



NEWS RELEASE: via The Canadian Disclosure Network and SEDAR

FOR IMMEDIATE RELEASE

AutoCanada Income Fund Announces Exercise and Closing of Over-Allotment Option

EDMONTON, AB, May 31, 2006/CNW/- AutoCanada Income Fund (ACQ.UN) today announced that the over-allotment option associated with the Fund's recent initial public offering has been exercised, resulting in the issuance by the Fund of 740,000 additional units at a price of \$10.00 per unit for gross proceeds of \$7,400,000. The gross proceeds were used by the Fund to indirectly redeem 740,000 exchangeable units of AutoCanada LP. Following the exercise of the over-allotment option there are 10,949,500 units of the Fund issued and outstanding. The Fund now owns a 54.1% interest in the business of AutoCanada and the former owner, Canada One Auto Group, owns the remaining 45.9%.

The syndicate of underwriters was led by RBC Capital Markets and Scotia Capital Inc., and included BMO Nesbitt Burns Inc., CIBC World Markets Inc. and Raymond James Ltd.

AutoCanada operates 14 franchised automobile dealerships in six provinces. These dealerships sell various new vehicle brands, including Chrysler, Dodge, Jeep and Hyundai. In 2005, they collectively sold approximately 19,000 vehicles and processed approximately 204,000 service and collision repair orders in 223 service bays, generating revenue of approximately \$628 million. AutoCanada intends to grow its business principally through the acquisition of additional franchised automobile dealerships and by opening new franchised automobile dealerships when available.

These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of such Act.

This news release may contain forward-looking information with respect to AutoCanada's operations. Actual results may differ from these forward-looking statements due to numerous factors, including risks related to the retail automotive industry, AutoCanada's business and its acquisition strategy. These risks include decreased overall consumer demand, substantial competition, unfavorable conditions in local markets and a dependence on automobile manufacturers. These and other factors are outlined in AutoCanada's regulatory filings with the Canadian securities regulatory authorities.

For more information please contact:

Tom Orysiuk
Chief Financial Officer
AutoCanada Income Fund
#200, 10835 – 120 Street
Edmonton, AB T5H 3P9
(780) 732-3139

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