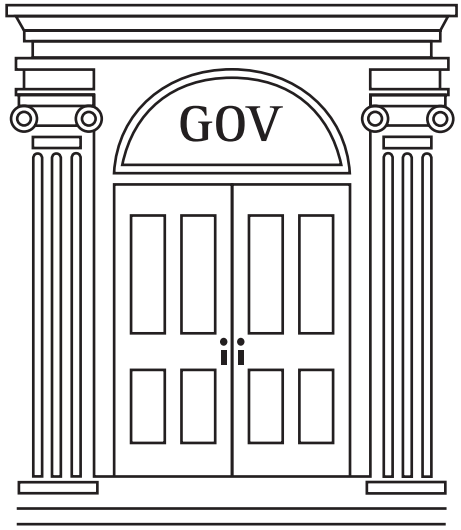

Government Properties Income Trust

2011 Annual Report

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

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2011

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 1-34364

GOVERNMENT PROPERTIES INCOME TRUST

Maryland **26-4273474**

Two Newton Place, 255 Washington Street, Suite 300, Newton, Massachusetts 02458-1634

: 617-219-1440

Title Of Each Class	Name of Each Exchange On Which Registered

: None

405

13 15( )

: (1) 13 15( )

1934 12 (2) 90

405 -D

12 405

10- 10-

12 -2 (C S):

(D S

12 -2

$824,575,014

$27.02 30, 2011.

43,590

9,950,000

22, 2012: 47,051,650.

10- C

DOCUMENTS INCORPORATED BY REFERENCE

10, 11, 12, 13 14 10-

16, 2012,

WARNING CONCERNING FORWARD LOOKING STATEMENTS

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[illegible]

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A CD C D , B DA D D D :

D ACD C A A D C A D D CA DA A D ,
C D D D D A A DAD D A D ,

ACD A A D D D A C CD D A D A D D A A
D A D A , C A D D A D A D D AD D A A
A D D D A ,

D ACD C A A D A A DAD D A A D A C A
C D D A D A . D A DA DAD A D CA
D ,

C A C D , A D C A A D , D A A DAD A D CA A A A D
AD A , ACC D A , DA A A DA A A ADD A ,

DAD A A D B A AA A D AB D D A ADA
C A D A D A A A D A . D A
C DA A A , A D

ACD D A , DB AA A CA D A D C D
A AD AD A DA A D A B D C D .

A :

A D A D A D A A , A D A B
AB D CAD D A D D A DA D A D CA CC A C
ADA , D , D A ,

A D D A D A CA D D D ACAD D
A AC B D A DAD D AD D A A A D A B
AB D CAD D A D D A DA D A D CA CC A C
ADA , D , D A ,

D D AD CA C A AD D A A D C ,

AB D D A D DA D B D A D D A B
ACD A C D D A A . A B AB D
A DA C D AD DA D B D A A D D
DA D B D A A B A A D D A D ADA AA AD D A D
DA D B D A A A ,

A B AB D A D BD B AD A D B C
D ,

C D D A A AB D B A D C D D
AC D AA B CD D A ADA C DA A C A C A D A D
D D C A D A C D D A ,

C A D A B A D C D D AC D A D
D A AA B CD D BDA ADD D A C D D
D A , C A D CC , A D

AB D D A B A AA A D C A DA D B D A
D D A A D AB D D B D A A D A
D D , AA D AD A A , C C D
CA DA C A D . A B AB D D D D A D AD A D

STATEMENT CONCERNING LIMITED LIABILITY

THE AMENDED AND RESTATED DECLARATION OF TRUST ESTABLISHING GOVERNMENT PROPERTIES INCOME TRUST, DATED JUNE 8, 2009, AS AMENDED, AS FILED WITH THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION OF MARYLAND, PROVIDES THAT NO TRUSTEE, OFFICER, SHAREHOLDER, EMPLOYEE OR AGENT OF GOVERNMENT PROPERTIES INCOME TRUST SHALL BE HELD TO ANY PERSONAL LIABILITY, JOINTLY OR SEVERALLY, FOR ANY OBLIGATION OF, OR CLAIM AGAINST, GOVERNMENT PROPERTIES INCOME TRUST. ALL PERSONS DEALING WITH GOVERNMENT PROPERTIES INCOME TRUST IN ANY WAY SHALL LOOK ONLY TO THE ASSETS OF GOVERNMENT PROPERTIES INCOME TRUST FOR THE PAYMENT OF ANY SUM OR THE PERFORMANCE OF ANY OBLIGATION.

GOVERNMENT PROPERTIES INCOME TRUST
2011 FORM 10-K ANNUAL REPORT

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PART I

Item 1. Business

The Company. [illegible]

Our Business Plan. [illegible]

Our Growth Strategy. [illegible]

[illegible]

[illegible]

[illegible]

Financing Policies. [illegible] 1986, [illegible] 90% [illegible] $250 [illegible] 2010 [illegible] $500 [illegible] 2011 [illegible] $550 [illegible]

[illegible]

A [illegible] 60%. [illegible] 50% [illegible]

Manager. [illegible] & [illegible] C, [illegible] 255 [illegible] 300, [illegible] 02458-1634, [illegible] (617) 796-8390. [illegible] 10- [illegible] B. C [illegible] S, [illegible] C [illegible] ; D [illegible] ; B [illegible] S [illegible] ; A. [illegible] ; C. [illegible] ; D [illegible] C [illegible] ; D [illegible] B [illegible] S [illegible] ; A. D [illegible] ; D. [illegible] S [illegible] ; D [illegible] ; A [illegible] S [illegible] D [illegible] B [illegible] S [illegible] 2009 [illegible] 2011 [illegible] D [illegible] B [illegible] S [illegible]

Employees. [illegible] 22, 2012, [illegible] 740 [illegible]

Competition. [illegible]

Environmental and Climate Change Matters.

[illegible]

Internet Website. [illegible] 255 [illegible] 300, [illegible] 02458-1634 [illegible] 10- [illegible] 10- [illegible] 8- [illegible] 13( ) [illegible] 15( ) [illegible] 1934 [illegible] 10- [illegible]

FEDERAL INCOME TAX CONSIDERATIONS

[illegible]

- [illegible] S, [illegible] D [illegible];
- [illegible] S [illegible];
- [illegible] [illegible];
- [illegible] [illegible];
- [illegible] [illegible];
- [illegible] [illegible];
- [illegible] [illegible].

[illegible] D [illegible] C [illegible] D [illegible] D [illegible] C [illegible] S [illegible] D [illegible] 10- [illegible].

[illegible]

- [illegible];
- [illegible] D [illegible] C [illegible];
- [illegible];
- [illegible].

[illegible] 20, 1996, [illegible]

[illegible]

Taxation as a REIT

[illegible] 856(') [illegible] 7701 [illegible]

[illegible] 31, 2009. [illegible] 856 [illegible] 860 [illegible]

[illegible] 15% [illegible] 31, 2012), [illegible]

[illegible] 2009 [illegible] 2011 [illegible]

[illegible]

[illegible]

- [illegible]
- [illegible] 35%.
- [illegible] 100% [illegible].
- [illegible] 75% [illegible] 95% [illegible] 100% [illegible] 75% [illegible] 95% [illegible].
- [illegible] 85% [illegible], 95% [illegible] 4% [illegible].
- [illegible] ([illegible]) [illegible] 35%, [illegible] [illegible].
- [illegible].
- [illegible] 100% [illegible].

15% ... 31, 2012) ...

REIT Qualification Requirements

General Requirements. ... 856( ) ... C ... :

(1) ... ;

(2) ... ;

(3) ... 856 ... 859 ... C ... C ... ;

(4) ... C;

(5) ... 100 ... ;

(6) ... S ... ;

(7) ... .

... 856( ) ... C ... (1) ... (4) ... (5) ... 335 ... 12 ... 12 ... 856( )(2) ... C ... (5) ... (6) ... (1) ... (7) ...

B... (6), ... 50% ... (6), ...

[illegible] S [illegible], [illegible] (6), [illegible] (6). [illegible] $25,000, [illegible] $50,000 [illegible] A [illegible] [illegible] (6), [illegible] C [illegible] 50% [illegible] 10% [illegible] D C [illegible] (1) [illegible] (6), [illegible] $50,000 [illegible]

Our Wholly-Owned Subsidiaries and Our Investments through Partnerships. [illegible] 856( ) [illegible] C, [illegible] 100% [illegible] 856( ) [illegible] C, [illegible] 7701 [illegible] C. [illegible] A [illegible] S [illegible]

[illegible] 701 [illegible] 777 [illegible] C.

Taxable REIT Subsidiaries. [illegible] 856( ) [illegible] C, [illegible] 25% [illegible] S [illegible] A [illegible] :

(1) [illegible] ;

(2) [illegible] S [illegible] ;

(3) [illegible]

(4) [illegible]

[illegible] 35% [illegible]

[illegible] 10% [illegible] 5% [illegible] 75% [illegible] 95% [illegible] C [illegible] S [illegible]

[illegible] 50% [illegible] 50% [illegible] 100% [illegible] 100% [illegible]

Income Tests. [illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

9.8% [illegible] 4.9% [illegible]

10% [illegible]

[illegible] 10% [illegible]

[illegible] 10% [illegible] 90% [illegible] 10% [illegible] 10% [illegible]

[illegible] 512( )(3) [illegible] *de minimis* [illegible] 1% [illegible]

[illegible] 15% [illegible] 15% [illegible]

[illegible] 856 [illegible]

[illegible] 75% [illegible]

[illegible] 856( ) [illegible] 75% [illegible] 95% [illegible]

[illegible]

Taxation of U.S. Shareholders

[illegible]

[illegible]

(1) [illegible];

(2) [illegible] 25% [illegible]);

(3) [illegible]

(4) [illegible].

[illegible] 20% [illegible] 291 [illegible] C.

[illegible]:

(1) [illegible];

(2) [illegible];

(3) [illegible];

(4) [illegible];

(5) [illegible].

[illegible] 60 [illegible].

[illegible] 15% [illegible] 20% [illegible] D [illegible] 31, 2012) [illegible] 25%, [illegible] 15% [illegible] 20% [illegible] D [illegible] 31, 2012) [illegible] 25% [illegible].

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

Taxation of Tax-Exempt Shareholders

[illegible]

[illegible] 10% [illegible]:

(1) [illegible]

(2) [illegible]

[illegible] 5%. [illegible]

- [illegible]
- [illegible]

[illegible] 25% [illegible] 10% [illegible] 50% [illegible]

[illegible] 501( )(7), ( )(9), ( )(17), ( )(20) [illegible]

Taxation of Non-U.S. Shareholders

[illegible]

[illegible]

[illegible] 30% [illegible] 884 [illegible] C, [illegible] D [illegible]

[illegible]

A [illegible] 30%, [illegible] S [illegible]

[illegible] S [illegible] B [illegible] 30% [illegible] S [illegible] D [illegible]

[illegible] S [illegible]

[illegible] (1) [illegible] S ” [illegible] S [illegible] D [illegible] (2) [illegible] 5% [illegible]

[illegible] 30% [illegible] A [illegible] ” [illegible] D [illegible] ; [illegible] ” [illegible] S ” [illegible]

[illegible]

[illegible] 30% [illegible] 884 [illegible] 35% [illegible]

[illegible]

(1) [illegible] 5% [illegible] (2) [illegible]

[illegible] 5% [illegible] (1) [illegible] 30 [illegible] (2) [illegible] 61- [illegible] 30 [illegible]

[illegible]

[illegible] 30% [illegible]

[illegible]

[illegible]

[illegible]

[illegible]

Withholding and Information Reporting

[illegible] 28% [illegible] 31% [illegible] 2012. [illegible]

[illegible]

[illegible]

[illegible]

[illegible] 30% [illegible]

[illegible]

Other Tax Consequences

[illegible]

ERISA PLANS, KEOGH PLANS AND INDIVIDUAL RETIREMENT ACCOUNTS

General Fiduciary Obligations

[illegible]

Prohibited Transactions

[illegible]

"Plan Assets" Considerations

[illegible]

[illegible]

[illegible] 1933 [illegible] 120 [illegible]

[illegible] 100 [illegible] 100 [illegible]

[illegible] $10,000 [illegible]

- [illegible]
- [illegible]
- [illegible]
- [illegible]

[illegible]

[illegible]

Item 1A. Risk Factors

[illegible]

Risks Related to Our Business

We may be unable to lease our properties when our leases expire.

[illegible]

When we renew leases or lease to new tenants our rents may decline and our expenses may increase.

[illegible]

We may be unable to identify additional properties to acquire and grow our business.

[illegible]

We may be unable to access the capital necessary to repay debts, invest in our properties or fund acquisitions.

[illegible]

[illegible]

We face significant competition.

[illegible]

Our acquisitions may not be successful.

[illegible]

The U.S. Government's "green lease" policies may adversely affect us.

[illegible]

Some government tenants have the right to terminate their leases prior to their lease expiration date.

[illegible]

- [illegible] 12.6% [illegible] 8.7% [illegible] 31, 2011 [illegible].
- [illegible] 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, [illegible] 2020, [illegible] 3.4%, 4.0%, 2.6%, 0.2%, 6.1%, 0.6%, 1.2%, 1.0%, [illegible] 0.6% [illegible] 3.1%, 3.7%, 2.8%, 0.3%, 8.9%, 0.7%, 1.5%, 1.7%, [illegible] 0.7% [illegible] 31, 2011.
- [illegible] 7.7% [illegible] 7.7% [illegible] 31, 2011.

[illegible]

We currently have a concentration of properties in the Washington, D.C. metro area and are exposed to changes in market conditions in this area.

[illegible] 24.6% [illegible] 31, 2011 [illegible], D.C. [illegible]. [illegible] D.C. [illegible].

Our failure or inability to meet certain terms of our term loan and revolving credit facility would adversely affect our business and may prevent our paying distributions to you.

[illegible]

We have substantial debt obligations and may incur additional debt.

[illegible] 31, 2011, [illegible] $440.8 [illegible] 33.1% [illegible]

[illegible]

Amounts recoverable under our leases for increased operating costs may be less than the actual increased costs.

[illegible]

Increasing interest rates may adversely affect us and the value of an investment in our securities.

[illegible]

- [illegible] 31, 2011, [illegible] $345.5 [illegible]
- [illegible]
- [illegible]

Real estate ownership creates risks and liabilities.

[illegible]

- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]

Acquisition and ownership of real estate is subject to environmental and climate change risks.

[illegible]

We rely on information technology in our operations, and any material failure, inadequacy, interruption or security failure of that technology could harm our business.

[illegible]

Risks Related to Our Relationships with CWH and RMR and its Affiliates

As long as CWH retains significant ownership of us, your ability to influence matters requiring shareholder approval will be limited.

[illegible]

CWH's ability to sell its ownership stake in us and speculation about such possible sales may adversely affect the market price of our common shares.

[illegible]

We are dependent upon RMR to manage our business and implement our growth strategy.

[illegible]

Our management structure and our manager's other activities may create conflicts of interest or create the perception of conflicts of interest.

[illegible]

Our management agreements with RMR were negotiated between affiliated parties and may not be as favorable to us as they would have been if negotiated between unaffiliated parties.

[illegible]

Our management agreements with RMR may discourage our change of control.

[illegible]

[illegible]

Provisions in our transaction agreement with CWH and our management agreements with RMR may restrict our investment activities and create conflicts of interest or the perception of conflicts of interest.

[illegible]

The potential for conflicts of interest as a result of our management structure may provoke dissident shareholder activities that result in significant costs.

[illegible]

We may experience losses from our business dealings with Affiliates Insurance Company.

[illegible] $5.2 [illegible] AIC, [illegible] AIC, [illegible] AIC [illegible] 14.29% [illegible] AIC [illegible] AIC. [illegible] AIC. [illegible] AIC [illegible]

Risks Related to Our Organization and Structure

Ownership limitations and anti-takeover provisions in our Declaration of Trust and Bylaws, as well as certain provisions of Maryland law, may prevent our shareholders from receiving a takeover premium or implementing changes.

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

Our rights and the rights of our shareholders to take action against our Trustees and officers are limited.

[illegible]

Disputes with CWH and RMR and shareholder litigation against us or our Trustees and officers may be referred to arbitration proceedings.

[illegible]

We may change our operational and investment policies without shareholder approval.

[illegible]

Risks Related to Our Taxation

The loss of our tax status as a REIT for U.S. federal income tax purposes could have significant adverse consequences.

[illegible]

[illegible]

Distributions to shareholders generally will not qualify for reduced tax rates.

[illegible] 15% [illegible] 2012. [illegible]

Risks Related to Our Securities

There is no assurance that we will continue to make distributions.

[illegible]

Item 1B. Unresolved Staff Comments

[illegible]

Item 2. Properties

General. [illegible] 31, 2011, [illegible] 71 [illegible] 29 [illegible] 9.0 [illegible] 55 [illegible] 6.8 [illegible] 15 [illegible] 2.0 [illegible] 187,060 [illegible]

D [illegible] 31, 2011 ([illegible]):

Property Location	Number of Properties	Undepreciated Carrying Value[1]	Depreciated Carrying Value[1]	Rental Income[2]
[illegible]	1	$ 10,021	$ 9,908	$ 1,445
[illegible]	3	30,620	25,498	5,304
[illegible]	8	195,710	164,877	26,140
[illegible]	5	66,267	55,761	10,899
[illegible]	2	147,774	113,895	21,153
[illegible]	2	48,297	47,419	6,644
[illegible]	8	90,282	81,892	19,366
[illegible]	1	14,649	13,991	2,007
[illegible]	3	73,058	72,633	10,441
[illegible]	1	10,862	10,489	2,558
[illegible]	7	161,110	139,893	25,301
[illegible]	4	79,658	77,250	13,619
[illegible]	1	18,632	17,882	2,472
[illegible]	2	30,884	27,879	3,952
[illegible]	1	11,399	8,064	1,724
[illegible]	1	17,052	16,232	2,589
[illegible]	1	43,442	42,487	7,670
[illegible]	1	2,361	2,303	422
[illegible]	3	152,541	143,793	18,530
[illegible]	1	8,361	8,100	1,521
[illegible]	1	24,567	24,567	4,088
[illegible]	3	13,111	12,140	2,112
[illegible]	1	7,453	7,274	3,769
[illegible]	1	11,526	8,272	2,261
[illegible]	1	9,116	8,749	1,085
[illegible]	3	32,302	24,796	4,559
[illegible]	2	21,839	15,269	2,896
[illegible]	1	5,010	3,519	795
[illegible]	1	5,557	5,491	914
[illegible]	1	11,207	7,727	1,453
[illegible]	71	$1,354,668	$1,198,050	$207,689

(1) [illegible]

(2) [illegible] D [illegible] 31, 2011, [illegible]

A D [illegible] 31, 2011, [illegible] $128.1 [illegible] $92.8 [illegible].

Item 3. Legal Proceedings

[illegible].

Item 4. Mine Safety Disclosures.

[illegible].

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

[illegible]

	High	Low
2010		
[illegible]	$26.01	$21.64
[illegible]	28.40	23.95
[illegible]	28.53	24.65
[illegible]	28.28	25.41
2011		
[illegible]	$27.22	$25.46
[illegible]	27.50	24.27
[illegible]	27.80	20.50
[illegible]	24.29	19.68

[illegible] 22, 2012, [illegible] $23.50 [illegible]

[illegible] 15, 2012, [illegible] 69 [illegible] 27,713 [illegible]

[illegible]

	Dividends Paid Per Common Share	
	2010	2011
[illegible]	$0.40	$0.41
[illegible]	0.40	0.42
[illegible]	0.41	0.42
[illegible]	0.41	0.42
[illegible]	$1.62	$1.67

[illegible]

Item 6. Selected Financial Data

[illegible]

	2011	2010	2009	2008	2007
Operating information					
[illegible]	$178,950	$117,219	$79,161	$75,517	$73,147
[illegible]:					
[illegible]	19,345	12,177	8,546	7,960	7,247
[illegible]	15,316	9,064	6,325	6,229	5,555
[illegible]	31,784	19,937	12,436	12,251	11,237
[illegible]	40,089	24,239	15,172	14,182	13,832
[illegible]	3,504	5,750	1,032		
[illegible]	10,898	7,061	4,058	2,984	2,906
[illegible]	120,936	78,228	47,569	43,606	40,777
[illegible]	58,014	38,991	31,592	31,911	32,370
[illegible]	104	103	53	37	88
[illegible]	(12,057)	(7,351)	(5,556)	(141)	(359)
[illegible]		(3,786)			
[illegible]	139	(1)	(15)		
[illegible]	46,200	27,956	26,074	31,807	32,099
[illegible]	(203)	(161)	(93)		
[illegible]	$ 45,997	$ 27,795	$25,981	$31,807	$32,099
[illegible]:	$ 1.06	$ 0.81	$ 1.72	/A	/A
[illegible]	$ 1.67	$ 1.62	$ 0.50	/A	/A

	2011	2010	2009	2008	2007
Balance sheet information					
[illegible]	$1,354,668	$977,493	$576,757	$490,475	$488,077
[illegible]	1,368,575	951,288	514,813	419,774	431,010
[illegible]	440,883	164,428	144,375	134	3,592

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

[illegible]

OVERVIEW

[illegible] 31, 2011, [illegible] 71 [illegible] 29 [illegible] 9.0 [illegible] 68.2% [illegible] 17.5% [illegible] 2.1% [illegible] 91.9% [illegible] 93.0% [illegible] 31, 2011 [illegible] 2010, [illegible]

Property Operations

[illegible] 31, 2011, 95.0% [illegible] 96.1% [illegible] 31, 2010. [illegible] 31, 2011 [illegible] 2010 [illegible]):

	All Properties		Comparable Properties[1]	
	December 31,		December 31,	
	2011	2010	2011	2010
[illegible]	71	55	33	33
[illegible]	8,953	6,804	3,958	3,958
[illegible][2]	95.0%	96.1%	98.0%	99.9%

(1) [illegible] 31, 2011 [illegible] 1, 2010.

(2) [illegible]

[illegible] 31, 2011 [illegible] 2010 [illegible]:

	Year ended December 31,	
	2011	2010
[illegible][1]	$24.46	$23.58

(1) [illegible]

[illegible]

[illegible]

[illegible] 31, 2011, [illegible] 1,483,325 [illegible] 31, 2012. [illegible] 31, 2012, [illegible] 31, 2011, [illegible] 31, 2011):

Year[1]	Expirations of Occupied Square Feet[2]	Percent of Total	Cumulative Percent of Total	Rental Income Expiring[3]	Percent of Total	Cumulative Percent of Total
2012	1,483	17.4%	17.4%	$ 41,358	19.9%	19.9%
2013	963	11.3%	28.7%	14,948	7.2%	27.1%
2014	457	5.4%	34.1%	9,216	4.4%	31.5%
2015	1,144	13.4%	47.5%	25,639	12.3%	43.8%
2016	602	7.1%	54.6%	15,737	7.6%	51.4%
2017	566	6.7%	61.3%	11,798	5.7%	57.1%
2018	584	6.9%	68.2%	22,543	10.9%	68.0%
2019	1,288	15.1%	83.3%	30,894	14.9%	82.9%
2020	539	6.3%	89.6%	16,053	7.7%	90.6%
2021	882	10.4%	100.0%	19,503	9.4%	100.0%
D	8,508	100.0%		$207,689	100.0%	
[illegible] ([illegible])	4.7			4.9		

(1) [illegible] 31, 2011, [illegible] 12.6% [illegible] 8.7% [illegible] 31, 2011 [illegible] 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, [illegible] 2020, [illegible] 3.4%, 4.0%, 2.6%, 0.2%, 6.1%, 0.6%, 1.2%, 1.0%, [illegible] 0.6% [illegible] 3.1%, 3.7%, 2.8%, 0.3%, 8.9%, 0.7%, 1.5%, 1.7%, [illegible] 0.7% [illegible] 31, 2011. [illegible] 31, 2011, [illegible] 7.7% [illegible] 7.7% [illegible] 31, 2011.

(2) [illegible] 31, 2011, [illegible]

(3) [illegible] 31, 2011, [illegible]

Investment Activities (dollar amounts in thousands)

[illegible] 2011, [illegible] A 92,549 [illegible] [illegible] D [illegible] 100% [illegible] 90% [illegible] C [illegible] D [illegible] $14,000, [illegible]

A [illegible] 2011, [illegible] D 182,561 [illegible] D [illegible] 100% [illegible] 94% [illegible] A. [illegible] D [illegible] $28,000, [illegible]

[illegible] 2011, [illegible] 135,819 [illegible] D [illegible] 100% [illegible] A. [illegible] D [illegible] $40,750, [illegible]

A [illegible] 2011, [illegible] S, [illegible] 187,060 [illegible] D [illegible] 100% [illegible] D [illegible] $114,050, [illegible]

[illegible] 2011, [illegible] S [illegible] 29,297 [illegible] D [illegible] 100% [illegible] A. [illegible] D [illegible] $6,775, [illegible]

A [illegible] 2011, [illegible] A 64,488 [illegible] D [illegible] 100% [illegible] A. [illegible] B [illegible] D [illegible] $11,550, [illegible]

A [illegible] 2011, [illegible] A 57,815 [illegible] D [illegible] 100% [illegible] A. [illegible] A [illegible] D [illegible] $11,550, [illegible]

[illegible] A [illegible] 2011, [illegible] 264,482 [illegible] D [illegible] 82% [illegible] 72% [illegible] A. [illegible] A. C [illegible] A [illegible] D [illegible] $39,250, [illegible]

[illegible] 2011, [illegible] CA 87,863 [illegible] D [illegible] 100% [illegible] C [illegible] C [illegible] A [illegible] D [illegible] D [illegible] $13,600, [illegible]

A [illegible] 2011, [illegible] A 375,805 [illegible] D [illegible] 97% [illegible] 19 [illegible] 78% [illegible] A [illegible] D [illegible] D [illegible] D [illegible] $48,600, [illegible]

[illegible] 2011, [illegible] 433,927 [illegible] D [illegible] 94% [illegible] 15 [illegible] 56% [illegible] A. [illegible] A. Ca [illegible] B [illegible] A [illegible] D [illegible] $85,000, [illegible] $49,395 [illegible]

[illegible] D [illegible] 2011, [illegible] 233,358 [illegible] D [illegible] 84% [illegible] 70% [illegible] A [illegible] D [illegible] A [illegible] D [illegible] D [illegible] $30,925, [illegible]

D 16 [illegible] D [illegible] 31, 2011 [illegible] 7.1% [illegible] 10.2% ([illegible] 8.3%). [illegible]

[illegible]

[illegible]

[illegible]

Financing Activities (dollar amounts in thousands, except per share amounts)

[illegible] 2011, [illegible] 6,500,000 [illegible] $25.40 [illegible] $157,870. [illegible]

[illegible] 2011, [illegible] $49,395 [illegible] 5.73% [illegible] 30 [illegible] 2015. [illegible] $857 [illegible] 5.24%, [illegible]

[illegible] 2011, [illegible] $500,000 [illegible] $550,000, [illegible] 210 [illegible] 150 [illegible] 28, 2013 [illegible] 19, 2015. [illegible] 19, 2016 [illegible] $1,100,000 [illegible] S [illegible] D [illegible] 31, 2011. D [illegible] 2.19% [illegible] D [illegible] 31, 2011. [illegible] D [illegible] 31, 2011, [illegible] $345,500 [illegible]

[illegible] 2012, [illegible] $350,000 [illegible] D [illegible] 11, 2017 [illegible] $700,000 [illegible] D [illegible] 175 [illegible]

RESULTS OF OPERATIONS ***(dollar amounts in thousands, except per share amounts)***

Year Ended December 31, 2011, Compared to Year Ended December 31, 2010

	Comparable Property Results[1] Year Ended December 31,				Consolidated Results Year Ended December 31,			
	2011	**2010**	**$ Change**	**% Change**	**2011**	**2010**	**$ Change**	**% Change**
[illegible]	$87,248	$88,444	$(1,196)	(1.4)%	$178,950	$117,219	$61,731	52.7%
[illegible] a a:								
[illegible] a	8,878	9,157	(279)	(3.0)%	19,345	12,177	7,168	58.9%
[illegible] a a	6,604	6,646	(42)	(0.6)%	15,316	9,064	6,252	69.0%
[illegible] a a	15,083	14,797	286	1.9%	31,784	19,937	11,847	59.4%
D[illegible] a a	30,565	30,600	(35)	(0.1)%	66,445	41,178	25,267	61.4%
[illegible] [2]	$56,683	$57,844	$(1,161)	(2.0)%	112,505	76,041	36,464	48.0%
[illegible] a a								
D[illegible]					40,089	24,239	15,850	65.4%
A[illegible] a a					3,504	5,750	(2,246)	(39.1)%
[illegible]					10,898	7,061	3,837	54.3%
D[illegible] a a					54,491	37,050	17,441	47.1%
[illegible]					58,014	38,991	19,023	48.8%
[illegible]					104	103	1	1.0%
[illegible] a ([illegible] $1,045 [illegible] $2,283, [illegible])					(12,057)	(7,351)	(4,706)	64.0%
[illegible]						(3,786)	3,786	(100.0)%
[illegible] a ([illegible]) [illegible] a					139	(1)	140	/
[illegible] a					46,200	27,956	18,244	65.3%
[illegible] a					(203)	(161)	(42)	26.1%
[illegible]					$ 45,997	$ 27,795	$18,202	65.5%
[illegible]					43,368	34,341	9,027	26.3%
[illegible]					$ 1.06	$ 0.81	$ 0.25	30.9%

Calculation of Funds From Operations and Normalized Funds From Operations[3]

[illegible]	$ 45,997	$ 27,795
D[illegible]	40,089	24,239
[illegible]	86,086	52,034
A[illegible]	3,504	5,750
[illegible]		3,786
[illegible]	$ 89,590	$ 61,570
[illegible]	$ 1.99	$ 1.52
[illegible]	$ 2.07	$ 1.79

(1) C[illegible] 33 [illegible] D [illegible] 31, 2011 [illegible] 1, 2010.

(2) [illegible]

[illegible]

(3) [illegible]

Rental income. [illegible] 1, 2010. [illegible] $1,729 [illegible] 2011 [illegible] ($5) [illegible] 2010 [illegible] ($498) [illegible] 2011 [illegible] ($34) [illegible] 2010. [illegible]

Real estate taxes. [illegible] 1, 2010. [illegible]

Utility expenses. [illegible] 1, 2010. [illegible] 2011 [illegible] 2010.

Other operating expenses. [illegible] 1, 2010. [illegible]

Depreciation and amortization. [illegible] 1, 2010.

Acquisition related costs. [illegible] 2011 [illegible] 2010.

General and administrative. [illegible] 1, 2010.

Interest and other income. [illegible] 2011 [illegible] 2010.

Interest expense. D [illegible] 2011 [illegible] 2010 [illegible] 2010 [illegible] 2011 [illegible] 2011.

Loss on extinguishment of debt. D [illegible] $250,000 [illegible] 2010.

Equity in earnings (losses) of investee. [illegible] A/C.

Income tax expense. D [illegible] 2011 [illegible] 2010 [illegible].

Net income. [illegible] D [illegible] 31, 2011 [illegible] D [illegible] 31, 2010 [illegible] 2010 [illegible] 2011.

Year Ended December 31, 2010, Compared to Year Ended December 31, 2009

	Comparable Property Results[1] Year Ended December 31,				Consolidated Results Year Ended December 31,			
	2010	2009	$ Change	% Change	2010	2009	$ Change	% Change
[illegible]	$76,498	$78,120	$(1,622)	(2.1)%	$117,219	$79,161	$38,058	48.1%
[illegible]:								
[illegible]	7,663	8,402	(739)	(8.8)%	12,177	8,546	3,631	42.5%
[illegible]	6,254	6,323	(69)	(1.1)%	9,064	6,325	2,739	43.3%
[illegible]	12,602	12,326	276	2.2%	19,937	12,436	7,501	60.3%
D[illegible]	26,519	27,051	(532)	(2.0)%	41,178	27,307	13,871	50.8%
[illegible]	$49,979	$51,069	$(1,090)	(2.1)%	76,041	51,854	24,187	46.6%
[illegible]								
D[illegible]					24,239	15,172	9,067	59.8%
A[illegible]					5,750	1,032	4,718	457.2%
[illegible]					7,061	4,058	3,003	74.0%
D[illegible]					37,050	20,262	16,788	82.9%
[illegible]					38,991	31,592	7,399	69.6%
[illegible]					103	53	50	350.0%
[illegible] ($2,283, $1,551, [illegible])					(7,351)	(5,556)	(1,795)	32.3%
[illegible]					(3,786)		(3,786)	/
[illegible]					(1)	(15)	14	(93.3)%
[illegible]					27,956	26,074	1,882	7.2%
[illegible]					(161)	(93)	(68)	73.1%
[illegible]					$ 27,795	$25,981	$ 1,814	7.0%
[illegible]					34,341	15,082	19,259	127.7%
[illegible]					$ 0.81	$ 1.72	$ 0.08	43.6%
Calculation of Funds From Operations and Normalized Funds From Operations								
[illegible]					$ 27,795	$25,981		
D[illegible]					24,239	15,172		
[illegible]					52,034	41,153		
A[illegible]					5,750	1,032		
[illegible]					$ 57,784	$42,185		
[illegible]					$ 1.52	$ 2.73		
[illegible]					$ 1.68	$ 2.80		

(1) C[illegible] 29, [illegible] D[illegible] 31, 2011 [illegible] 1, 2009.

Rental income. D[illegible] 1, 2009. [illegible] ($5) 2010 [illegible] ($452) 2009 [illegible] ($34) 2010 [illegible] $281 2009. [illegible] 2010 [illegible] 2010.

Real estate taxes. D[illegible] 1, 2009. [illegible]

[illegible]

Utility expenses. [illegible] 1, 2009. [illegible]

Other operating expenses. [illegible] 1, 2009. [illegible]

Depreciation and amortization. [illegible] 1, 2009.

Acquisition related costs. [illegible] 2010 [illegible] 2009.

General and administrative. [illegible] 1, 2009 [illegible] 2009 [illegible] 2010 [illegible] 2009.

Interest and other income. [illegible] 2010.

Interest expense. [illegible] 2010 [illegible] 2009 [illegible] 2010 [illegible] 2010.

Loss on extinguishment of debt. [illegible] $250,000 [illegible] 2010.

Equity in losses of investee. [illegible] A/C.

Income tax expense. [illegible] 2010 [illegible] 2009 [illegible].

Net income. [illegible] 31, 2010 [illegible] 31, 2009 [illegible] 2009 [illegible] 2010.

LIQUIDITY AND CAPITAL RESOURCES

Our Operating Liquidity and Resources (dollar amounts in thousands).

[illegible]

[illegible]

Our Investment and Financing Liquidity and Resources (dollar amounts in thousands, except per share amounts).

[illegible]

[illegible]

[illegible] 2012, [illegible] $350,000 [illegible] D [illegible] 11, 2017 [illegible] $700,000 [illegible]

[illegible] S [illegible] S [illegible]

[illegible] 23, 2011 [illegible] $0.41 [illegible] 24, 2011, A [illegible] 24, 2011 [illegible] 22, 2011 [illegible] $0.42 [illegible] 9, 2012, [illegible] 26, 2012, [illegible] $0.42 [illegible] 24, 2012.

D [illegible] D [illegible] 31, 2011 [illegible] 2010, [illegible]

	Year Ended December 31,	
	2011	2010
D [illegible]	$1,151	$1,327
[illegible]	$2,702	$ 137
B [illegible] (1)	$2,473	$2,282
D [illegible] (2)	$2,945	$ 970

(1) B [illegible]

(2) D [illegible]

[illegible] 739,530 [illegible] D [illegible] 31, 2011. D [illegible] D [illegible] 31, 2011 [illegible] 679,300 [illegible] 650,988 [illegible] D [illegible] 629,754 [illegible] D [illegible] 31, 2011 [illegible] 0.3%, [illegible] D [illegible] 49,546 [illegible] D [illegible] 31, 2011 [illegible] 15.7% [illegible]

[illegible] D [illegible] 31, 2011, [illegible]):

	New Leases	Lease Renewals	Total
[illegible]	28,312	650,988	679,300
D [illegible]	$ 570	$ 4,549	$ 5,119
[illegible]	$20.13	$ 6.99	$ 7.54
A [illegible]	5.9	9.6	9.4
[illegible]	$ 3.43	$ 0.73	$ 0.80

A [illegible] D [illegible] 31, 2011, [illegible]):

	Payments Due by Period				
Contractual Obligations	Total	Less than 1 Year	1 - 3 Years	3 - 5 Years	More than 5 Years
[illegible]	$438,270	$ 1,793	$52,696	$372,931	$10,850
D [illegible] (1)	10,004	9,129	875		
[illegible] (2)	56,551	12,100	35,001	9,026	424
D [illegible]	$504,825	$23,022	$88,572	$381,957	$11,274

(1) C [illegible] D [illegible] 31, 2011.

(2) [illegible] D [illegible] 31, 2011 [illegible]

Off Balance Sheet Arrangements

A [illegible] D [illegible] 31, 2011, [illegible] S [illegible]

Debt Covenants (dollars in thousands)

[illegible] D [illegible] 31, 2011 [illegible] $550,000 [illegible] 12, 2012, [illegible] S [illegible] D [illegible] 31, 2011.

Related Person Transactions (dollars in thousands)

[illegible]

Critical Accounting Policies

[illegible]

[illegible]

Impact of Inflation

[illegible]

Impact of Climate Change

[illegible]

Item 7A. Quantitative and Qualitative Disclosures About Market Risk (*dollar amounts in thousands*)

[illegible]

A D [illegible] 31, 2011, [illegible] :

Debt	Principal Balance	Annual Interest Rate[1]	Annual Interest Expense	Maturity	Interest Payments Due
[illegible]	$24,713	6.21%	$1,556	2016	[illegible]
[illegible]	9,210	8.15%	751	2021	[illegible]
[illegible]	9,555	7.00%	669	2019	[illegible]
[illegible]	49,292	5.73%	2,864	2015	[illegible]
	$92,770		$5,840		

(1) D [illegible] AA [illegible] 7 [illegible] 15 [illegible] 10- .

B [illegible] 10% [illegible] $584.

C [illegible] D [illegible] 31, 2011 [illegible] 10% [illegible] $1,149.

A D [illegible] 31, 2011, [illegible] $345,500 [illegible] $204,500 [illegible] 19, 2015 [illegible] 19, 2016. [illegible]

[illegible]

	Impact of Changes in Interest Rates		
	Interest Rate	Outstanding Debt	Total Interest Expense Per Year
[illegible]	1.800%	$345,500	$6,305
[illegible]	1.980%	345,500	6,936
[illegible]	1.620%	345,500	5,675

[illegible]

	Impact of Changes in Interest Rates		
	Interest Rate	Outstanding Debt	Total Interest Expense Per Year
[illegible]	1.800%	$550,000	$10,038
[illegible]	1.980%	550,000	11,041
[illegible]	1.620%	550,000	9,034

[illegible]

Item 8. Financial Statements and Supplementary Data

[illegible]

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

[illegible]

Item 9A. Controls and Procedures

[illegible]

[illegible]

[illegible] 31, 2011 [illegible]

Management Report on Assessment of Internal Control Over Financial Reporting

[illegible]

[illegible] 31, 2011. [illegible] *Internal Control—Integrated Framework*. [illegible] 31, 2011, [illegible]

[illegible] 2011 [illegible] 10- [illegible]

Item 9B. Other Information

[illegible] 21, 2012, [illegible] 3.2 [illegible] 3.3.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

[illegible]

Item 11. Executive Compensation

[illegible]

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Equity Compensation Plan Information. [illegible] 2009, [illegible] 2009 [illegible] 2,000 [illegible] 2009 [illegible] 2009 [illegible] 31, 2011.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
[illegible] 2009	[illegible]	[illegible]	1,873,350[1]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	1,873,350[1]

(1) [illegible] 2009 [illegible] 2009 [illegible] 2,000,000 [illegible] 2009 [illegible] 126,650 [illegible]

[illegible]

Item 13. Certain Relationships and Related Transactions, and Director Independence

[illegible]

Item 14. Principal Accountant Fees and Services

[illegible]

PART IV

Item 15. Exhibits and Financial Statement Schedules

( ) *Index to Financial Statements and Financial Statement Schedules*

D a a a a a a ‘ ‘ a D a ‘ a :

a ‘ A ‘ . . . . . -1
C a B a a D ‘ 31, 2011 2010 . . . . . -3
C a a ‘ á
D ‘ 31, 2011 . . . . . -4
C a a ‘ á ’ ‘ á
D ‘ 31, 2011 . . . . . -5
C a a C a a ‘ á
D ‘ 31, 2011 . . . . . -6
a C a a . . . . . -7

A ‘a a ‘ ‘a a a ‘ a a C ‘ ‘ a ‘ a , ‘ ‘ ‘ .

Exhibits

a ‘ A ‘ 10- ‘ D ‘ 31, 2011 á A ‘ 10- C. A A ‘ 10- , a a , a ‘ a ‘ a ‘ a , ‘ ‘ a ‘ D a , D , 255 a ‘ 300, , A 02458-1634, (617) 219-1410.

Report of Independent Registered Public Accounting Firm

Report of Independent Registered Public Accounting Firm

GOVERNMENT PROPERTIES INCOME TRUST

CONSOLIDATED BALANCE SHEETS

(amounts in thousands, except share data)

	December 31,	
	2011	**2010**
ASSETS		
[illegible]		
[illegible]	$ 224,674	$ 143,774
[illegible]	1,129,994	833,719
	1,354,668	977,493
[illegible]	(156,618)	(131,046)
	1,198,050	846,447
[illegible]	117,596	60,097
[illegible]	3,272	2,437
[illegible]	1,736	1,548
[illegible]	29,000	19,200
[illegible]	3,074	1,002
[illegible]	5,550	3,935
[illegible]	10,297	16,622
[illegible]	$1,368,575	$ 951,288
LIABILITIES AND SHAREHOLDERS' EQUITY		
[illegible]	$ 345,500	$ 118,000
[illegible]	95,383	46,428
[illegible]	20,691	14,436
[illegible]	4,071	1,348
[illegible]	11,262	13,679
[illegible]	476,907	193,891
[illegible]		
[illegible]		
[illegible]	471	405
[illegible]	935,438	776,913
[illegible]	87,333	41,336
[illegible]	77	2
[illegible]	(131,651)	(61,259)
[illegible]	891,668	757,397
[illegible]	$1,368,575	$ 951,288

[illegible]

GOVERNMENT PROPERTIES INCOME TRUST

CONSOLIDATED STATEMENTS OF INCOME

(amounts in thousands, except per share data)

	Year Ended December 31,		
	2011	**2010**	**2009**
[illegible]	$178,950	$117,219	$79,161
[illegible]:			
[illegible]	19,345	12,177	8,546
[illegible]	15,316	9,064	6,325
[illegible]	31,784	19,937	12,436
D[illegible]	40,089	24,239	15,172
A[illegible]	3,504	5,750	1,032
[illegible]	10,898	7,061	4,058
D[illegible]	120,936	78,228	47,569
[illegible]	58,014	38,991	31,592
[illegible]	104	103	53
[illegible] $1,045, $2,283 [illegible] $1,551, [illegible])	(12,057)	(7,351)	(5,556)
[illegible]		(3,786)	
[illegible]	139	(1)	(15)
[illegible]	46,200	27,956	26,074
[illegible]	(203)	(161)	(93)
[illegible]	$ 45,997	$ 27,795	$25,981
[illegible]	43,368	34,341	15,082
[illegible]	$ 1.06	$ 0.81	$ 1.72

[illegible]

GOVERNMENT PROPERTIES INCOME TRUST
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(amounts in thousands, except share data)

	Ownership Interest	Number of Shares	Common Shares	Cumulative Common Distributions	Additional Paid In Capital	Cumulative Other Comprehensive Income	Cumulative Net Income	Total
B D ' 31, 2008	$ 413,453		$	$	$	$	$	$ 413,453
a ,		21,450,000	215		357,377			357,592
a		31,350			250			250
	12,440						13,541	25,981
D a	(425,893)			(19,333)				(445,226)
B D ' 31, 2009		21,481,350	215	(19,333)	357,627		13,541	352,050
a ,		18,975,000	190		418,740			418,930
a		44,450			546			546
a A C						2		2
							27,795	27,795
D a								27,797
D a				(41,926)				(41,926)
B D ' 31, 2010		40,500,800	405	(61,259)	776,913	2	41,336	757,397
a ,		6,500,000	65		157,805			157,870
a		50,850	1		720			721
a A C						75		75
							45,997	45,997
D a								46,072
D a				(70,392)				(70,392)
B D ' 31, 2011	$	47,051,650	$471	$(131,651)	$935,438	$77	$87,333	$ 891,668

A a .

GOVERNMENT PROPERTIES INCOME TRUST

CONSOLIDATED STATEMENTS OF CASH FLOWS

(amounts in thousands)

	Year Ended December 31,		
	2011	**2010**	**2009**
[illegible]	$ 45,997	$ 27,795	$ 25,981
[illegible]			
[illegible]	26,886	19,180	13,562
[illegible]	1,045	2,283	1,551
[illegible]	(1,729)	5	452
[illegible]	13,071	4,627	894
[illegible]	630	465	436
[illegible]	763	742	357
[illegible]		3,786	
[illegible]	(139)	1	15
[illegible]			
[illegible]	(188)	(1,548)	1,334
[illegible]	(2,702)	(137)	(9)
[illegible]	(8,071)	(5,661)	(7,450)
[illegible]		103	(103)
[illegible]	(1,708)	(1,361)	(214)
[illegible]	3,909	4,433	1,358
[illegible]	2,723	511	837
[illegible]	80,487	55,224	39,001
[illegible]			
[illegible]	(387,491)	(384,375)	(95,527)
[illegible]	(3,060)	(6,317)	(3,451)
[illegible]		(76)	(5,134)
[illegible]	(390,551)	(390,768)	(104,112)
[illegible]			
[illegible]	157,870	418,930	205,510
[illegible]	(1,005)	(571)	(134)
[illegible]	472,500	335,000	382,000
[illegible]	(245,000)	(361,375)	(237,625)
[illegible]	(3,074)	(4,962)	(6,755)
[illegible]	(70,392)	(50,519)	(10,741)
[illegible]			(265,763)
[illegible]	310,899	336,503	66,492
[illegible]	835	959	1,381
[illegible]	2,437	1,478	97
[illegible]	$ 3,272	$ 2,437	$ 1,478
[illegible]			
[illegible]	$ 10,309	$ 4,333	$ 3,918
[illegible]	72	145	
[illegible]			
[illegible]	$	$	$ 8,047
[illegible]			
[illegible]	(49,395)	(44,951)	
[illegible]			
[illegible]	$ 49,395	$ 44,951	$
[illegible]	(721)	(546)	(250)

[illegible]

GOVERNMENT PROPERTIES INCOME TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands, except per share data)

Note 1. Organization

[illegible]

Note 2. Summary of Significant Accounting Policies

Basis of Presentation. [illegible]

[illegible]

Real Estate Properties. [illegible]

Note 2. Summary of Significant Accounting Policies (Continued)

[illegible]

[illegible]

[illegible] ($498), ($34), $281 [illegible] D [illegible] 31, 2011, 2010 [illegible] 2009, [illegible] $12,573, $4,593 [illegible] $1,175 [illegible] D [illegible] 31, 2011, 2010 [illegible] 2009, [illegible]

[illegible] $38,415 [illegible] $17,215 [illegible] D [illegible] 31, 2011 [illegible] 2010, [illegible] $7,083 [illegible] $4,133, [illegible] $20,818 [illegible] $20,203 [illegible] D [illegible] 31, 2011 [illegible] 2010, [illegible] $9,556 [illegible] $6,524, [illegible] D [illegible] $105,123 [illegible] $59,075 [illegible] D [illegible] 31, 2011 [illegible] 2010, [illegible] $18,861 [illegible] $12,060, [illegible] D [illegible] 31, 2011 [illegible]

Note 2. Summary of Significant Accounting Policies (Continued)

$18,161 2012, $17,200 2013, $16,568 2014, $14,412 2015, $12,507 2016 $27,486

Cash and Cash Equivalents.

Restricted Cash.

Deferred Leasing Costs. $5,684 $3,416 31, 2011 2010, $2,610 $2,414 31, 2011 2010, 31, 2011 $633 2012, $396 2013, $335 2014, $306 2015, $274 2016 $1,130

Deferred Financing Fees. $7,372 $4,297, $1,822 $362, 31, 2011 $1,414 2012, $1,414 2013, $1,414 2014, $1,144 2015, $57 2016 $107

Revenue Recognition. $1,729, ($5) ($452) 31, 2011, 2010 2009, $3,901 $2,173 31, 2011 2010,

Income Taxes. 1986

Cumulative Other Comprehensive Income. 5.

Reclassifications.

Note 2. Summary of Significant Accounting Policies (Continued)

Use of Estimates. [illegible]

Net Income Per Share. [illegible]

Segment Reporting. [illegible]

Ownership Interest. [illegible] 31, 2011, [illegible] 21.1% [illegible] 5 [illegible].

Note 3. New Accounting Pronouncements

[illegible] 2011, [illegible] 3 [illegible] 15, 2011. [illegible]

[illegible] 2011, [illegible] 2011-12, [illegible] 15, 2011. [illegible]

Note 4. Real Estate Properties

[illegible] 31, 2011, [illegible] 71 [illegible] $1,494,684. [illegible] 2012 [illegible] 2025. [illegible] $5,119 [illegible] 679,300 [illegible] 2011, [illegible] 650,988 [illegible] $10,004 [illegible] 31, 2011.

Note 4. Real Estate Properties (Continued)

[illegible]

Date	Location	Square Feet	Purchase Price[1]	Land	Buildings and Improvements	Acquired Leases	Acquired Lease Obligations	Other Assumed Liabilities	Premium on Assumed Debt
[illegible] 2011	[illegible] A	92,549	$ 14,000	$ 2,700	$ 9,200	$ 2,113	$ (13)	$ (24)	$
[illegible] 2011	[illegible] D	182,561	28,000	3,735	21,509	3,281	(525)		
[illegible] 2011	[illegible]	135,819	40,750	4,800	30,592	5,358		(3,306)	
[illegible] 2011	[illegible] S,	187,060	114,050	36,800	66,661	10,589			
[illegible] 2011	[illegible] S	29,297	6,775	945	4,539	1,291			
[illegible] 2011	[illegible] A	64,488	11,550	2,090	7,465	1,995			
[illegible] 2011	[illegible] A	57,815	11,550	920	9,084	1,546			
[illegible] 2011	[illegible]	264,482	39,250	6,530	17,711	15,009		(2,250)	
[illegible] 2011	[illegible] CA	87,863	13,600	1,450	9,465	2,685		(1,491)	
[illegible] 2011	[illegible] A	375,805	48,600	10,250	27,933	10,421	(4)		
[illegible] 2011	[illegible] [2]	433,927	85,000	4,170	68,888	12,894	(95)		(857)
D 2011	[illegible]	233,358	30,925	6,510	17,973	6,536	(94)	(93)	
		2,145,024	$444,050	$80,900	$291,020	$73,718	$(731)	$(7,164)	$(857)

(1) [illegible]

(2) [illegible] $49,395 [illegible]

[illegible] D 31, 2011, [illegible] $172,711 2012, $147,229 2013, $138,007 2014, $119,737 2015, $105,197 2016, [illegible] $279,547 [illegible]. [illegible] D 31, 2011, [illegible] 4.8% [illegible] 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, [illegible] 2.2%, 4.8%, 3.7%, 0.4%, 13.2%, 1.2%, 2.8%, 4.2%, 2.1% [illegible] D 31, 2011, [illegible] 8.4% [illegible].

Note 5. Related Person Transactions

[illegible]

Note 5. Related Person Transactions (Continued)

[illegible]

[illegible]

[illegible] 31, 2011, [illegible] 0.5% [illegible] 0.7% [illegible] $250,000, [illegible] 0.5% [illegible] $250,000. [illegible] 15% [illegible] $0.02 [illegible]

[illegible]

Note 5. Related Person Transactions (Continued)

[illegible]

[illegible] 3.0% [illegible] 5.0% [illegible].

[illegible] 2011 2010 [illegible] $14,062, [illegible] $883 [illegible] 2012 [illegible] $8,238, [illegible] 2009 [illegible] $5,601, [illegible] $2,390 [illegible] 2010 [illegible] 2010 [illegible] 2009.

[illegible] $240, $211 [illegible] $121 [illegible] 2011, 2010 [illegible] 2009, [illegible] 60 [illegible] 31, 2012 [illegible]

[illegible]

Note 5. Related Person Transactions (Continued)

[illegible]

[illegible] 1,400 [illegible] $31 [illegible] $14 [illegible] 2011 [illegible] 2010, [illegible] 2009.

[illegible]

[illegible] 2009, [illegible] 2009 [illegible] 2011, 2010 [illegible] 2009, [illegible] 40,850 [illegible] $922, 36,950 [illegible] $985 [illegible] 25,100 [illegible] $556, [illegible]

[illegible] 100% [illegible] 2009. [illegible] 2009, [illegible] 10% [illegible] : (1) [illegible] S [illegible], (2) [illegible] (3) [illegible]

Note 5. Related Person Transactions (Continued)

[illegible] (1) [illegible] (2) [illegible] (1) [illegible] (2) [illegible]

[illegible] 2010, [illegible] 15 [illegible] 1.9 [illegible] 15 [illegible] 2010 [illegible] $231,000, [illegible] 15 [illegible]

[illegible] 22, 2012, [illegible] 9,950,000 [illegible] 21.1% [illegible] 2009 [illegible] 2011 [illegible] 2011. [illegible]

[illegible]

[illegible] 14.29% [illegible]

Note 5. Related Person Transactions (Continued)

[illegible] 22, 2012, [illegible] $5,194 [illegible] 2009. [illegible] $5,409, [illegible] $5,195 [illegible] 31, 2011, [illegible] 2010, [illegible] 2011, [illegible] $139 [illegible] 2010, [illegible] 2009, [illegible] $1, [illegible] $15, [illegible] 2010, [illegible] $500,000 [illegible] 2011 [illegible] 2011, [illegible] 2010 [illegible] $1,286, [illegible] $415, [illegible]

Note 6. Concentration

Tenant and Credit Concentration

[illegible] 91.9%, 93.0%, [illegible] 93.7% [illegible] 31, 2011, 2010, [illegible] 2009, [illegible] 69.6%, 78.2% [illegible] 83.1% [illegible] 31, 2011, 2010, [illegible] 2009 [illegible]

Geographic Concentration

[illegible] 31, 2011, [illegible] 71 [illegible] 29 [illegible] 12.6%, 12.2%, 10.2%, 9.3%, 8.9% [illegible] 6.6% [illegible] 31, 2011, [illegible]

Note 7. Indebtedness

[illegible] 31, 2011 [illegible] 2010, [illegible]:

	December 31, 2011	December 31, 2010
[illegible] 2015	$345,500	$118,000
[illegible], 5.73% [illegible], [illegible] $825, [illegible] 2015[1]	50,118	
[illegible], 6.21% [illegible] 2016	24,713	24,800
[illegible], 7.00% [illegible], [illegible] $1,005, [illegible] 2019[1]	10,559	10,856
[illegible], 8.15% [illegible], [illegible] $783, [illegible] 2021[1]	9,993	10,772
	$440,883	$164,428

(1) [illegible]

[illegible] 2011, [illegible] $49,395 [illegible] 5.73% [illegible] 30 [illegible] 2015. [illegible] $857 [illegible] 5.24%, [illegible].

[illegible] 2011, [illegible] $500,000 [illegible] $550,000, [illegible] 210 [illegible] 150 [illegible] 28, 2013 [illegible] 19, 2015. [illegible] 19, 2016 [illegible] $1,100,000 [illegible] 31, 2011. [illegible] 2.19% [illegible] 31, 2011. [illegible] 31, 2011, [illegible] $345,500 [illegible].

Note 7. Indebtedness (Continued)

[illegible] 2012, [illegible] $350,000 [illegible] D [illegible] 11, 2017 [illegible] $700,000 [illegible] D [illegible] B [illegible] 175 [illegible]

A D [illegible] 31, 2011, [illegible] S [illegible] $124,563 [illegible]

D [illegible] D [illegible] 31, 2011 [illegible]:

2012	$ 1,793
2013	1,933
2014	2,072
2015	394,191
2016	24,708
D [illegible]	13,573
	$438,270

Note 8. Fair Value of Financial Instruments

[illegible] D [illegible] 31, 2011, [illegible] A D [illegible] 31, 2011, [illegible]:

	Carrying Amount	Fair Value
[illegible], 5.73% [illegible] $825, [illegible] 2015	$50,118	$ 50,810
[illegible], 6.21% [illegible] 2016	24,713	27,121
[illegible], 7.00% [illegible] $1,005, [illegible] 2019	10,559	11,044
[illegible], 8.15% [illegible] $783, [illegible] 2021	9,993	11,136
	$95,383	$100,111

Note 8. Fair Value of Financial Instruments (Continued)

[illegible]

Note 9. Shareholders' Equity

Share Awards

[illegible] 2009 [illegible] 5, [illegible] 2009, 2010, 2011. [illegible] 2,000 [illegible] 2011 [illegible] $256 ($51 [illegible]), 1,500 [illegible] 2010 [illegible] $208 ($42 [illegible]), 1,250 [illegible] 2009 [illegible] $138 ($28 [illegible]) [illegible]

[illegible] 2009 [illegible] 8, 2009 ([illegible]) [illegible] 31, 2011 [illegible]:

	Number of Shares	Weighted Average Grant Date Fair Value
[illegible] 2009	31,350	$22.14
[illegible] 2009	(11,270)	22.14
[illegible] 31, 2009	20,080	22.14
[illegible] 2010	44,450	26.92
[illegible] 2010	(20,210)	25.92
[illegible] 31, 2010	44,320	25.21
[illegible] 2011	50,850	23.16
[illegible] 2011	(30,900)	23.56
[illegible] 31, 2011	64,270	23.92

[illegible] 64,270 [illegible] 31, 2011 [illegible]: 20,320 [illegible] 2012, 20,320 [illegible] 2013, 15,460 [illegible] 2014 [illegible] 8,170 [illegible] 2014. [illegible] 31, 2011, [illegible] $1,449 [illegible] 30, 2011 [illegible] $22.55. [illegible] 23 [illegible]. [illegible] 31, 2011, 2010 [illegible] 2009, [illegible] $763, $742 [illegible] $357, [illegible] 2009 [illegible].

[illegible] 31, 2011, 1,873,350 [illegible] 2009 [illegible].

Note 9. Shareholders' Equity (Continued)

Distributions

[illegible] 23, 2011 [illegible] $0.41 [illegible] 24, 2011, A[illegible] 24, 2011 [illegible] 22, 2011 [illegible] $0.42 [illegible] 9, 2012, [illegible] 26, 2012, [illegible] $0.42 [illegible] 24, 2012.

C[illegible] D[illegible] 31, 2011, 2010 [illegible] 2009 [illegible] $1.67, $1.21 [illegible] $0.90, [illegible] D[illegible] 2011, 2010 [illegible] 2009 [illegible] 92.88%, 98.34% [illegible] 100% [illegible] 7.12%, 1.66% [illegible] 0.00% [illegible]

Share Sales

[illegible] 25, 2011, [illegible] 6,500,000 [illegible] $25.40 [illegible] $157,870. [illegible]

Note 10. Selected Quarterly Financial Data (Unaudited)

[illegible] 2011 [illegible] 2010:

	2011			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
[illegible]	$39,228	$42,107	$45,889	$51,726
[illegible]	10,254	10,932	11,563	13,263
[illegible]	0.25	0.27	0.26	0.28
C[illegible]	0.41	0.42	0.42	0.42

	2010			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
[illegible]	$23,425	$26,039	$30,847	$36,908
[illegible]	6,851	7,735	6,669	6,540
[illegible]	0.24	0.25	0.18	0.24
C[illegible]	0.40	0.40	0.41	0.41

Note 11. Pro Forma Information (Unaudited)

D[illegible] 2011, [illegible] 16 [illegible] $444,050, [illegible] $49,395 [illegible] 2011, [illegible] $500,000 [illegible] $550,000 [illegible] 6,500,000 [illegible] 2010, [illegible] 22

Note 11. Pro Forma Information (Unaudited) (Continued)

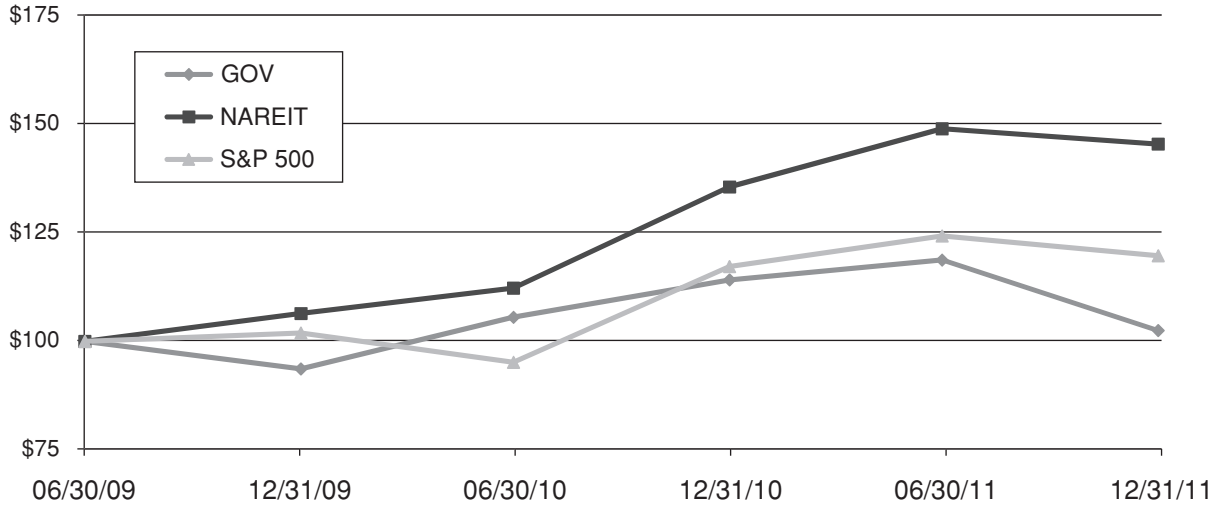
[illegible] $434,411, [illegible] $44,951 [illegible]. A[illegible] 2010, [illegible] $250,000[illegible] $500,000 [illegible] 18,975,000 [illegible]. D[illegible] 1, 2010. D[illegible]. D[illegible]

	For the Year Ended December 31,	
	2011	2010
D[illegible]	$208,512	$205,447
[illegible]	54,595	39,908
[illegible]:		
[illegible]	$ 1.16	$ 0.85

D[illegible] 31, 2011[illegible] 2010, [illegible] $91,702[illegible] $28,775, [illegible] $55,821[illegible] $18,197, [illegible].

GOV Performance Chart

[illegible] $100 [illegible] 2, 2009) [illegible] 500 [illegible]



CORPORATE INFORMATION

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ANNUAL MEETING
Our annual meeting of shareholders will be held on May 16, 2012 at 9:30 a.m. at Two Newton Place, 255 Washington Street, Suite 100, Newton, Massachusetts. All shareholders are invited to attend.

AVAILABLE INFORMATION
A copy of our 2011 Annual Report on Form 10-K, including the financial statements and schedule (excluding exhibits), as filed with the Securities and Exchange Commission, can be obtained without charge through our website at www.govreit.com or by writing to our Vice President, Investor Relations at our executive offices address.

STOCK MARKET DATA
Our common shares of beneficial interest are traded on the NYSE under the symbol GOV. The following table sets forth the high and low sales prices of our common shares in 2010 and 2011 as reported on the NYSE composite tape:

Quarter Ended	High	Low
March 31, 2010	$26.01	$21.64
June 30, 2010	$28.40	$23.95
September 30, 2010	$28.53	$24.65
December 31, 2010	$28.28	$25.41
March 31, 2011	$27.22	$25.46
June 30, 2011	$27.50	$24.27
September 30, 2011	$27.80	$20.50
December 31, 2011	$24.29	$19.68

As of February 15, 2012, there were approximately 70 shareholders of record of our common shares and we estimate that as of such date there were in excess of 27,700 beneficial owners of our common shares.

The closing price of our common shares as reported on the NYSE composite tape on February 15, 2012 was $23.25.

* *Member of Audit, Compensation, Nominating and Governance Committees*

** *Mr. Sheehan will be resigning as our Director of Internal Audit, effective March 1, 2012, and Vern D. Larkin has been appointed to that office, effective on or about that same date.*

Government Properties Income Trust

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