



MORGUARD SUNSTONE REAL ESTATE INCOME FUND
CLOSES INITIAL PUBLIC OFFERING AT \$30,000,000

VANCOUVER, BC – July 6, 2010 – Sunstone Investment Management Inc. is pleased to announce that Morguard Sunstone Real Estate Income Fund (the “Fund”), a closed-end investment fund, has completed an initial public offering of 3,000,000 Units at \$10.00 per Unit, for gross proceeds of \$30 million. The offering is comprised of 2,855,084 Class A Units and 144,916 Class F Units of the Fund.

The Units are expected to commence trading on the Toronto Stock Exchange on **Thursday, July 8, 2010** under the symbol MSN.UN.

The Fund’s investment objectives are to provide Unitholders with the opportunity for stable monthly distributions and long-term capital appreciation through investment in an actively managed, diversified portfolio of publicly traded real estate securities, including securities of Canadian and United States real estate investment trusts and real estate operating companies and the companies that provide services to them and, to a lesser extent, bonds, convertible debentures and similar fixed-income securities, and securities of foreign issuers. Morguard Financial Corp. (the “Investment Manager”) has been retained to provide investment advisory and portfolio management services to the Fund. Sunstone Investment Management Inc. (the “Manager”) will be the manager of the Fund.

The Investment Manager and the Manager believe that a diversified portfolio of publicly traded real estate securities has the potential to provide attractive, stable income with the opportunity for long-term capital appreciation. They also believe that having experience through their affiliates in the acquisition, ownership and operation of real estate properties provides additional insight into potential investment opportunities and will improve their ability to allocate the Fund’s assets among those sectors and regions that they believe are more likely to generate higher levels of cash flow while reducing overall risk exposure to the Fund.

The syndicate of agents is being co-led by National Bank Financial Inc., CIBC World Markets Inc. and includes RBC Capital Markets, Dundee Securities Corporation, BMO Capital Markets, Scotia Capital Inc., TD Securities Inc., Canaccord Genuity Corp., GMP Securities L.P., HSBC Securities (Canada) Inc., Macquarie Capital Markets Canada Ltd., Raymond James Ltd., Desjardins Securities Inc., Manulife Securities Incorporated, Sora Group Wealth Advisors Inc. and Wellington West Capital Markets Inc.

Forward-looking Statements

The Prospectus contains important information relating to these securities and has been filed with the securities commission or securities authorities in all of the provinces of Canada. The

Prospectus is still subject to completion or amendment. Copies of the Prospectus may be obtained from any of the Agents. There will not be any sale or any acceptance of an offer to buy the securities until a receipt for the final prospectus has been filed. 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 undue reliance on the Fund’s forward-looking statements.

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.

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