

## Teranet Income Fund Board of Trustees Unanimously Recommends Unitholders Reject Borealis' Hostile Take-over Bid

**Toronto, ON – September 26, 2008** – The Board of Trustees of Teranet Income Fund (TSX: TF.UN) (the “Fund”) has unanimously recommended that Unitholders **reject** the unsolicited offer from Borealis Acquisition Corporation (the “Offeror”), a special purpose investment entity managed by Borealis Infrastructure Management Inc. (“Borealis”), and **not** tender their trust units of the Fund (“Trust Units”) or Class B LP units of Teranet Holdings Limited Partnership (“Class B LP Units”) to the offer.

“We believe that the Borealis offer of \$11.00 per unit is financially inadequate, especially considering that in June 2008, Borealis represented that it was prepared to offer \$12.00 per unit,” said Jon N. Hagan, Chair of the Board of Trustees of the Fund. “The Fund and its financial advisors are actively engaged in discussions with a number of third parties who have expressed an interest in alternative transactions that may offer greater value for Unitholders. We recommend Unitholders reject the Borealis offer and allow this process to run its full course before taking any action.”

Added Aris Kaplanis, President and Chief Executive Officer of Teranet Inc. (“Teranet”): “The Borealis offer does not reflect the full value of our ongoing high-margin business, strategic acquisitions and initiatives, and long term growth potential. Teranet is a unique company with strong infrastructure-type characteristics built on top of a powerful technology platform. We have identified opportunities to leverage our existing expertise into new product categories and industries, such as financial services and healthcare.”

### Reasons for Rejection

The Board of Trustees has carefully reviewed the offer dated September 12, 2008 (the “Offer”) and believes that the Offer is inadequate and fails to provide full value for the Fund. The principal factors considered by the Board of Trustees in concluding to recommend that Unitholders **REJECT** the Offer and **NOT TENDER** their units include:

- ***The Offer is inadequate.*** The Board of Trustees believes that the Offer is inadequate. On September 25, 2008, each of the financial advisors provided their opinion to the Special Committee, the Board of Trustees and the Board of Directors to the effect that, as of that date and subject to the assumptions, limitations, and qualifications set out therein, the consideration offered to Unitholders pursuant to the Offer is inadequate, from a financial point of view, to Unitholders other than the Offeror, Borealis and OMERS. The full text of each of the opinions, setting out the assumptions made, matters considered and limitations and qualifications on the review undertaken in connection with each opinion, is included as an appendix to the Trustees' Circular, a copy of which will be available on SEDAR within 24 hours at [www.sedar.com](http://www.sedar.com) and on the Teranet website at [www.teranet.ca](http://www.teranet.ca).
- ***The Offer is less than what Borealis was previously prepared to offer.*** On several occasions in the past, Borealis has represented that it was prepared to acquire all of the Trust Units and Class B LP Units at a price of \$12 per unit. This is described in detail in the Trustees' Circular under “Background to the Offer”.

- ***Superior proposals delivering greater value for Unitholders may emerge.*** The Fund and the financial advisors are actively engaged in discussions with a number of third parties who have expressed an interest in considering alternative transactions involving the Fund that may offer greater value for Unitholders. Over 10 parties have executed confidentiality and standstill agreements with the Fund to date. The Board of Trustees is pursuing all such initiatives with the objective of maximizing value to all Unitholders.
- ***The Offer is opportunistic and disadvantageous to Unitholders.*** The Offer was made while Borealis was aware that a process to maximize Unitholder value had been initiated. This is described in detail in the Trustees' Circular under "Background to the Offer". Borealis was aware of the process as they were invited to participate in it, but declined to do so. The Offer is an opportunistic attempt to make a pre-emptive bid for the Fund and is disadvantageous to Unitholders since it is an attempt to circumvent the process that was underway. A number of parties are now participating in this process. The Fund believes that there are a number of parties that have the reputation, technical expertise, financial capability and capacity to ensure continued reliable, high quality service delivery by Teranet of the services for which it is responsible under its agreements with the Province of Ontario (the "Province").
- ***The Offer is highly conditional and not a firm offer.*** The Offer contains 18 conditions, some of which contain numerous sub-conditions, which must be satisfied or waived before the Offeror is obligated to take up and pay for any securities deposited under the Offer. A number of the conditions provide Borealis with broad, sole discretion and are not subject to any materiality thresholds or other objective criteria commonly found in other offers, in effect, providing Borealis the option to decline to proceed with the Offer. In particular, the Offer is conditional on the Province providing its approval of (i) the consummation of the Offer, (ii) the subsequent acquisition of all units that were not tendered to the Offer, (iii) the restructuring of the Fund and its subsidiaries, and (iv) the granting by the restructured Fund and its subsidiaries of security in their respective assets. To the Fund's knowledge, the Province has not provided its approval to Borealis and the Fund believes that it is unlikely that such approval will be granted before the Offer's current expiry time. Unlike most conditions under a take-over bid that may be waived, Borealis cannot waive the condition that the Province provide its approval.
- ***The Offer does not reflect the value of the Fund's strategic acquisitions and recent initiatives.*** The Offer does not reflect the intrinsic value of the units as it fails to take into account the value created for Unitholders as a result of the Fund's ongoing strategic growth initiatives. In addition to organic growth as a result of the increase and continued automation of the land parcel base, Teranet has identified a number of opportunities to leverage its existing expertise and product portfolio to adapt products for new customers and new applications. Teranet has also identified a number of opportunities to leverage its technology platform and strong relationships to expand into other industries and to provide new products for existing customers.
- ***The Offer is not a "permitted bid" under the Fund's Unitholder Rights Plan.*** Borealis could have structured its offer as a "permitted bid" under the Fund's unitholder rights plan, which is designed to provide the Board of Trustees and Unitholders with sufficient time to properly consider any take-over bid made for the Fund and to allow enough time for competing bids and alternative proposals to emerge pursuant to the process which is currently underway. However, Borealis chose not to do so and is seeking to limit the ability of the Board of Trustees to pursue superior transactions for the benefit of Unitholders.

- **Rejection of the Offer by all of the Trustees, Directors and officers of Teranet.** None of the trustees of the Fund, or the directors or officers of Teranet has accepted or intends to accept the Offer.

The Board's recommendation, as well as a detailed discussion of its reasons for rejecting the Borealis offer, is contained in the Trustees' Circular, a copy of which will be available on SEDAR within 24 hours at [www.sedar.com](http://www.sedar.com) and on the Teranet website at [www.teranet.ca](http://www.teranet.ca). Unitholders are urged to read the Trustees' Circular in its entirety.

**To reject the Offer, Unitholders should do nothing.**

### **How to Withdraw Units from the Borealis Offer**

Unitholders who have already tendered their Trust Units or Class B LP Units to the Offer can withdraw them at any time before the units deposited in acceptance of the Offer have been taken up by the Offeror, so long as the units have not been paid for by the Offeror within three business days after having been taken up. Unitholders who have tendered their Trust Units can contact their broker, who will withdraw the Trust Units on their behalf. Unitholders who have tendered their Class B LP units can contact the depository, Computershare Investor Services Inc. (Tel: 1-800-564-6253 or 1-514-982-7555; Email: [corporateactions@computershare.com](mailto:corporateactions@computershare.com)).

### **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](http://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 Risk Factors section of the last quarter's MD&A, which is available on the Teranet site at [www.teranet.ca](http://www.teranet.ca) or at [www.sedar.com](http://www.sedar.com). Risk Factors may cause actual results to differ materially from those contained in forward-looking statements.

Tanis Robinson, Manager, Investor Relations  
416-643-1096  
tanis.robinson@teranet.ca