

Teranet Reports Solid Q1 Results, Increases Distributions

Strong Growth in Value-Added Services Drives Higher Revenue, Cash Flow

QUARTERLY SUMMARY:

- **Distributable Cash* up 4.7% to \$36.7 million or \$0.24 per unit**
- **EBITDA* up 8.9% to \$40.7 million**
- **Revenue increases 6.3% to \$56.6 million**
- **Other value-added services revenue grows 44.5%**
- **Distribution increase of 4% to \$0.0676 per unit monthly**

Toronto, ON – May 14, 2008 – Teranet Income Fund (TSX: TF.UN) today announced its first quarter results for the period ended March 31, 2008.

“Our results this quarter demonstrate the strength of our business model, as we delivered continued growth despite the severe winter conditions weighing on real estate purchase and sale activity,” said Aris Kaplanis, President and Chief Executive Officer of Teranet Inc. “The results were driven by strong growth in our other value-added services business as we executed our strategy. During the quarter we announced the acquisition of Do Process Software Ltd., as well as contract wins in healthcare and with the City of Toronto. Our outlook for 2008 is positive. The fundamentals supporting Ontario’s housing market are solid, and we continue to automate more properties, grow our value-added services and diversify our revenue base.”

Based on the expectation of continuing strength in Teranet’s Distributable Cash in 2008, the Board of Trustees has approved a 4% increase in cash distributions to Unitholders, to \$0.0676 per unit monthly (\$0.8112 annualized) from \$0.0650 (\$0.7800 annualized). This increase is payable June 16, 2008 to Unitholders of record on May 30, 2008.

Total revenue for the first quarter was \$56.6 million, an increase of 6.3% from \$53.2 million in the same period in 2007. The growth is mainly attributable to an increase in other value-added services revenue of \$3.0 million or 44.5% to \$9.9 million, which was due primarily to growth in new products and services, expansion in new sectors and from the acquisition of Do Process. Teranet achieved overall revenue growth despite unusually severe winter conditions affecting purchase and sale activity and the early arrival of Easter, resulting in fewer business days compared to the first quarter last year. The first quarter is historically the lowest quarter for revenue.

Teranet’s automated parcel base grew 6.0% over the prior year to 5.24 million properties, representing 94.7% of the estimated provincial parcel base, up from 4.94 million properties and 91.2% of the provincial parcel base a year earlier. Registration volumes for the quarter were 410,471, an increase of 0.3% from 2007, while search volumes declined by 0.4% to 585,203 transactions.

Total operating expenses before amortization, other income, interest expense and income taxes for the first quarter of 2008 were \$15.9 million, in line with the prior year’s quarter. Higher spending in data utility and research and development were offset by lower marketing and general and administrative costs.

EBITDA for the first quarter of 2008 rose 8.9% to \$40.7 million, compared to \$37.3 million in the prior year, while the EBITDA margin percentage improved to 72% from 70%. Both improvements are primarily the result of higher revenue and successful cost containment initiatives.

Distributable Cash for the first quarter of 2008 grew 4.7% to \$36.7 million or \$0.2376 per unit, up from \$35.1 million or \$0.2265 per unit in the same quarter last year due primarily to higher revenues and successful cost containment initiatives. Distributions declared were \$30.1 million or \$0.1950 per unit, resulting in a payout ratio of 82% for the quarter.

Total capital expenditures in the first quarter of 2008 were \$8.7 million, compared to \$8.1 million in the same quarter last year. Total capital expenditures in the first quarter of 2008 consisted of deferred ELRS implementation costs of \$8.3 million and maintenance capital expenditures of \$0.4 million. Maintenance capital expenditures in the first quarter increased by \$306 thousand compared to the prior year primarily due to timing of expenditures, while deferred ELRS implementation costs increased by \$336 thousand primarily as a result of higher compensation and other costs associated with property activations.

Teranet's cash position at March 31, 2008 was \$180.4 million, of which \$91.7 million was restricted in nature.

To support Teranet's growth strategy, the company's banking partners have agreed to extend Teranet's \$200-million credit facilities an additional two years through to June 16, 2011 under similar terms.

"We now have facilities in place to take us through to completion of the ELRS implementation project and a potential transition to a corporate structure in 2011," said Brian Kyle, Vice President Finance and Chief Financial Officer. "Particularly given today's credit environment, this demonstrates the confidence of our banking partners in our stability and growth strategy."

During the quarter, Teranet made three announcements indicating progress in its growth strategy. In February 2008, Teranet completed the acquisition of Do Process Software Ltd., a leading provider of workflow software for lawyers. This tuck-in acquisition is an excellent strategic fit that gives Teranet the opportunity to increase its offering across Canada, broaden its services to the legal community and extend its customer base into different practices of law.

Teranet also announced a contract with the City of Toronto to collect the new Municipal Land Transfer Tax on their behalf, and began the collections through the Teraview[®] software on February 1, 2008. In addition, Teranet announced a service agreement in the healthcare sector, extending its early initiatives in this high potential market. Agfa HealthCare chose Teranet to provide hosting services for 33 hospitals across Ontario. This project is consistent with Teranet's strategy in the healthcare sector of steadily building brand awareness and focusing on partnerships with established healthcare leaders.

2008 Outlook

Teranet's management team is optimistic about opportunities for 2008. As the exclusive provider of electronic land registrations and searches in Ontario, the Fund has excellent market stability. The base on which the Fund earns a substantial portion of its revenue is expected to grow as the Company continues to automate properties in Ontario, thereby increasing the automated parcel base. At the same time, the Company expects to benefit from organic growth in the parcel base.

Management estimates that approximately 35% to 45% of the Fund's revenue is tied directly to real estate purchase and sale activity. That activity is expected to be healthy, but may not sustain the particularly strong rate we saw in 2007. A downturn and/or recession in the U.S. economy will undoubtedly affect aspects of Ontario's economy, and management is prepared to see a decreased pace of economic growth in Ontario. However, there appears to be a solid foundation for Ontario's housing market. Management believes the price and sales growth in Ontario's real estate have been driven by strong market fundamentals, not by the type of speculation or lending practices that characterized the U.S. situation. The subprime mortgage problems in the U.S. have not spilled over into the Canadian housing market. The fundamentals supporting the real estate market in Ontario continue to include: high employment rates; historically low interest rates, including significant recent rate cuts by the Bank of Canada; and net positive migration.

Management believes that continued growth in the parcel base and Teranet's efforts to offer new products and grow other value-added services will more than offset any softening in the number of transactions directly related to purchase and sale activity. In addition, management expects Teranet's revenue from regularly occurring real estate activity not related to purchases and sales to remain stable.

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, and that it will achieve its objective of growing Distributable Cash for 2008. It is management's objective to be able to maintain the 2010 level of cash distributions in 2011, despite having to fund cash income taxes in 2011.

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

Selected Financial Highlights

(in thousands of dollars except EBITDA margin percentages, per unit amounts, payout ratio, volume, parcel base and registration activity rate data)

	THREE-MONTH PERIOD ENDED MARCH 31 (UNAUDITED)	
	2008¹	2007¹
Revenue	\$56,552	\$53,217
Operating expenses	\$15,885	\$15,883
EBITDA	\$40,667	\$37,334
EBITDA margin %	72%	70%
Distributable Cash	\$36,747	\$35,107
Distributable Cash per unit	\$0.2376	\$0.2265
Distributions declared	\$30,143	\$29,059
Distributions declared per unit	\$0.1950	\$0.1875
Payout ratio	82%	83%
Volumes:		
Registration volumes	410,471	409,140
Search volumes	585,203	587,558
Parcel base as at March 31:	2008	2007
Teranet (Automated)	5,237,914	4,941,222
Automated %	94.7%	91.2%
Estimated provincial Registration Activity Rate ² (Combined automated and manual Registrations)	0.310	0.329
Teranet Registration Activity Rate ²	0.315	0.333

¹ These amounts are derived from the Fund's interim unaudited consolidated financial statements dated March 31, 2008 and March 31, 2007.

² Quarterly estimated provincial and Teranet Registration Activity Rates are annualized rates.

Conference Call & Webcast

Teranet will hold a conference call and live audio webcast on **Wednesday, May 14, 2008 at 2 p.m. (ET)** to discuss the Fund's financial results for the period ended March 31, 2008.

To participate in the teleconference, please dial **416-644-3417** or **1-800-731-6941**. 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 on Wednesday, May 21, 2008. To access the replay, please dial **416-640-1917** or **1-877-289-8525** and enter the passcode **21270153#**.

About Teranet

Teranet offers e-services to the legal, real estate, government, financial and healthcare markets. Teranet provides exclusive access to Ontario's Electronic Land Registration System ("ELRS"), enabling customers to conduct electronic registrations as well as title and writ searches relating to real property. Teranet has also leveraged its core competencies to create electronic service offerings in complementary areas. Teranet's comprehensive products and services include property information, transaction management, collateral risk management, geospatial information, workflow software and enterprise solutions. Teranet Income Fund units are listed on the Toronto Stock Exchange under the symbol TF.UN. For more information about Teranet, visit www.teranet.ca.

* Non-GAAP Measures

This discussion also makes reference to EBITDA and Distributable Cash to assist in assessing the Fund's financial performance. EBITDA and Distributable Cash, however, are not recognized earnings measures under generally accepted accounting principles in Canada (GAAP) and do not have standardized meanings prescribed by GAAP. Therefore, EBITDA and Distributable Cash may not be comparable to similar measures presented by other issuers. References to EBITDA are to earnings from operations before interest, income taxes, depreciation, amortization and other non-operating income and expenses. References to Distributable Cash are to cash flow from operating activities adjusted for items 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 in equal monthly distribution amounts on an ongoing basis, management believes that 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 13, 2008. 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, except as required by law. These statements are subject to a number of risks described in the Risk Factors section of the MD&A, which is available at www.sedar.com. Risk factors may cause actual results to differ materially from those contained in forward-looking statements.

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