

Teranet Reports Record Revenue and Strong Results for the Second Quarter of 2007**QUARTERLY SUMMARY:**

- **Strong Distributable cash of \$45.3 million or \$0.29 per unit**
- **Payout ratio of 64%**
- **Record revenue of \$66.0 million**
- **Adjusted EBITDA* of \$49.3 million, up 6.0%**
- **Automated parcel base tops 5 million**
- **Other Value-Added services revenue up 6.3%**

Toronto, Ontario, August 9, 2007 - Teranet Income Fund ("Teranet" or the "Fund") (TSX: TF.UN) today announced its second quarter results for the period ended June 30, 2007.

"This quarter's record revenue was driven by growth in our automated parcel base and favourable adoption rates for our services. We are pleased that our Other Value-Added services revenue continues to show strong growth," said Aris Kaplanis, President and Chief Executive Officer of Teranet Inc. "Our automation and conversion of Ontario land information continues to proceed according to schedule having reached a significant milestone of 5 million properties online. We are confident that this growing revenue base, in conjunction with our track record of organic growth and increasing efficiencies, makes the Fund well-positioned for delivering unitholder value."

The Fund began operations on June 16, 2006. The results for the quarter ended June 30, 2007 are compared to the same period for the prior year which includes the combined operating results of Teranet Inc. from April 1, 2006 to June 15, 2006 and the results of the Fund from June 16, 2006 to June 30, 2006. The results for the six months ended June 30, 2007 are compared to the combined operating results of Teranet Inc. and the Fund for the period January 1 to June 30, 2006. Because this 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 June 30, 2007 was \$66.0 million, up 3.4% compared to \$63.8 million for the same period in 2006. The increase is mainly attributed to increases in registration, search and Teraview value added revenue resulting from an increase in the parcel base in the ELRS and is partially offset by a stabilization in real estate and refinancing activity as compared to last year's high volumes. Revenue from Other Value-Added services was \$7.9 million, a 6.3% increase over the prior year's quarter, which included a one-time revenue item of \$1.3 million. Excluding this item, year over year growth in Other Value-Added services was 28.4%, reflecting continued market adoption of these services. For the six-month period ended June 30, 2007, total revenue was \$119.2 million, up 1.0% compared to \$118.0 million in the six-month period ended June 30, 2006.

Teranet's automated parcel base grew 6.6% over the prior year to 5.0 million properties. This represents 92.1% of the estimated provincial parcel base, up from 89.0% a year earlier. Registration volumes for the second quarter were 510,786, an increase of 2.2% versus the same period in 2006 while search volumes for the quarter were 699,163, an increase of 5.7% over the same quarter last year. For the six-month period, registration volumes were 919,926, a decrease of 20,191 transactions versus the same period last year, which is attributable to a stabilization in real estate and refinancing activity. Search volumes were 1,286,721, an increase of 3.4% over the same period last year.

For the second quarter, total operating expenses before amortization, other income, interest expense, and income taxes were \$16.7 million, a decrease of 3.5% from \$17.3 million in the same quarter last year, primarily due to cost reduction and cost containment initiatives. For the six-month period, expenses before amortization, other income, interest expense, and income taxes decreased 24.4% to \$32.6 million from \$43.1 million in the same period last year. In the comparable period of 2006, these expenses included \$3.5 million in transaction costs that were incurred in connection with the creation of the Fund.

Excluding these costs, total operating expenses before amortization, other income, interest expense, and income taxes decreased by \$7.0 million primarily as a result of cost reduction and cost containment initiatives and a number of other expenditures that occurred in the second quarter of 2006 that were not second quarter of 2007.

Adjusted EBITDA* for the quarter was \$49.3 million, an increase of 6.0% from \$46.5 million in the same quarter last year. The year-over-year increase is primarily due to higher revenue as well as marginal benefit from lower expenses incurred in the second quarter of 2007. For the six-month period, adjusted EBITDA* was \$86.7 million, an increase of 10.5% from \$78.5 million in the same period last year.

Distributable Cash for the second quarter was \$45.3 million or \$0.2920 per unit and includes proceeds from a holdback from the sale of an investment in a prior period of \$0.24 million or \$0.0015 per unit. Distributions declared were \$29.1 million or \$0.1875 per unit for a payout ratio of 64%. For the six-month period, distributable cash was \$80.4 million or \$0.5185 per unit and includes proceeds from a holdback from the sale of an investment in a prior period of \$0.52 million or \$0.0033 per unit. Distributions declared were \$58.1 million or \$0.3750 per unit for a payout ratio of 72%.

Teranet continues to make investments in its future. Second quarter capital expenditures were \$8.1 million, consisting of maintenance capital expenditures of \$0.4 million and deferred ELRS implementation costs of \$7.7 million. Second quarter maintenance capital expenditures increased by \$0.2 million, mainly due to the timing of the expenditures. Deferred ELRS implementation costs for the quarter increased by 3.8% over the prior year, primarily as a result of higher compensation and related costs. For the six-month period, total capital expenditures were \$16.2 million, consisting of maintenance capital expenditures of \$0.5 million and deferred ELRS implementation costs of \$15.7 million.

Teranet's cash position as at June 30, 2007 was \$213.2 million of which \$98.8 million was restricted in nature.

On June 12, 2007, new tax legislation was enacted that changes the rules applicable to publicly traded income trusts in 2011. In 2011, income taxes payable will reduce net earnings of the Fund. As the new trust tax legislation has been enacted under Canadian GAAP, the Fund is required to give accounting recognition to these new rules. As a result on June 12, 2007, the Fund recognized a non-cash future income tax recovery and corresponding asset, amounting to \$0.805 million. This asset represents the difference between the accounting values of the assets and liabilities of the Fund and the tax basis of these same assets and liabilities.

Outlook

Management's outlook is positive. Continued strength in key market fundamentals such as low unemployment rates, low interest rates and net positive migration form a solid platform upon which the Fund can leverage Teranet's 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 and increase the automated parcel base. The Fund also expects to benefit from organic growth in the parcel base and will continue to focus on expanding the Other Value-Added services business.

On an annualized basis, management expects to incur maintenance capital expenditures that will not exceed approximately \$4.0 million or \$0.0258 per unit, a decrease from the previous estimate of \$5.0 million or \$0.0323 per unit. Management estimates that beyond 2007, annualized maintenance capital expenditures will not exceed \$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 JUNE 30 (UNAUDITED)		SIX-MONTH PERIOD ENDED JUNE 30 (UNAUDITED)		PERIOD FROM JUNE 16 TO JUNE 30 (UNAUDITED)
	2007 ¹	2006 ²	2007 ¹	2006 ²	2006 ²
Statutory registration	\$30,793	\$30,143	\$55,446	\$56,652	\$6,506
Statutory search	5,814	5,538	10,722	10,410	947
Statutory writs	8,067	8,111	13,725	14,084	1,722
Teraview value-added services ³	13,395	12,562	24,560	23,661	2,369
Other value-added services ⁴	7,946	7,473	14,779	13,211	1,933
Total revenue	\$66,015	\$63,827	\$119,232	\$118,018	\$13,477
Volumes:					
Registration volumes	510,786	500,022	919,926	940,117	107,613
Search volumes	699,163	661,490	1,286,721	1,244,315	113,556
Parcel Base as at June 30:	2007	2006	2007	2006	2006
Teranet (Automated)	5,019,889	4,709,774	5,019,889	4,709,774	4,709,774
Automated %	92.1%	89.0%	92.1%	89.0%	89.0%

Conference Call & Webcast

Teranet will hold a conference call and live audio webcast on **Thursday, August 9, 2007 at 10 a.m. (ET)** to discuss the Fund's financial results for the period ended June 30, 2007. To participate in the teleconference, please dial **416-644-3423** or **1-800-589-8577**. To access the live audio webcast, 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, August 16, 2007. To access the replay, please dial 416-640-1917 or 1-877-289-8525 and enter the passcode **21241029#**.

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.

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

² These amounts include results from the Company for the seventy-six day period ended June 15, 2006 and results from the Fund for the fifteen-day period ended June 30, 2006. Results for all periods prior to June 16, 2006 are based on results as presented in internally prepared financial statements for the Company. The Fund's results for the period from June 16, 2006 to June 30, 2006 are included in the combined results for the three-month period ended June 30, 2006 and for the six-month period ended June 30, 2006.

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 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 *Teraview*® application. This product enables customers to conduct electronic registrations as well as title and writ searches relating to real property. 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 August 8, 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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