



MORGUARD SUNSTONE REAL ESTATE INCOME FUND
ANNOUNCES FIRST DISTRIBUTION

VANCOUVER, BC – July 21, 2010 – Morguard Sunstone Real Estate Income Fund (the “Fund”) (TSX: MSN.UN), a closed-end investment fund, is pleased to announce its first monthly distribution of \$0.04543 per unit, (\$0.65 per Unit per annum, pro-rated) payable on August 16, 2010 to Unitholders of record on July 30, 2010.

This first distribution represents the period from closing of the Fund on July 6, 2010 to July 31, 2010. Distributions will be paid within 15 days following the end of each month for which a distribution is declared.

Forward-looking Statements

The Prospectus contains important information relating to this security and has been filed with the securities commission or securities authorities in all of the provinces of Canada. Copies of the Prospectus may be obtained from any of the Agents listed in the Prospectus. Capitalized terms used in this news release and not otherwise defined herein have the meanings given to them in the Prospectus.

Certain statements included in this news release constitute forward-looking statements, including, but not limited to, those identified by the expressions "expect", "intend", "will" and similar expressions to the extent that they relate to the Manager. The forward-looking statements are not historical facts but reflect the Manager's current expectations regarding future results or events. These forward-looking statements involve known and unknown risks and uncertainties which may cause the Fund's actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements.

Important factors that could cause actual results to differ materially from the Fund's expectations include the risks related to the marketability of the securities of the Portfolio, equity prices, risks associated with real estate generally, and general economic and market factors. These and other factors should be considered carefully and readers should not place reliance on the Fund's forward-looking statements. Forward-looking statements are given only as at the date of this press release and Sunstone Investment Management Inc. disclaims any obligation to update or revise the forward-looking statements, except as required by applicable law.

This news release shall not constitute an offer to sell or a solicitation of an offer to buy units of Morguard Sunstone Real Estate Income Fund. The information provided in the news release is not intended to provide specific advice relating to investment, financial, accounting, tax, legal or any other matters and should not be relied upon in that regard.

SUNSTONE INVESTMENT MANAGEMENT INC.

Suite 910, 925 West Georgia Street • Vancouver • British Columbia • Canada • V6C 3L2 • Telephone (604) 681-5959 • Fax (604) 681-5969

Additional information about Morguard Sunstone Real Estate Income Fund is available at www.sunstoneadvisors.com or www.sedar.com.

Further Information about Morguard Financial Corp., the Investment Manager, is available at www.morguard.com.

For more information please contact:

Andrew Greig, Investor Relations

Sunstone Investment Management Inc.

Suite 910, 925 West Georgia Street

Vancouver, BC V6C 3L2

Phone: (604) 681-5959 or (888) 681-5959

E-mail: andrew@sunstoneadvisors.com

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