

Teranet Reports Results for the First Quarter of 2007**QUARTERLY SUMMARY:**

- **Strong Distributable Cash of \$35.1 million or \$0.23 per unit representing an 83% payout ratio**
- **Revenue of \$53 million, down 1.8%**
- **Adjusted EBITDA* of \$37.3 million, up 17.0%**
- **Continued expansion of automated parcel base**
- **Other Value-Added services revenue up 19.1%**

Toronto, Ontario, May 10, 2007 - Teranet Income Fund ("Teranet" or the "Fund") (TSX: TF.UN) today announced its first quarter results for the period ended March 31, 2007.

"Teranet's first quarter revenue showed a slight decline year over year mainly due to a stabilization in refinancing activities after last year's high volumes of refinancing registrations. However, search volumes are consistent and we are encouraged by the continuing market adoption of our Other Value-Added services," said Aris Kaplanis, President and Chief Executive Officer of Teranet Inc. "We are pleased that our automation and conversion of Ontario land information is on schedule and that this, combined with organic growth, ensures that we are poised to benefit from this growing potential revenue base.

The Fund began operations on June 16, 2006. The results for the quarter ended March 31, 2007 are compared to the same period for the prior year. Because the comparative period is prior to the purchase of Teranet Inc. by the Fund, this information is provided for reference purposes only and is not intended as a comprehensive comparison of financial results.

Total revenue for the quarter ended March 31, 2007 was \$53 million compared to \$54 million for the same period in 2006, a decrease of 1.8%. The decrease is mainly attributed to a decline in registration activities particularly from the refinancing market. Revenue from Other Value-Added services grew 19.1% to \$6.8 million, largely due to continued market adoption of these services.

Teranet's automated parcel base grew 6.8% to 4.9 million properties. This represents 91.2% of the estimated provincial parcel base, up from 87.0% a year earlier. Registration volumes for the first quarter were 409,140, a decrease of 7.0% versus the same period in 2006 while search volumes were consistent with the previous year's first quarter at 587,558 transactions.

For the first quarter, total operating expenses before amortization, other income, interest expense, and income taxes decreased to \$15.9 million. In the comparable period of 2006, operating expenses of \$25.8 million included \$3.5 million in transaction costs that were incurred in connection with the creation of the Fund. Excluding these items, total operating expenses before amortization, other income, interest expense, and income taxes decreased by \$6.4 million primarily as a result of lower salary costs, timing of expenditures related to the development of and enhancements to new value-added products and services, and a number of other expenditures that occurred in the first quarter of 2006 that are not expected to occur in 2007.

Adjusted EBITDA* for the quarter was \$37.3 million, an increase of 17.0% from \$31.9 million for the prior year. The year-over-year increase is primarily due to lower expenses incurred in the first quarter of 2007 compared to the same period of 2006.

Distributable Cash for the first quarter was \$35.1 million or \$0.2265 per unit and includes proceeds from a holdback from the sale of an investment in a prior period of \$0.28 million or \$0.0018 per unit. Distributions declared were \$29.1 million or \$0.1875 per unit for a payout ratio of 83%.

Teranet continues to make investments in its future. First quarter capital expenditures, were \$8.1 million, down from \$9.1 million in the same period of the previous year primarily due to the timing of maintenance capex expenditures. Deferred ELRS implementation costs increased primarily as a result of higher compensation and related costs, in addition to a change in accounting estimate made in the first quarter of 2006.

Teranet's cash position as at March 31, 2007, was \$204.8 million of which \$98.9 million was restricted in nature.

Outlook

Management's outlook remains positive. Market fundamentals, such as low unemployment rates, low interest rates and net positive migration continue to be positive, forming a solid platform upon which we can leverage our expertise to build value for unitholders.

The base on which the Fund earns a substantial portion of its revenue is expected to grow as Teranet continues to automate Ontario's properties, thereby increasing the automated parcel base. At the same time, the Fund expects to benefit from organic growth in the parcel base and will continue to focus on growing the Other Value-Added services business.

On an annualized basis, management continues to expect to incur maintenance capital expenditures not to exceed approximately \$5.0 million or \$0.0323 per unit.

Management believes that the performance of the Fund is on track to meet ongoing requirements for working capital and capital expenditures and to sustain monthly distributions to Unitholders.

Teranet's management's discussion and analysis and consolidated financial statements and accompanying notes are available on the company's web site at www.teranet.ca or on www.sedar.com.

Revenue

(in thousands of dollars except volume and parcel base data)

	THREE-MONTH PERIOD ENDED MARCH 31 (UNAUDITED)	
	2007 ¹	2006 ²
Statutory registration	\$24,653	\$26,509
Statutory search	4,908	4,872
Statutory writs	5,658	5,973
Teraview value-added services ³	11,165	11,099
Other value-added services ⁴	6,833	5,738
Total revenue	\$53,217	\$54,191
Volumes:		
Registration volumes	409,140	440,095
Search volumes	587,558	582,825
Parcel Base as at March 31:		
	2007	2006
Teranet (Automated)	4,941,222	4,625,552
Automated %	91.2%	87.0%

Conference Call & Webcast

Teranet will hold a conference call and live audio webcast on **Thursday, May 10, 2007 at 10 a.m. (ET)** to discuss the Fund's financial results for the period ended March 31, 2007. To participate in the teleconference, please dial **416-644-3420** or **1-800-731-5319**. To access the live audio webcast, please visit Teranet's web site at www.teranet.ca. The call will be archived on the web site as a webcast and a podcast. A replay of the conference call will be available until end of day Thursday, May 17, 2007. To access the replay, please dial 416-640-1917 or 1-877-289-8525 and enter the passcode 21227591#.

About Teranet Income Fund and Teranet

Teranet Income Fund is an unincorporated, open-ended trust established under the laws of Ontario by way of a declaration of trust. The Fund was created to indirectly acquire all of the outstanding shares of Teranet Inc. The units of the Fund trade on the Toronto Stock Exchange under the symbol TF.UN.

Teranet is a leading provider of integrated land-based information products and services. Teranet operates in Ontario and provides access to the Ontario Electronic Land Registration System ("ELRS") through its proprietary application, *Teraview*® software. This product enables customers to conduct electronic registrations as well as title and writ searches relating to real property.

¹ These amounts are derived from the Fund's interim unaudited consolidated financial statements dated March 31, 2007.

² All results for all periods prior to June 16, 2006 are based on results as presented in internally prepared financial statements for the Company.

³ Teraview value-added services include ancillary revenue of less than 1%.

⁴ Other value-added services include revenue from non-statutory new business products and statutory ancillary revenue from on-site automated land registry offices.

Teranet has the exclusive right to access the data in and operate the ELRS and the Writs of Execution database, and create and market value-added products and services in connection with the ELRS and writs until March 31, 2017. These licences extend on a non-exclusive basis in perpetuity for the ELRS and until 2047 for writs. Teranet has leveraged its core capabilities to create electronic service offerings in complementary information and e-commerce areas.

*** Non-GAAP Measures**

This discussion makes reference to Adjusted EBITDA and Distributable Cash to assist in assessing the Fund's financial performance. Adjusted EBITDA and Distributable Cash, however, are not recognized earnings measures under GAAP and do not have standardized meanings prescribed by GAAP. Therefore, Adjusted EBITDA and Distributable Cash may not be comparable to similar measures presented by other issuers. References to Adjusted EBITDA are to earnings before interest, income taxes, depreciation, amortization, other, non-controlling interest and certain non-recurring items. References to Distributable Cash are to Adjusted EBITDA, as adjusted for maintenance capital expenditures and other adjustments listed in the reconciliation provided in the Management's Discussion and Analysis of Financial Condition and Results of Operations. Distributable Cash is not intended to be representative of cash flow or results of operations determined in accordance with GAAP. As the Fund intends to pay cash distributions in equal monthly amounts on an ongoing basis, management believes that Adjusted EBITDA and Distributable Cash are important measures in evaluating its performance.

Forward-Looking Statements

This news release contains statements that, other than statements of historical fact, may be forward-looking statements about the objectives, financial condition and results of operations of the Fund. These statements are forward-looking and reflect management's current views and are based on certain assumptions and expectations as of May 9, 2007. Actual results could be materially different from expectations if known or unknown risks affect the business, or if estimates or assumptions turn out to be inaccurate. No forward-looking statement is a guarantee of future results. Investors are cautioned not to place undue reliance on such forward-looking statements. Forward-looking statements do not take into account the effect that transactions or non-recurring items announced or occurring after the statements are made may have on the business. Teranet disclaims any intention or obligation to update any forward-looking statement even if new information becomes available, as a result of future events or for any other reason. These statements are subject to a number of risks described in the Risks and Uncertainties section of the MD&A, which is available at www.sedar.com. Risks and Uncertainties may cause actual results to differ materially from those contained in forward-looking statements.

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