

Teranet Responds to Borealis Announcement

Toronto, ON – September 4, 2008 –Teranet Income Fund (TSX: TF.UN) issued the following statement in response to the press release today by Borealis Infrastructure Management Inc. (“Borealis”) announcing their intention to make an offer to acquire the outstanding trust units of Teranet Income Fund and Class B limited partnership units of Teranet Holdings Limited Partnership for \$11 in cash per unit.

The Board of Teranet will review any offer made to Teranet unitholders by Borealis and will further communicate in due course. As Teranet stated in its press release of August 28, 2008, Teranet has been looking at a variety of options to maximize unitholder value. Teranet has already initiated contact with a number of parties in order to determine whether a sale process would maximize unitholder value, and has retained RBC Dominion Securities Inc. and CIBC World Markets Inc. as financial advisors. Borealis was contacted and offered the opportunity to participate on the same basis as the other parties in this process. By announcing their intention to make an offer, it appears that Borealis has signaled its desire not to participate in the process that Teranet has established. The Board of Teranet will continue to explore all options to maximize unitholder value and the Board of Teranet will make a recommendation with respect to the offer following the receipt of the formal offer.

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.

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. 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 Risks and Uncertainties section of the last quarter’s 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.