ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST ANNOUNCES FIRST-QUARTER RESULTS AND CONTINUED PORTFOLIO GROWTH IN WESTERN CANADA

Toronto, June 1, 2011 -- Allied Properties REIT (TSX:AP.UN) today announced results for its first quarter ended March 31, 2011. Allied also announced continued portfolio growth in Western Canada.

"Our financial results for the first quarter were modestly ahead of internal forecast, and we've seen a pronounced increase in leasing and acquisition velocity across our target markets, which bodes well going forward," said Michael Emory, President & CEO. "Leasing velocity is particularly evident in Toronto and Montréal, where we've completed a series of pivotal lease transactions. Acquisition velocity is particularly evident in Western Canada, where we've rapidly propelled our portfolio to early-stage critical mass."

Financial Results

The financial results for the first quarter are summarized below and compared to the same quarter in 2010:

(In thousands except for per unit and % amounts)	Q1 2011	Q1 2010	Change	%Change
Net income	12,836	15,849	(3,013)	(19.0%)
Net income per unit	$0.30	$0.41	(0.11)	(26.8)
Funds from operations ("FFO") under IFRS	13,143	-	-	-
FFO per unit (diluted) under IFRS	$0.31	-	-	-
FFO pay-out ratio under IFRS	109.1%	-	-	-
Adjusted FFO ("AFFO") under IFRS	10,515	-	-	-
AFFO per unit (diluted) under IFRS	$0.24	-	-	-
AFFO pay-out ratio under IFRS	136.4%	-	-	-
Funds from operations ("FFO") under GAAP	14,033	15,369*	($1,336)	(8.7%)
FFO per unit (diluted) under GAAP	$0.33	$0.39*	($0.06)	(15.4%)
FFO pay-out ratio under GAAP	102.2%	83.7%*	18.5%	-
Adjusted FFO ("AFFO") under GAAP	10,688	13,181*	($2,493)	(18.9%)
AFFO per unit (diluted) under GAAP	$0.25	$0.34*	($0.09)	(25.8%)
AFFO pay-out ratio under GAAP	134.2%	97.5%*	36.7%	-
Debt ratio (% of fair value)	41.6%	46.1%	(4.5%)	-
Interest coverage ratio	2.4:1	2.9:1	(0.5:1)	-

***Excluding a one-time lease termination payment.**

Net income, net income per unit, FFO, FFO per unit, AFFO and AFFO per unit were down significantly quarter-over-quarter due to an unusually large amount of turnover vacancy at Cité Multimédia in Montréal. This is a temporary situation that was fully anticipated. Most of the affected space either has been, or is about to be, re-leased. Once this re-leasing is completed, Cité Multimédia will have a higher level of net rent than Allied anticipated at the time of acquisition in 2007, a considerably improved tenant-mix and a better than normal lease-maturity schedule.

Leasing

Allied leased over 740,000 square feet of space in the first quarter. This extended its weighted average lease term to 5.6 years and reduced the average annual amount of area maturing from 2011 to 2015 to 8.7% of its total rental portfolio.

Allied finished the first quarter with leased area of 92.5%, up 110 basis points from year-end 2010. During the quarter, it renewed or replaced 47% of the leases maturing in 2011, in most cases at net rental rates equal to or above in-place rents. This will result in a an overall increase of 13.9% in net rental income per square foot from the affected space.

Allied completed several large renewals and expansions in its Toronto target market, including

- the renewal of Algorithmic's lease of 55,814 square feet at 185 Spadina Avenue for a term of five years from December 31, 2011;

- the renewal of Publicis' lease of 64,821 square feet plus and expansion of 3,084 square feet for a term of just under 11 years from December 31, 2011; and

- the expansion of Kobo to 36,585 square feet at 135 Liberty Street and 53 Fraser Avenue and Critical Mass to 23,097 square feet at 312 Adelaide Street West.

Allied has moved steadily toward completion of the re-leasing of six contiguous office floors at Cité Multimédia in Montréal, having now leased (i) one and one-half floors to an existing tenant, SAP Labs, for a term of 10 years commencing September 1, 2011, and (ii) two floors to a new tenant, Abitibi Bowater, for a term of 10 years commencing January 1, 2012. Allied is finalizing the lease of two floors to another new tenant for a term of 10 years commencing September 1, 2011, and the lease of the remaining half-floor, along with space on the ground floor, to yet another new tenant for a term of 10 years commencing January 1, 2012. The annual net rental rates achieved or near finalization fully validate Allied's decision in 2010 not to renew the prior lease of the six office floors.

Acquisitions

In addition to the $102 million in acquisitions completed or announced earlier this year, Allied today announced that it has entered into agreements to purchase the following properties for $62 million:

Address	**Total GLA**	**Office GLA**	**Retail GLA**	**Parking Spaces**
100 West Pender Street, Vancouver	81,590	75,858	5,732	0
10190-104 Street N.W., Edmonton	22,581	16,814	5,767	0
605-11th Avenue S.W., Calgary	51,173	23,245	27,928	3
Total	**155,344**	**115,917**	**39,427**	**3**

Vancouver
The Sun Tower (100 West Pender Street) is located in Crosstown (between Yaletown and Gastown) at the intersection of West Pender and Beatty Streets, in relatively close proximity to Allied's properties in Yaletown. It is a landmark heritage property with 81,590 square feet of GLA and is fully leased to tenants consistent in character and quality with Allied's tenant base. On completion in 1912, it was the tallest building in the British Empire, known as The World Building, and served as the home of The Vancouver World newspaper. The building was renamed when the Vancouver Sun bought it in 1937 and is still known as The Sun Tower. The building was extensively restored, renovated and re-leased in the past 24 months. It is designated by the City of Vancouver as a Class A Heritage Property.

Edmonton
The Metals Limited Building (10190-104 Street N.W.) is located in the central business district on the southwest corner of the intersection of 104 and 102 Streets N.W.. It is a Class I property with 22,581 square feet of GLA and is fully leased to tenants consistent in character and quality with Allied's tenant base. Built in 1914 to house a warehousing and distribution business, the building on the property was extensively restored and renovated in 2004. It is designated by the City of Edmonton as a Municipal Historical Resource.

Calgary
The Roberts Block (605-11th Avenue S.W.) is located in the Beltline area on the southwest corner of 11th Avenue S.W. and 5th Street S.W.. It is a Class I property with 51,173 square feet of GLA and three surface parking spaces and is 98% leased to tenants consistent in character and quality with Allied's tenant base. Built in 1912 to house three different distribution businesses, the building on the property was extensively restored and renovated in the late 1990s. It is on the Inventory of Evaluated Historic Resources maintained by the City of Calgary.

Closing and Financing
The acquisitions are expected to close in July and August of 2011, subject to customary conditions. The purchase price for the acquisitions represents a capitalization rate of approximately 6.5% applied to the current annual NOI. On closing, all but the Calgary property will be free and clear of mortgage financing. Allied will place first mortgage financing on the Vancouver and Edmonton properties as it deems advisable. The Calgary property will be subject to a first mortgage in the approximate principal amount of $7 million, having a term expiring in February 29, 2012, bearing interest at an effective rate of 4.25% per year.

Rising Values and Liquidity

As part of its preparation for the adoption of IFRS, Allied completed an external valuation of its portfolio at year-end 2009, indicating a value of $1.3 billion, and another at year-end 2010, indicating a value of $1.55 billion. $104 million of the increase over the 12 months resulted from acquisitions, with the remaining $146 million resulting from appreciation in value. In conjunction with its first set of financial statements prepared in accordance with IFRS, Allied completed an external valuation of its portfolio at the end of the first quarter, indicating a value of $1.6 billion. The entire increase over the three months resulted from appreciation in value. In establishing the value at the end of the quarter, the appraiser used capitalization rates ranging from 6.3% to 8.5%, with the high-point being the capitalization rate associated with 151 Front. The weighted average capitalization rate for the portfolio was 7.2%.

The largest single value increase related to 151 Front. Allied took advantage of this by obtaining a commitment from the first-mortgage holder for $72 million in additional first-mortgage financing at an annual interest rate of approximately 5.5% and otherwise on the terms of the current first mortgage.

Allied has maintained a clean and conservative balance sheet. Expressed as a percentage of fair value under IFRS, its debt ratio was 41.6% at the end of the first quarter. Its interest-coverage ratio in the first quarter was 2.4:1.

On closing of the upward financing of 151 Front, Allied's debt ratio will increase to approximately 46.1%. While it plans to use its borrowing power to facilitate portfolio growth and value-creation, Allied fully intends to maintain its conservative approach to financial management.

Value-Creation

Allied accelerated its value-creation activity in the first quarter as part of an ongoing effort to build a value-creation pipeline that, in time, will make a recurring, annual contribution to the growth of its business.

Upgrade Activity
645 Wellington Street in Montréal is an upgrade project that is well underway. Milgram took occupancy of over 30,000 square feet on May 1. Allied expects to complete this project early next year. Allied recently announced two new upgrade projects, one in Montréal, a 530,000 square foot Class I property on de Gaspé in the Plateau area, and one in Vancouver, a 45,000 square foot Class I property on Homer Street in Yaletown. These acquisitions are scheduled to close in June of 2011.

Redevelopment Activity
At 905 King Street West in Toronto, Allied has leased the first 10,000 square feet to a key tenant and is close on the lease-up of the remainder, in all cases at considerably higher than anticipated net rental rates. Allied expects 905 King to become a rental property in the third quarter of this year. With its partner, Perimeter Developments, Allied also initiated the redevelopment of The

Breithaupt Block in Kitchener, which is scheduled for completion in 2013.

Intensification Activity
The first phase of Allied's QRC West project involves the restoration of an existing Class I building and the addition of a new, LEED-certified component for combined leasable area of approximately 300,000 square feet. Allied expects to be in a position to commence the restoration of the existing Class I building shortly and is well advanced in negotiations with a prospective lead-tenant for the new component. In addition, Allied is in the process of initiating the approval process for three intensification opportunities in Toronto. QRC West, Phase II, has the potential for 74,000 of GLA, with a significant component being high-value retail space on Queen West. 388 King West and 82 Peter Street, which comprise a site on the northwest corner of King & Peter, have the potential for up to 800,000 square feet of space. 489, 495 and 499 King West, which constitute the best remaining development site at King & Spadina, have the potential for as much as 500,000 square feet of space. At least a year will be required to obtain municipal approval for each project.

Cautionary Statements

FFO and AFFO are not financial measures defined by International Financial Reporting Standards ("IFRS"). Please see Allied's MD&A for a description of these measures and their reconciliation to net income and comprehensive income under IFRS, as presented in Allied's consolidated financial statements for the quarter ended March 31, 2011. These statements, together with accompanying notes and MD&A, have been filed with SEDAR, www.sedar.com, and are also available on Allied's web-site, www.alliedpropertiesreit.com.

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. Allied's actual results and performance 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 the Allied's Annual Information Form which is available at www.sedar.com. The cautionary statements qualify all forward-looking statements attributable to Allied and persons acting on its behalf. Unless otherwise stated, all forward-looking statements speak only as of the date of this press release, and Allied has 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.

-30-

FOR FURTHER INFORMATION, PLEASE CONTACT:
Michael R. Emory
President and Chief Executive Officer
(416) 977-9002
memory@alliedpropertiesreit.com