



MORGUARD SUNSTONE REAL ESTATE INCOME FUND ANNOUNCES EXCHANGE RATIOS

VANCOUVER, BC – June 14, 2010 – Sunstone Investment Management Inc. (the “Manager”) is pleased to announce the exchange ratios for the exchange option (the “Exchange Option”) provided under the preliminary prospectus (the “Prospectus”) dated April 20, 2010 of Morguard Sunstone Real Estate Income Fund (the “Fund”) in connection with the Fund’s initial public offering.

Prospective purchasers wishing to acquire units of the Fund (“Units”) under the Exchange Option were required to deposit freely tradable listed securities (the “Eligible Securities”) of certain real-estate issuers (the “Exchange Issuers”) held in the book-entry system operated by CDS on or before 5:00 p.m. (Toronto time) on May 25, 2010.

Under the Exchange Option, the number of Units issuable for each Eligible Security of any particular Exchange Issuer (the “Exchange Ratio”) was determined by dividing the volume-weighted average trading price of such Eligible Security on the applicable stock exchange or other stock price quotation system on which it was listed during the five consecutive trading days ending on June 8, 2010 (the “Pricing Period”), as adjusted to reflect distributions declared by an Exchange Issuer that will not be received by the Fund, by \$10.00, being the issue price per Unit.

The following table sets out the name of the Eligible Securities which were deposited prior to the May 25, 2010 deadline, the securities of which may be accepted by the Fund pursuant to the Exchange Option, including the applicable Exchange Issuers’ CUSIP number, ticker symbol, weighted average trading price during the Pricing Period and the applicable Exchange Ratio.

Exchange Issuer	CUSIP	Ticker Symbol	Weighted Average Trading Price (\$)	Exchange Ratio
Artis REIT	04315L105	AX-U	\$11.33	1.133
Manitoba Telecom Svcs Inc	563486109	MBT	\$27.75	2.775
Telus Corp	87971M103	T	\$39.45	3.945
Yellow Pages Income Fund	985569102	YLO-U	\$6.18	0.618

The Manager’s interpretation of the terms and conditions of the Exchange Option will be final and binding. Subject to the Investment Restrictions, the Manager reserves the right to waive any conditions of the Exchange Option (other than the Maximum Ownership Level) and any irregularities in the deposit of Eligible Securities and to accept or reject, in whole or in part, any

deposit of Eligible Securities made pursuant to the Exchange Option. The Manager also reserves the right to accept or reject any Eligible Securities under the Exchange Option for any reason including, without limitation, an unfavourable relationship between the Exchange Ratio and the net asset value of an Eligible Security. If for any reason, at the discretion of the Manager, any Eligible Securities deposited pursuant to the Exchange Option are not acquired by the Fund, the holders of such Eligible Securities will be notified of such fact as soon as practicable following the Closing or the termination of the Offering, as the case may be, and such Eligible Securities will be re-credited to their accounts through CDS and the CDS Participants.

The syndicate of agents is being co-led by National Bank Financial Inc. and CIBC World Markets Inc. and includes RBC, Dundee Securities Corporation, BMO, 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. (collectively, the “Agents”).

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.

For more information please contact:

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