has issued an order, decree, judgment, injunction or taken any other action (and the parties to the merger agreement shall have used their commercially reasonable efforts to lift such order, decree, judgment, injunction or other action), which permanently restrains, enjoins or otherwise prohibits or makes illegal the consummation of the merger, and such order, decree, judgment, injunction or other action shall have become final and non-appealable, provided, however, that the party terminating the merger agreement must have used commercially reasonable efforts to have such offer, decree, judgment, injunction or other action vacated;

any party, if our stockholders do not approve the merger at the special meeting duly called for such purpose;

Record Realty or Record Realty (US), if our board of directors has failed to recommend that our stockholders approve the merger or has withdrawn, modified or changed such recommendation or recommends that the stockholders approve a different proposal; and

GPT, upon entering into a definitive agreement to effect a superior proposal (as defined on page 33) and the payment of $6.5 million to Record Realty.

Termination Fee (Page 35)

The merger agreement provides that in the event that the merger agreement is terminated under specified circumstances, we may be required to pay a termination fee of $6.5 million to Record Realty. In other circumstances, Record Realty may be required to pay us a termination fee of $30 million.

Record Realty and GPT May Amend and Extend the Merger Agreement (Page 34)

The parties may amend the merger agreement at any time before the merger is completed, and may agree to extend the time within which any action required by the merger agreement is to take place. However, if our stockholders approve the merger at the special meeting, no amendment may thereafter be made that requires further approval of our stockholders without obtaining such approval.

Prior to the special meeting, Record Realty (US) intends to assign all of its right, title and interest in, to and under the merger agreement to a wholly owned Delaware subsidiary of Record Realty, pursuant to an assignment and assumption agreement to be entered into between Record Realty (US) and such subsidiary. This assignment will require the consent of GPT, which GPT intends to provide. Thereafter, the parties to the merger agreement intend to amend the merger agreement to clarify certain provisions of the merger agreement as a result of the assignment.

Our Directors and Executive Officers Have Interests in the Merger that are in Addition to or Different from the Interests of Our Stockholders (Page 36)

In considering the recommendation of our board of directors with respect to the merger agreement, you should be aware that some of the members of our management, one of whom is also one of our directors, have interests in the merger that are in addition to, or different from, your interests in the merger. These various interest are set forth in the section The Merger Interests of Our Directors and Executive Officers in the Merger beginning on page 36.

Our board of directors was aware of these interests and considered them, among other matters, in approving the merger agreement and the transactions contemplated by the merger agreement.

We are Prohibited from Soliciting Other Offers (Page 32)

We have agreed that, while the merger is pending, we will not initiate or, subject to some limited exceptions, engage in discussions with any third party regarding extraordinary transactions such as a merger, business combination or sale of a material amount of assets or capital stock.

Our Stockholders Do Not Have Dissenters Rights (Page 44)

The holders of our common stock do not have rights under Maryland law, our jurisdiction of incorporation, to dissent from the merger and obtain the fair value of their shares.

Contact for our Stockholders Regarding Questions and Requests

If our stockholders have more questions about the merger or how to submit their proxy, or if they need additional copies of the proxy statement or the enclosed proxy card, they should contact our investor relations department at 402-548-4207.

THE SPECIAL MEETING

We are furnishing this proxy statement to our stockholders as part of the solicitation of proxies by our board of directors for use at the special meeting, and at any adjournment of the special meeting.

Date, Time and Place

We will hold the special meeting on Wednesday, April 4, 2007, at 10:00 a.m., Central time, at the Company s headquarters, 13625 California Street, Suite 310, Omaha, Nebraska 68154.

Matters to be Considered

At the special meeting, stockholders will be asked to consider and vote upon:

a proposal to approve the merger; and

a proposal to grant discretionary authority to adjourn the special meeting if necessary to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the merger.

Shares Outstanding and Entitled to Vote; Record Date

The close of business on March 9, 2007 has been fixed by our board of directors as the record date for the determination of holders of our common stock entitled to notice of, and to vote at, the special meeting and any adjournment of the special meeting. At the close of business on the record date, there were 20,773,136 shares of our common stock outstanding and entitled to vote. Each share of our common stock entitles the holder thereof to one vote at the special meeting on all matters properly presented at the special meeting.

How to Vote Your Shares

Our stockholders of record may vote by mail or by attending the special meeting and voting in person. To vote by mail, simply mark the enclosed proxy card, date and sign it, and return it in the postage-paid return envelope provided.

If your shares are held in the name of a bank, broker or other holder of record, you will receive instructions from the holder of record that you must follow in order for your shares to be voted. Also, please note that if the holder of record of your shares is a broker, bank or other nominee and you wish to vote at the special meeting, you must bring a letter from the broker, bank or other nominee confirming that you are the beneficial owner of the shares.

The grant of a proxy on the enclosed form of proxy does not preclude a stockholder from voting in person at the special meeting. A stockholder may revoke a proxy at any time prior to its exercise by:

delivering, prior to the special meeting, a written notice of revocation addressed to Thomas D. Peschio, President, Government Properties Trust, Inc., 13625 California Street, Suite 310, Omaha, Nebraska, 68154;

submitting, prior to the special meeting, a properly executed proxy with a later date; or

attending the special meeting and voting in person; however, attendance at the special meeting will not, in and of itself, constitute revocation of a proxy.

If you have instructed your bank, broker or other nominee to vote your shares, you must follow directions received from your bank, broker or other nominee to change or revoke your proxy.

Voting of Proxies

All shares represented by properly executed proxies received prior to the special meeting (and not revoked) will be voted at the special meeting in the manner specified by the holders thereof. Properly executed proxies that do not contain voting instructions will be voted FOR the approval of the merger and FOR approval of adjournment of the special meeting if deemed necessary to permit the solicitation of additional proxies if there are not sufficient votes at the time of the special meeting to approve the merger. No proxy that is specifically marked AGAINST approval of the merger will be voted in favor of the adjournment proposal, unless it is specifically marked FOR the proposal to adjourn the special meeting to a later date.

Votes Required

A quorum, consisting of the holders of a majority of the shares of our common stock entitled to vote as of the record date, must be present in person or by proxy before any action may be taken at the special meeting. Shares of our common stock represented at the special meeting but not voting, including shares of our common stock for which proxies have been received but for which stockholders have abstained, will be treated as present at the special meeting for purpose of determining the presence or absence of a quorum for the transaction of all business at the special meeting but will not be counted as votes cast. Holders of record

of our common stock on the record date are entitled to one vote per share on each matter to be considered at the special meeting.

The proposal to approve the merger requires the affirmative vote of the holders of a majority of the shares of our common stock outstanding on the record date and entitled to be cast at the special meeting. If a holder of our common stock abstains from voting or does not vote, either in person or by proxy, it will have the effect of a vote against the approval of the merger. If you hold your shares in street name through a broker, bank or other nominee, you must direct your broker, bank or other nominee to vote in accordance with the instructions you have received from your broker, bank or other nominee. Brokers, banks or other nominees who hold shares of our common stock in street name for customers who are the beneficial owners of those shares may not give a proxy to vote those customers shares in the absence of specific instructions from those customers. These non-voted shares will have the effect of votes against approval of the merger.

The proposal to approve adjournments of the special meeting if deemed necessary to permit the solicitation of additional proxies if there are not sufficient votes at the time of the special meeting to approve the merger, requires the affirmative vote of a majority of the shares of our common stock represented in person or by proxy at the special meeting, even if less than a quorum. Accordingly, not voting at the special meeting will have no effect on the outcome of this proposal, but abstentions will have the same effect as a vote against this proposal.

As of the record date, our directors and executive officers beneficially owned and had the right to vote shares of our common stock, or approximately 1.20% of the outstanding shares of common stock entitled to vote at the special meeting. See Security Ownership of Certain Beneficial Owners and Management beginning on page 46.

Solicitation of Proxies

We will pay the cost of this solicitation, which will be made primarily by mail. Proxies also may be solicited in person, or by telephone, facsimile, Internet or similar means, by our directors, officers or employees without additional compensation. We will, on request, reimburse stockholders who are brokers, banks or other nominees for their reasonable expenses in sending proxy materials to the beneficial owners of the shares they hold of record.

You should be aware that certain members of our board of directors and our officers have interests in the merger that are different from, or in addition to, yours. See The Merger Interests of Our Directors and Executive Officers in the Merger beginning on page 36.

Arrangements also will be made with custodians, nominees and fiduciaries to forward solicitation material to the beneficial owners of stock held of record by such persons, and we will reimburse such custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses in connection with these arrangements

Stock Certificates

Stockholders should not send stock certificates with their proxies. A letter of transmittal with instructions for the surrender of our common stock certificates will be mailed to our stockholders as soon as practicable after completion of the merger.

Recommendation of Our Board of Directors

At a meeting of the board of directors, our board unanimously (i) approved the merger agreement; (ii) determined that the merger agreement and the terms and conditions of the merger are fair to, advisable and in the best interests of our company and our stockholders; and (iii) directed that the merger agreement be submitted for approval at a special

meeting of our stockholders. Our board of directors recommends that all of our stockholders vote FOR the approval of the merger. Our board of directors also recommends that our stockholders vote FOR approval of adjournment of the special meeting if deemed necessary to facilitate the solicitation of additional proxies if there are not sufficient votes at the time of the special meeting to approve the merger. See The Merger Our Reasons for the Merger beginning on page 18.

Contact for Our Stockholders Regarding Questions and Requests

If our stockholders have more questions about the merger agreement or the merger or how to submit their proxy, or if they need additional copies of the proxy statement or the enclosed proxy card, they should contact our investor relations department via e-mail at slatham@gptrust.com or call (402) 548-4207.

THE MERGER

The following information describes the material aspects of the merger agreement and the merger. This description does not purport to be complete and is qualified in its entirety by reference to the appendices to this document, including the merger agreement. Our stockholders are urged to carefully read the appendices in their entirety.

Description of the Merger

Our board of directors has approved the merger whereby our company will become a wholly owned subsidiary of Record Realty. If the merger is approved and completed, GPT will merge with and into Record Realty (US), with Record Realty (US) as the surviving company in the merger. If the merger is completed, you will be entitled to receive the merger consideration of $10.75, without interest and less applicable withholding taxes, in exchange for each share of our common stock that you own at the effective time of the merger. We encourage you to read carefully the merger agreement in its entirety, a copy of which is attached as Appendix A to this proxy statement, because it is the legal document that governs the merger.

After the merger is completed, you will have the right to receive the merger consideration but you will no longer have any rights as a stockholder of GPT. You will receive your portion of the merger consideration after exchanging your stock certificates representing our common stock or grants representing shares of restricted common stock in accordance with the instructions contained in a letter of transmittal to be sent to you shortly after completion of the merger.

Our common stock is currently registered under the Exchange Act and is listed on the New York Stock Exchange under the symbol GPT. Following the merger, our common stock will be delisted from the New York Stock Exchange and will no longer be publicly traded, and the registration of our common stock under the Exchange Act will be terminated.

Background of the Merger

At a meeting of our board of directors on November 10, 2005, Thomas Peschio, GPT s president, chief executive officer and director, made a presentation, at the request of the chairman of the board, regarding current conditions in the market in which GPT operates and the Company s position in that market. Mr. Peschio indicated that GPT faced several challenges, including a falling stock price, rising interest rates and increased cost of capital. As possible courses of action, Mr. Peschio suggested that our board consider strategic alternatives including, but not limited to, raising additional capital for acquisitions, merging with another organization or going private. The board did not take any formal action at this meeting, but instead agreed to carefully consider these matters at future meetings.

At a meeting of the finance committee of our board of directors on February 22, 2006 and at the meeting of our board of directors on February 23, 2006, the board discussed GPT s business plan and budget for 2006 and the issues surrounding its execution as presented by Mr. Peschio and Ms. Nancy Olson, the Company s chief financial officer. During these discussions, the board again focused on the challenges facing GPT, most notably the divergence between

the enterprise value of GPT and the trading price of its common stock which, in management s opinion, did not fully reflect the enterprise value. These discussions highlighted the difficulties facing GPT in its efforts to achieve its strategic short- and long-term objectives. Following this discussion, the finance committee agreed to take certain actions in an effort to address this divergence, including requesting management to prepare a revised business plan addressing the strategic problems then

faced by the Company and commencing to execute the strategies proffered in the report to the committee entitled *Fourth Quarter 2005 Operating Results and 2006 Business Plan and Budget*.

At a meeting of our board of directors on April 27, 2006, the board reviewed GPT s business plan and management s financial models for 2006 and 2007. The board and the finance committee discussed whether GPT could continue to pay a dividend at the current rate.

On May 3, 2006, GPT declared a quarterly dividend of $0.1125 per share to stockholders of record on June 30, 2006. Heretofore, GPT had been paying a quarterly dividend of $0.15 per share. On this same date, GPT issued a press release announcing the reduced dividend and that the Company was currently unable to incrementally acquire properties at the same attractive spreads that it had in the past.

On May 3, 2006, GPT received a letter from Cadmus Capital Management, LLC (Cadmus), a significant stockholder. In its letter, Cadmus encouraged GPT to either sell its portfolio and return cash to its stockholders or to sell GPT to a strategic buyer.

On May 8, 2006, Cadmus filed a Schedule 13D with the Securities and Exchange Commission disclosing that Cadmus, together with the other members of the filing group, possessed shared voting power over 15.6% of GPT s common stock. In this filing, Cadmus stated that it would not attend or vote at the annual meeting of stockholders scheduled to be held on June 1, 2006 and would encourage a limited number of other stockholders to do the same, with the intention of denying the presence of a quorum and thus delaying the meeting. Cadmus pointed out that, if the meeting was not held by August 17, 2006, a new record date would have to be set. If that occurred, Cadmus would have the opportunity, and intended to avail itself of such opportunity, to submit a proposal to be included on the agenda for the meeting. Specifically, Cadmus planned to nominate a new group of individuals chosen by Cadmus to be elected to GPT s board of directors. If elected, these individuals might constitute a majority or the entirety of our board and would thus put Cadmus in a position to control the Company.

On May 15, 2006, GPT received an unsolicited offer from a competitor (Bidder A) to acquire GPT for $9.00 per share of GPT common stock, consisting of $2.00 per share in cash and $7.00 per share in stock of the acquiring company. In connection with the offer, the potential acquiror expressed a desire to enter into a two-week standstill and confidentiality agreement, during which time the two companies would negotiate and conduct due diligence on one another.

At the direction of our board, our management began interviewing financial advisors to, among other things, assist GPT in responding, to the extent necessary, to the Schedule 13D filing, the acquisition proposal and address the general concerns of the Company regarding the divergence between the trading price of the common stock and the enterprise value and the seeming illiquidity of the common stock and exploring strategic alternatives. After interviewing four financial advisors, management recommended that the board engage Wachovia Securities. The board was of the view that Wachovia Securities had a thorough knowledge of the Company and possessed significant experience in performing financial advisory services for similarly situated real estate investment trusts.

On May 21 and 22, 2006, our board held an extended special meeting to discuss the Schedule 13D filing by Cadmus and the unsolicited acquisition proposal by Bidder A. At this meeting, the board ratified the appointment of directors Jerry Bringard, Robert Peck and Thomas Peschio to a select committee to act as the liaison between the board and the outside advisors, with the goals of facilitating the board s communication with the advisors and assisting the board in considering strategic alternatives. Mr. Bringard was selected because, as chairman, he is the senior representative of our board. Mr. Peschio was selected because, as Chief Executive Officer, he is most familiar with the daily operations of GPT. The directors believed the committee should also include a representative with a strong understanding of General Services Administration properties and the current market, as well as a solid business and legal background.

Because our board believed that Mr. Peck best possessed these attributes, Mr. Peck was selected as a member of the committee.

Prior to the conclusion of those meetings, our board ratified the engagement of Wachovia Securities as GPT s financial advisor and the engagement of Ballard Spahr Andrews & Ingersoll, LLP as GPT s legal counsel.

During this special meeting, Wachovia Securities conducted a review of GPT s current business plan, a general review of strategic and tactical alternatives and an overview of the due diligence, analytical and implementation process, including a proposed timeline for proceeding with a strategic alternatives review. The board reiterated its desire to examine its strategic alternatives thoroughly in order to gather the information necessary to make a strategic decision that would maximize the benefit to be realized by GPT s stockholders.

Our board also considered how it should respond to the Cadmus letter and the acquisition proposal from Bidder A, including the possibility of implementing defensive or anti-takeover measures. Having decided to commence a broader review of strategic alternatives, the board decided not to respond at that time to either Cadmus or Bidder A, nor did it implement any defensive or anti-takeover measures.

Following a meeting of our board of directors on May 22 and 23, 2006, GPT issued a press release announcing the engagement of Wachovia Securities as its financial advisor and the commencement of a review by the board of strategic alternatives available to the Company.

On May 31, 2006, Cadmus requested that GPT enter into a confidentiality agreement in order to facilitate a more open dialogue about the strategic review process. Our board determined that such an agreement would not be appropriate at that time and notified Cadmus of its decision not to enter into such a confidentiality agreement. Wachovia Securities discussed with the board a preliminary valuation analysis, potential business plan enhancements and independent business plan considerations.

On June 1, 2006, the Company held its annual stockholders meeting, at which all of the Company s incumbent directors were re-elected. No other action was taken at this meeting.

Throughout June 2006, Wachovia reviewed certain business, financial and other information, including financial forecasts, regarding GPT that were furnished to Wachovia Securities by management and prepared with management various business models, designed to project operating results for the Company as (i) a stand alone entity, (ii) a stand alone entity following the sale of certain assets, (iii) a party to a joint venture arrangement, and (iv) a landlord to tenants other than the General Services Administration of the United States of America.

Wachovia Securities also advised our board of directors regarding preliminary valuation analyses, potential business plan enhancements and independent business plan considerations.

On June 28 and 29, 2006, our board of directors held a special meeting. The board began the meeting by discussing the advantages and disadvantages of GPT remaining an independent public company. Thereafter, Wachovia Securities advised the board with respect to the Company s valuation assuming that GPT were to remain an independent public company, including the implementation of certain of management s proposed independent business plan enhancements, and compared this analysis to potential private market valuations available to GPT. Wachovia Securities also reviewed the issues involved in a potential change in control of GPT. In addition, Wachovia Securities presented background information on 19 companies that had contacted Wachovia Securities, without solicitation, about GPT s strategic alternatives review subsequent to the Company s May 22, 2006 press release.

Our board and Wachovia Securities discussed how to effectively explore opportunities to create additional stockholder value through a potential sale or merger of GPT as compared to continuing to operate the Company on a stand-alone basis. After a thorough discussion, the board directed management to work with Wachovia Securities in preparing a confidential information memorandum for such purpose.

Over the course of the next seven weeks, Wachovia Securities identified and contacted 139 prospective financial buyers and 46 prospective strategic buyers of GPT that had a potential interest in acquiring assets tenanted by the General Services Administration and 47 confidentiality agreements were executed with these interested parties. On a regular basis, Wachovia Securities provided updates on the status of its efforts to identify prospective purchasers of GPT to management, to the select committee and to our board of directors as a whole.

The board of directors held a meeting on July 26, 2006, during which Wachovia Securities provided an interim update on the process of identifying and contacting parties that might be interested in pursuing a

strategic transaction with GPT. The board stressed that Wachovia Securities should continue this process and conduct a broad search for potentially interested and suitable counterparties.

From August 14 through August 18, 2006, management of GPT and Wachovia Securities made management presentations to the bidders, both in person and by telephone.

On August 22 and 23, 2006, Wachovia Securities received nine non-binding proposals, including a proposal from Record Realty. Seven of these proposals ranged from $9.00 to $9.70 per share and two proposals were below the then current stock price.

On August 25 and 26, 2006, our board of directors met to review each of these proposals. Wachovia Securities presented a financial analysis of each of these proposals to the board. After an extensive discussion, the board authorized Wachovia Securities to pursue a second round of proposals from those parties that had proposed or indicated a willingness and ability to revise their proposal to at least $9.50 per share. Five bidders, including Bidder A and Record Realty, with initial or revised proposals ranging from $9.50 to $9.70 per share were permitted to participate in the second round of bidding.

Throughout September 2006, all of the bidders conducted additional due diligence, including participating in management meetings and property tours.

On September 6 and 7, 2006, Wachovia Securities and management met with representatives of Bidder A to conduct due diligence on this bidder. This due diligence was conducted because Bidder A s proposal included both cash and equity components, while the other four proposals offered consideration comprised entirely of cash. The due diligence included a review of Bidder A s historical and projected financial information and Bidder A s potential synergies with the Company.

On September 13, 2006, Wachovia Securities received a non-binding proposal from a party that had not previously submitted a proposal for $10.00 per share, subject to GPT s execution of an exclusivity agreement. GPT was unwilling to grant exclusivity and the bidder subsequently withdrew its proposal and did not otherwise participate in the process.

On September 22, 2006, Wachovia Securities presented to our board the summary of the due diligence conducted on Bidder A, including a pro forma financial analysis based on management s assessment of the potential combination of GPT and Bidder A.

On October 4, 2006, the second round bids were due. Two written proposals were submitted at per share values at or above $10.00 per share. Wachovia Securities also received verbal indications from certain other bidders that were below $10.00 per share. These parties indicated that they would not move forward at a per share offer at or above $10.00 per share. Record Realty submitted a proposal to acquire all of GPT s outstanding common stock for $10.55 per share, payable in cash. As part of its proposal, Record Realty requested a two-week exclusivity agreement to conduct limited additional due diligence and to complete its board approval process. Bidder A proposed to acquire all of GPT s outstanding stock for $10.00 per share, payable in both cash and equity.

On the evening of October 4, 2006, Wachovia Securities, Record Realty and legal counsel for Record Realty and GPT held a conference call to discuss and clarify certain points in Record Realty s bid.

On October 5 and 6, 2006, our board of directors met to discuss the two proposals and to review the updated financial analyses related to remaining an independent public company. The board also discussed the challenges of remaining an independent public company, and compared the estimated present value of GPT s common stock, assuming successful execution of the Company s updated business plan, with the values represented in the two proposals. The

comparative analyses were provided using present, pro-forma and net present value terms.

After extensive discussions, our board unanimously agreed to enter into a two-week exclusivity period with Record Realty to allow it to conduct limited additional due diligence, such as the finalization of reports by third-party consultants and property visits, and to secure its board approval. As consideration for GPT

entering into this exclusivity period, Record Realty increased its proposal to $10.75 per share, payable in cash. The parties signed the exclusivity letter on October 10, 2006.

Between October 10 and October 23, 2006, GPT and Record Realty negotiated the merger agreement and completed its due diligence. On October 18, 2006, the chief executive officer of Record Realty met with management and other employees of the Company at GPT s headquarters.

On October 22 and 23, 2006, our board of directors met to consider the provisions of the merger agreement and to discuss the risks and benefits of entering into the merger agreement.

On October 23, 2006, Wachovia Securities made a presentation and rendered an oral opinion to our board of directors, subsequently confirmed in writing, that, as of October 23, 2006, and subject to and based on the assumptions made, procedures followed, matters considered and limitations on its opinion and the review undertaken by Wachovia Securities, as set forth in the opinion, the merger consideration to be received by the holders of shares of GPT s common stock pursuant to the merger agreement was fair, from a financial point of view, to such holders. This opinion is described in Opinion of Our Financial Advisor beginning on page 20 and attached to this proxy statement as Appendix B. Following the consideration of the merger agreement, the discussions of the risks and benefits of the merger and the rendering of the fairness opinion, the board unanimously voted to enter into the merger agreement.

At 9:00 a.m., Eastern Standard Time, on October 23, 2006, the exclusivity agreement with Record Realty expired. GPT and Record Realty finalized the negotiations on the merger agreement on October 23, 2006 and, at approximately 8:00 p.m., Eastern Standard Time, the parties executed the merger agreement and issued press releases announcing the merger.

Our Reasons for the Merger

Our board of directors, at its meeting held on October 23, 2006, considered the merger agreement and determined it to be fair to, advisable and in the best interests of our company and our stockholders. In evaluating the merger, our board of directors consulted with management, as well as our legal and financial advisors, and considered a number of factors. Listed below are the material factors that our board of directors considered in its decision:

- the financial terms of the merger, including the fact that, based on the closing price of our common stock on the New York Stock Exchange on October 20, 2006 (the Friday prior to announcement of the merger agreement), the $10.75 per share merger consideration represented an approximate 14.2% premium as of that date;

- its review of our business, operations, financial condition and earnings on an historical and a prospective basis;

- the possible alternatives to the proposed merger, including continuing to operate our company on a stand-alone basis or seeking to continue to grow through acquisitions, and the risks associated with such alternatives;

- limited access to capital and resources to grow our business;

- the process through which our company, with the assistance of our financial advisor, engaged in or sought to engage in discussions with over 180 institutions deemed to be likely candidates to pursue a business combination with or acquisition of our company;

- the evaluation by our board of directors of our business plan and the risks and uncertainties associated with the implementation thereof compared to the risks and benefits from the proposed merger;

the financial services industry trends, competition and challenges affecting us, including the increasing importance of scale and scope and potential challenges to earnings growth in the current interest rate environment;

the financial presentations of Wachovia Securities, including the opinion, dated October 23, 2006, to our board as to the fairness, from a financial point of view and as of the date of the opinion, of the merger consideration to be received by the holders of our common stock, as more fully described under the caption Opinion of Our Financial Advisor beginning on page 20;

the fact that the merger consideration is all cash so that the merger will allow our stockholders to immediately realize a fair value, in cash, for their investment and will provide those stockholders with certainty of value for their shares;

the terms of the merger agreement, including the absence of a financing condition to Record Realty s obligation to complete the merger, the number and nature of other conditions to Record Realty s obligation to consummate the merger and the risk that such conditions would not be satisfied;

the ability of GPT to receive a reverse break-up fee in the amount of $30 million if Record Realty breaches or fails to perform a representation, warranty or covenant in such a manner that causes or results in the failure of the merger or occur by June 30, 2007;

the regulatory and other approvals required in connection with the merger and the likelihood that such approvals would be received without unacceptable conditions; and

the fact that some of our directors and executive officers have other financial interests in the merger that are in addition to their interests as stockholders, including as a result of employment and compensation arrangements with us and the manner in which they would be affected by the merger. See Interests of Our Directors and Executive Officers in the Merger beginning on page 36.

The foregoing discussion of the factors considered by our board of directors is not intended to be exhaustive, but, rather, includes the material factors considered by our board of directors. In reaching its decision to approve the merger agreement, the merger and the other transactions contemplated by the merger agreement, our board of directors did not quantify or assign any relative weights to the factors considered, and individual directors may have given different weights to different factors. Our board of directors considered all these factors as a whole, and overall considered the factors to be favorable to, and supportive of, its determination.

For the reasons set forth above, our board of directors determined that the merger agreement and the merger are in the best interests of our company and our stockholders, and approved the merger agreement. Our board of directors recommends that you vote FOR the approval of the merger.

Forecasts

We do not, as a matter of course, make public projections as to our future performance or earnings. In general, our forecasts are prepared solely for internal use and capital budgeting and other management decisions. From time to time however, we have published guidance with respect to General & Administrative expenses, Funds from Operations (FFO) and Adjusted Funds from Operations (AFFO). These forecasts are inherently subjective and uncertain and, thus, susceptible to interpretation and revision based on actual experience and business and industry developments. However, in connection with the discussions concerning the merger, we furnished to Record Realty certain financial forecasts prepared by our management that were based upon our performance through December 2015. The forecasts were adjusted to reflect the acquisition of the Denver property, which acquisition was not complete until December 2006. The forecasts included projections of total gross revenue of approximately $45.2 million and $58.2 million for fiscal 2006 and 2007, respectively; total operating expenses of $12.4 million and

$14.9 million for fiscal 2006 and 2007, respectively; and cash flow after debt service of $15.5 million and $17.8 million for fiscal 2006 and 2007, respectively.

The forecasts referred to above were not prepared with a view to public disclosure, and are included in this proxy statement only because this information was made available to Record Realty. The forecasts were not prepared with a view to compliance with published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants regarding projections or forecasts. Neither our

independent auditor, nor any other independent accountants have compiled, examined or performed any procedures with respect to the forecasts. The forecasts were forward-looking statements and represented our management s best estimates as of September, 2006 and do not reflect events after that date. While presented with numeric specificity, the forecasts reflect, and are based upon, numerous assumptions made by our management with respect to industry performance, interest rates, general business, economic, market and financial conditions, and other matters, including assumed effective tax rates consistent with historical levels for us, all of which are difficult to predict, many of which are beyond our control and none of which was subject to approval by Record Realty. Accordingly, there can be no assurance that the assumptions made in preparing the forecasts will prove accurate. The inclusion of these forecasts should not be regarded as an indication that GPT or Record Realty, or their respective affiliates or representatives, considered or consider such data to be a reliable prediction of future events, and such data should not be relied upon as such. Except to the extent required under applicable laws, we do not intend to make publicly available any update or other revisions to the forecasts to reflect circumstances existing after the date of the preparation of the projections. See Cautionary Statement Concerning Forward-Looking Statements on page 1.

Opinion of Our Financial Advisor

The Company s board of directors retained Wachovia Securities to act as its exclusive financial advisor with respect to the exploration of strategic alternatives and to provide a fairness opinion in connection with the transactions contemplated by the resulting merger agreement. The Company s board of directors selected Wachovia Securities to act as its exclusive financial advisor based on Wachovia Securities qualifications, expertise and reputation. Wachovia Securities rendered its oral opinion, subsequently confirmed in writing, to the board of directors that, as of October 23, 2006, the merger consideration to be received by holders of shares of the Company s common stock pursuant to the merger agreement was fair, from a financial point of view, to such holders. The opinion is subject to and based upon the assumptions made, procedures followed, matters considered and limitations on the opinion and the review undertaken in connection with such opinion.

The full text of Wachovia Securities written opinion, dated October 23, 2006, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the opinion and the review undertaken in connection with the opinion, is attached as Appendix B to this proxy statement. The opinion of Wachovia Securities is for the use of the Company s board of directors in connection with its consideration of the merger and relates only to the fairness, from a financial point of view, of the merger consideration to the Company s stockholders. This opinion does not and shall not constitute a recommendation to any holder of shares of the Company s common stock as to how such holder should vote in connection with the merger agreement or any other matter related thereto. You should carefully read the opinion in its entirety.

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

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

Participated in the discussions and negotiations among representatives of the Company, Record Realty and Record Realty (US) and their respective financial and legal advisors that resulted in the merger agreement;

Reviewed certain business, financial and other information, including financial forecasts, regarding the Company that was furnished to Wachovia Securities by, and that Wachovia Securities has discussed with, the management of the Company;

Reviewed the stock price and trading history of the Company s common stock;

Considered certain business, financial and other information regarding the Company and compared that information to similar available information regarding certain other publicly traded companies that Wachovia Securities deemed to be relevant;

Compared the proposed financial terms of the merger agreement with the financial terms of certain other business combinations and transactions that Wachovia Securities deemed to be relevant;

Developed a discounted cash flow model for the Company based upon estimates and assumptions provided by, and discussed with, the management of the Company;

Calculated a net asset value of the Company based upon the projected net operating income provided by, and discussed with, the management of the Company and market capitalization rates derived from industry sources, which rates Wachovia Securities reviewed and confirmed with management of the Company; and

Considered other information such as financial studies, analyses and investigations, as well as financial, economic and market criteria that Wachovia Securities deemed to be relevant.

In connection with its review, Wachovia Securities has assumed and relied upon the accuracy and completeness of the foregoing financial and other information, including all accounting, legal and tax information, and did not and does not assume any responsibility for, nor did it conduct, any independent verification of such information. Wachovia Securities relied upon the assurances of the management of the Company that they are not aware of any facts or circumstances that would make such information about the Company inaccurate or misleading.

Wachovia Securities has been provided with prospective financial information of the Company. Wachovia Securities has discussed such prospective financial information, as well as the forecasts, estimates, judgments, and assumptions upon which such prospective financial information is based, with the management of the Company. Wachovia Securities has assumed that the forecasts, estimates, judgments, allocations and assumptions expressed by the management of the Company in such prospective financial information have been reasonably formulated and that they reflect the best currently available forecasts, estimates, judgments, allocations and assumptions of the management of the Company regarding such prospective financial information. Wachovia Securities assumes no responsibility for, and expresses no view as to the preparation or verification of any such prospective financial information or the forecasts, estimates, judgments, or assumptions upon which they are based. Wachovia Securities has not conducted any physical inspection or assessment of the facilities or assets of the Company. In addition, Wachovia Securities has not made an independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or off-balance sheet assets or liabilities) of the Company or any of its subsidiaries and has not been furnished with any such evaluations or appraisals.

In rendering its opinion, Wachovia Securities has assumed that the merger will be consummated on the terms described in the merger agreement, without waiver of any material terms or conditions, and that each party to the merger agreement and the agreements contemplated thereby will perform all the covenants and agreements required to be performed by it thereunder without any consents or waivers of the other parties thereto. Wachovia Securities also assumed that, in the course of the parties to the merger agreement obtaining any necessary legal, regulatory or third party consents and/or approvals, no restrictions will be imposed or delay will be suffered that will have a material adverse effect on the Company, or on the merger or on other actions contemplated by the merger agreement in any way meaningful to Wachovia Securities analysis. Wachovia Securities also has assumed that Record Realty will be able to obtain any financing arrangements necessary to pay to all holders of the Company s common stock (other than Excluded Shares (as that terms is defined in the merger agreement)) the merger consideration due to them. Wachovia Securities further assumed that the final merger agreement and the agreements contemplated thereby will not differ in any material respect from the drafts furnished to and reviewed by Wachovia Securities. The opinion is necessarily based upon economic, market, financial and other conditions and the information made available to Wachovia Securities as of the date thereof. Although subsequent developments may affect the opinion, Wachovia Securities does not have any obligation to update, revise or reaffirm the opinion. In addition, Wachovia Securities is expressing no view on the terms of the merger. The opinion does not address the relative merits of the merger or other actions contemplated by the merger agreement compared with other business strategies or transactions that may have been considered by the Company s management, its board of directors or any committee thereof, nor should it be construed

as a recommendation to any stockholder how they should vote.

The summary set forth below does not purport to be a complete description of the analyses performed by Wachovia Securities, but describes, in summary form, the material elements of the presentation that Wachovia

Securities made to the Company s board of directors in connection with the preparation of the fairness opinion by Wachovia Securities. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to a partial analysis or summary description. In arriving at its fairness opinion, Wachovia Securities considered the results of all of the analyses that it conducted as a whole, and did not attribute any particular weight to any particular analyses or factors considered by it. Accordingly, the analyses and factors listed in the tables and described below must be considered as a whole. To consider any portion of such analyses and factors, without considering all analyses and factors as a whole, could create a misleading or incomplete view of the process underlying Wachovia Securities fairness opinion.

Historical Stock Trading Analysis. Wachovia Securities reviewed publicly available historical trading prices and volumes for the Company s common stock for the 12-month period ending October 20, 2006. Wachovia Securities compared the $10.75 in cash per common share to be received by holders of shares of the Company s common stock pursuant to the merger agreement to (i) the unaffected share price (the closing price on May 22, 2006, the day the Company issued a press release announcing that it was exploring strategic alternatives), (ii) the average closing price of the Company s common stock on October 20, 2006, and (iii) the average closing prices of the Company s common stock during the 10-day, 30-day, 60-day, 90-day, and 180-day periods preceding the announcement of the merger. The $10.75 per share offer price represents a premium to the historical average prices of the Company s common shares as follows:

	Closing Price	**Premium**
Unaffected Share Price	$ 8.29	29.7%
October 20, 2006	$ 9.41	14.2%
10-Day Average	$ 9.30	15.5%
30-Day Average	$ 9.11	18.0%
60-Day Average	$ 9.02	19.1%
90-Day Average	$ 9.02	19.2%
180-Day Average	$ 8.81	22.1%
Last 12-months:		
Average	$ 8.85	21.5%
Median	$ 8.88	21.1%
High	$ 9.54	12.7%
Low	$ 8.12	32.4%

Comparable Companies Analysis. Wachovia Securities compared the Company s financial, operating and stock market data to the following publicly traded REITs that it believed were reasonably comparable to the Company:

American Financial Realty Trust
Capital Lease Funding, Inc.
National Retail Properties, Inc.
Lexington Corporate Properties Trust
Realty Income Corporation
Spirit Finance Corporation
Trustreet Properties, Inc.

Wachovia Securities calculated, among other things, the multiple of per share closing prices to estimated funds from operations (FFO) for 2007 for the comparable companies, based upon projected financial information from the Thompson Financial Company First Call (First Call) consensus estimates and closing share prices on October 20,

2006. Wachovia Securities calculated a range consisting of the high, mean, median and low multiples of per share price to projected FFO for the comparable companies and applied this range to the estimates of the Company s projected FFO for 2007 prepared by management and First Call s consensus estimates of the Company s projected FFO for 2007. This analysis produced an implied per share value range for shares of the Company s common stock of $6.67 to $10.09. The range of implied share prices for the Company s common stock is outlined below.

	2007 FFO Multiple	Implied Common Share Price Based on 2007 First Call Estimated FFO	Implied Common Share Price Based on 2007 Management Plan Estimated FFO
High	14.4x	$ 10.11	$ 10.09
Mean	11.5x	$ 8.08	$ 8.07
Median	11.5x	$ 8.03	$ 8.02
Low	9.5x	$ 6.68	$ 6.67

Wachovia Securities selected the companies reviewed in the comparable companies analyses based upon, among other factors, those companies specialization in the net lease and/or office REIT sector, asset quality, market capitalization, and capital structure. None of the companies utilized in the above analyses, however, is identical to the Company. Accordingly, a complete analysis of the results of the foregoing calculations cannot be limited to a quantitative review of such results and involves complex considerations and judgments concerning the differences in the financial and operating characteristics of the comparable companies and other factors that could affect the public trading value of the comparable companies, as well as the potential trading value of the Company.

Selected Transactions Analysis. Wachovia Securities reviewed selected transactions involving publicly traded net lease and/or office REITs since January 1, 2004, which, in Wachovia Securities professional judgment, were most relevant to the proposed merger. In connection with this analysis, Wachovia Securities reviewed publicly available information relating to FFO and premiums paid in connection with these transactions. The selected transactions were:

Acquirer	Target	Total Transaction Value
Morgan Stanley Real Estate	Glenborough Realty Trust	$ 1,900 million
LBA Realty LLC	Bedford Property Investors, Inc.	$ 832 million
Brandywine Realty Trust	Prentiss Properties	$ 3,300 million
DRA Advisors LLC	Capital Automotive REIT	$ 3,400 million
The Lightstone Group	Prime Group Realty Trust	$ 889 million
Transwestern Investment Company, Inc.	Great Lakes REIT	