

Teranet Reports Solid Q2 Results

51% Growth in Value-Added Services Drives Revenue and EBITDA Increases

QUARTERLY SUMMARY:

- **Distributable Cash* of \$44.8 million or \$0.29 per unit**
- **Revenue increases 5.9% to \$69.9 million**
- **EBITDA* up 3.3% to \$51.0 million**
- **Other value-added services revenue grows 51.2%**

Toronto, ON – August 8, 2008 – Teranet Income Fund (TSX: TF.UN) today announced its second quarter results for the period ended June 30, 2008.

“Teranet is successfully diversifying our revenue base, growing other value-added services by 44% last quarter and 51% this quarter with new customers and a broader product offering. By delivering on our growth strategy as well as adding more parcels to our database, we believe we can continue to successfully offset any decline in real estate purchase and sale activity in Ontario,” said Aris Kaplanis, President and Chief Executive Officer of Teranet Inc. “The Fund has stable cash flow, strong margins and very well protected distributions. We have made good progress growing the non-statutory area of our business. And we are actively pursuing tuck-in acquisitions that offer good value and expand our opportunities for diversification and growth.”

“We are pleased that we grew revenue and EBITDA in the second quarter. Distributable Cash year-over-year was affected by the timing of maintenance capital expenditures, which have been more heavily weighted in the first two quarters of this year but are still not expected to exceed \$5 million for the full year, as well as lower interest income as we used our cash to create value through unit repurchases, distribution increases and an acquisition in the first quarter,” said Brian Kyle, Vice President Finance and Chief Financial Officer.

Total revenue for the second quarter was \$69.9 million, an increase of 5.9% from \$66.0 million in the same period in 2007. The growth is mainly attributable to an increase in other value-added services revenue of \$4.1 million or 51.2% to \$12.0 million, which was due primarily to growth in new products and services and an acquisition. Revenue for the six-month period increased 6.1% to \$126.5 million, again primarily due to growth in other value-added services.

Teranet's automated parcel base grew 5.4% over the prior year to 5.29 million properties, representing 95.2% of the estimated provincial parcel base, up from 5.02 million properties and 92.1% of the provincial parcel base a year earlier. Registration volumes for the quarter were 505,990, a decrease of 0.9% from 2007, while search volumes increased by 0.7% to 704,333 transactions. For the six-month period, registration volumes declined by 0.4% while search volumes increased by 0.2%.

Total operating expenses before amortization, other income, interest expense and income taxes for the second quarter of 2008 were \$18.9 million, up 13.5% from \$16.7 million in the prior year's quarter due to higher compensation related costs, the additional operational costs from Do Process Software Ltd. (Do Process) and increased research and development activity. For the six-month period, total operating expenses increased 6.9% to \$34.8 million for similar reasons.

EBITDA for the second quarter of 2008 rose 3.3% to \$51.0 million, compared to \$49.3 million in the prior year, primarily due to revenue growth in other value-added services partially offset by higher operational costs. For the six-month period, EBITDA grew 5.7% to \$91.6 million. EBITDA margin declined to 73% from 75% for the three-month period as a result of the shift in the sales mix toward lower margin other value-added services revenue. EBITDA margin for the six months was 72% compared to 73% in the prior year, again due to the change in sales mix.

Distributable Cash per unit for the second quarter of 2008 was essentially flat at \$0.29. Distributable Cash for the three-month period was \$44.8 million compared to \$45.3 million in the same quarter last year, due primarily to lower interest income and increased maintenance capital expenditures as a result of timing. Distributions declared were \$30.9 million or \$0.2002 per unit, resulting in a payout ratio of 69% for the quarter. For the six-month period, Distributable Cash per unit was \$0.53 per unit, up from \$0.52. Distributable Cash was \$81.6 million compared to \$80.4 million in the 2007 year-to-date period. The payout ratio was 75% for the six-month period.

Total capital expenditures in the second quarter of 2008 were \$10.0 million, compared to \$8.1 million in the same quarter last year. Total capital expenditures in the second quarter of 2008 consisted of deferred ELRS implementation costs of \$9.0 million and maintenance capital expenditures of \$1.0 million. Maintenance capital expenditures in the second quarter increased by \$0.6 million compared to the prior year primarily due to timing of expenditures, while deferred ELRS implementation costs increased by \$1.3 million primarily as a result of higher compensation and other costs associated with property activations. For the six-month period, total capital expenditures were \$18.7 million up from \$16.2 million.

Teranet's cash position at June 30, 2008 was \$192.1 million, of which \$98.5 million was restricted in nature.

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 40% of revenue is tied directly to real estate purchase and sale activity, and aims to reduce that number by continuing to diversify revenue and grow other value-added services.

While the activity level of purchases and sales has softened somewhat in the first half of this year compared to the particularly strong rate of 2007, it is still expected to be healthy. Despite economic headwinds in Ontario, there appears to be a solid foundation for the province's housing market. Management believes the price and sales growth in Ontario's real estate in past years have been driven by strong market fundamentals, not by the type of speculation or lending practices that characterized the U.S. situation. The fundamentals supporting the real estate market in Ontario continue to include: solid employment rates; historically low interest rates; and net positive migration. As a result, it is expected that any softening in real estate will be gradual and Ontario will experience balanced market conditions.

Teranet continues its efforts to diversify its revenue base through organic growth and acquisitions. 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 the revenue impact of 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 – such as refinancings, maturity discharges, new or additional mortgages without ownership changes and title changes driven by marriage, death or divorce – to remain stable.

With a conservative payout ratio of 75% year-to-date, management is very confident in the Fund's ability to meet ongoing requirements for working capital and capital expenditures and to sustain monthly distributions to Unitholders. It is management's objective to be able to maintain the 2010 level of cash distributions as a taxable entity in 2011, despite losing the benefit of the tax shield, in order to provide a high-quality, high-yield investment opportunity for investors.

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 JUNE 30 (UNAUDITED)		SIX-MONTH PERIOD ENDED JUNE 30 (UNAUDITED)	
	2008 ¹	2007	2008	2007
	Revenue	\$69,906	\$66,015	\$126,458
Operating expenses	18,933	16,685	34,818	32,568
EBITDA	\$50,973	\$49,330	\$91,640	\$86,664
EBITDA margin %	73%	75%	72%	73%
Distributable Cash				
Distributable Cash	\$44,810	\$45,253	\$81,557	\$80,360
Distributable Cash per Unit	\$0.2902	\$0.2920	\$0.5277	\$0.5185
Distributions declared	\$30,912	\$29,060	\$61,055	\$58,119
Distributions declared per unit	\$0.2002	\$0.1875	\$0.3950	\$0.3750
Payout ratio ²	69%	64%	75%	72%
Volumes:				
Registration volumes	505,990	510,786	916,461	919,926
Search volumes	704,333	699,163	1,289,536	1,286,721
Parcel base at June 30:				
Teranet (Automated)	5,292,988	5,019,889	5,292,988	5,019,889
Automated %	95.2%	92.1%	95.2%	92.1%
Registration Activity Rates:				
Estimated provincial Registration Activity Rate ³ (Combined automated and manual Registrations)	0.377	0.404	0.343	0.366
Teranet Registration Activity Rate ³	0.384	0.410	0.350	0.372

¹ These amounts are derived from the Fund's interim unaudited consolidated financial statements dated June 30, 2008 and June 30, 2007.

² The level of distributions paid is reviewed periodically to take into account the current and prospective performance of the business and other items considered to be prudent.

³ Quarterly and year-to-date estimated provincial and Teranet registration activity rates are annualized rates.

Conference Call & Webcast Details

Teranet will hold a conference call and live audio webcast to discuss the Fund's financial results for the period ended June 30, 2008.

Date: August 8, 2008
Time: 10:00 am (ET)
Live Call: 416-915-5762 or 1-800-814-4890
Replay: 416-640-1917 or 1-877-289-8525, passcode 21278341
Webcast: Audio available 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 Friday, August 15, 2008.

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 August 7, 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.teranet.ca or www.sedar.com. Risk factors may cause actual results to differ materially from those contained in forward-looking statements.

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