



**ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST ANNOUNCES
ACQUISITION OF UPGRADE OPPORTUNITIES IN VANCOUVER AND MONTRÉAL
AND STRATEGIC ACQUISITION IN TORONTO'S KING & SPADINA AREA**

Toronto, May 18, 2011 -- Allied Properties REIT (TSX:AP.UN) announced today that it has entered into agreements to purchase the following upgrade opportunities for \$56.3 million:

Address	Total GLA	Office GLA	Retail GLA	Parking Spaces
948 Homer Street, Vancouver	45,321	22,031	23,290	7
5455 Avenue de Gaspé, Montréal	527,395	527,395	0	150
Total	572,716	549,426	23,290	157

Allied also announced that it has entered into an agreement to acquire an undivided 50% interest in the retail component of Victory Lofts, a condominium project nearing completion in Toronto's King & Spadina area. This agreement augments the agreement announced in 2009 to acquire an undivided 50% interest in the 92-stall underground commercial parking component of Victory Lofts, bringing the estimated total consideration for the two components to approximately \$4.9 million.

"We see an opportunity to add value to the Vancouver and Montréal properties in the next 36 months through a combination of building and tenant upgrades and mark-to-market re-leasing opportunities," said Michael Emory, President & CEO. "The Toronto acquisition will afford a good yield on our capital and will add to our competitive advantages at King & Spadina."

Thus far in 2011, Allied has completed three acquisitions for total consideration of \$40.7 million. Allied elected during the conditional period not to proceed with the agreement to acquire 353 Water Street in Vancouver, which was one of the four agreements announced on March 31, 2011. On closing of the agreements announced today, Allied's acquisitions for 2011 will total \$101.9 million.

Montréal Upgrade Opportunity

Located on the east side of de Gaspé Avenue in Montréal, in close proximity to Allied's property at 5505 Saint-Laurent Boulevard, 5455 de Gaspé is a Class I property with 527,395 square feet of GLA, 150 underground parking spaces and 19,000 square feet of surplus land. It is 85% leased to a large number of small tenants on shorter-term leases at low rents. While carrying 5455 de Gaspé as a rental property, Allied plans to upgrade the building and the tenant-base with a view to boosting

the annual net operating income ("NOI") materially over a 36-month period.

Vancouver Upgrade Opportunity

Located in Yaletown on the east side of Homer Street, between Nelson and Smithe Streets, 948 Homer Street is a Class I property with 45,321 square feet of GLA and seven surface parking spaces. It is fully leased to tenants consistent in character and quality with Allied's tenant base. While carrying 948 Homer as a rental property, Allied plans to upgrade the retail component and take advantage of a mark-to-market opportunity on the office space, all with a view to boosting the annual NOI materially over a 36-month period. The opportunity also exists to add additional office floors to the property.

Toronto Acquisition

In March of 2009, Allied announced that it had entered into an agreement to purchase an undivided 50% interest in the 92-stall underground commercial parking component of the Victory Lofts, a condominium project at 478 King Street West in Toronto. Victory Lofts is adjacent to three of Allied's properties, 468 King Street West, 500-522 King Street West and the King-Brant underground commercial parking structure.

Allied has now entered into an agreement to purchase an undivided 50% interest in the retail component of Victory Lofts, which is comprised of 6,552 square feet of GLA. On closing, the retail component will be fully leased to tenants consistent in character and quality with Allied's tenant base. Allied will manage both the parking and the retail components on behalf of the co-owners. This will enhance its significant operating control over surface and underground commercial parking spaces and retail space in the King & Spadina area.

Closing and Financing of Acquisitions

The acquisitions of the upgrade opportunities in Vancouver and Montréal are expected to close in June of 2011, subject to customary conditions, and the acquisition of the interest in the parking and retail components of Victory Lofts is expected to close in the third quarter of 2011, subject to condominium registration. The purchase price for the upgrade opportunities represents a capitalization rate of approximately 6% applied to the current annual NOI. The purchase price for the parking and retail components of Victory Lofts represents a capitalization rate of approximately 7% applied to the anticipated annual NOI. On closing, all three properties will be free and clear of mortgage financing. Allied will place first mortgage financing on the properties as it deems advisable.

Cautionary Statements

This press release may contain forward-looking statements with respect to Allied, its operations, strategy, financial performance and condition. These statements generally can be identified by use of forward looking words such as "may", "will", "expect", "estimate", "anticipate", "intends", "believe" or "continue" or the negative thereof or similar variations. The actual results and performance of Allied discussed

herein could differ materially from those expressed or implied by such statements. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations, including that the transactions contemplated herein are completed. Important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors, competition, changes in government regulations and the factors described under "Risk Factors" in Allied's Annual Information Form, which is available at www.sedar.com. These cautionary statements qualify all forward-looking statements attributable to Allied and persons acting on Allied's behalf. Unless otherwise stated, all forward-looking statements speak only as of the date of this press release and the parties have no obligation to update such statements.

"Capitalization rate" is not a measure recognized under International Financial Reporting Standards ("IFRS") and does not have any standardized meaning prescribed by IFRS. Capitalization rate is presented in this press release because management of Allied believes that this non-IFRS measure is relevant in interpreting the purchase price of the properties being acquired. Capitalization rate, as computed by Allied, may differ from similar computations as reported by other similar organizations and, accordingly, may not be comparable to capitalization rate reported by such organizations.

NOI is not a measure recognized under IFRS and does not have any standardized meaning prescribed by IFRS. NOI is presented in this press release because management of Allied believes that this non-IFRS measure is relevant in interpreting the purchase price of the property being acquired. NOI, as computed by Allied, may differ from similar computations as reported by other similar organizations and, accordingly, may not be comparable to NOI reported by such organizations.

Allied Properties REIT is a leading owner, manager and developer of urban office environments that enrich experience and enhance profitability for business tenants operating in Canada's major cities. Its objectives are to provide stable and growing cash distributions to unitholders and to maximize unitholder value through effective management and accretive portfolio growth.

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FOR FURTHER INFORMATION, PLEASE CONTACT:

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