

Teranet Reports Record Results in Third Quarter

Delivers Record Results across Key Metrics

QUARTERLY SUMMARY:

- **Revenue increases 5% to a record \$74.6 million**
- **Other value-added services revenue grows 58%**
- **Adjusted EBITDA* up 4% to \$55.5 million**
- **Distributable Cash* up 2% to \$49.1 million, or \$0.32 per unit**

Toronto, ON – November 3, 2008 – Teranet Income Fund (TSX: TF.UN) (the “Fund”) today announced its third quarter results for the period ended September 30, 2008. The Board of Trustees of the Fund determined that an early release of its third quarter results was warranted so that it will be available to Unitholders before they decide whether to tender their units to the offer from a special purpose investment entity managed by Borealis Infrastructure Management Inc. to acquire all of the outstanding units of the Fund and all of the Class B limited partnership units for \$10.25 per unit.

“It is a testament to the strength of Teranet’s business model that we grew Distributable Cash and delivered record revenue despite a challenging environment,” said Aris Kaplanis, President and Chief Executive Officer of Teranet Inc. “In a little more than two years as a publicly traded income trust, Teranet has grown Distributable Cash by 39%, increased distributions, and paid out more than \$270 million in distributions to our Unitholders while maintaining a 70% payout ratio. We have delivered on our commitment at the time of our initial public offering by building our business and growing our results across key metrics.”

Total revenue for the third quarter was \$74.6 million, an increase of 4.9% from \$71.2 million in the same period in 2007. The growth is mainly attributable to an increase in other value-added services revenue of \$4.6 million or 58.1% to \$12.5 million, which was due primarily to growth in new products and services and an acquisition. Revenue for the nine-month period increased 5.6% to \$201.1 million, again primarily due to growth in other value-added services.

Teranet’s automated parcel base grew 5.0% over the prior year to 5.36 million properties, representing 96.1% of the estimated provincial parcel base, up from 5.10 million properties and 93.5% of the provincial parcel base a year earlier. Registration volumes for the quarter were 565,011, a decrease of 2.7% from 2007, while search volumes increased by 0.4% to 680,431 transactions. For the nine-month period, registration volumes declined by 1.3% while search volumes increased by 0.3%.

Total operating expenses before amortization, other income, interest expense and income taxes for the third quarter of 2008 were \$23.1 million compared to \$17.9 million in the prior year’s quarter. Excluding non-recurring transaction and special charges of \$4.0 million related to Teranet’s process to maximize Unitholder value, total operating expenses increased by 6.7% due to the additional operational costs from the newly acquired Do Process Software Ltd. (Do Process) and Dye & Durham businesses, increased research and development activity and higher compensation-related costs. For the nine-month period, total operating expenses were \$57.9 million compared to \$50.5 million in the prior year. Excluding the non-recurring transaction and special charges of \$4.0 million mentioned above, total operating expenses for the nine-month period increased by 6.8% for similar reasons.

Adjusted EBITDA for the third quarter of 2008 rose 4.3% to \$55.5 million, compared to \$53.3 million in the prior year, primarily due to revenue growth in other value-added services partially offset by higher operational costs. For the nine-month period, Adjusted EBITDA grew 5.2% to \$147.2 million from \$139.9 million. Adjusted EBITDA margin declined to 74% 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. Adjusted EBITDA margin for the nine months was 73%, unchanged from the prior year.

Distributable Cash for the third quarter of 2008 increased 2.2% to \$49.1 million from \$48.0 million in the same quarter last year, primarily due to higher other value-added services revenue from organic growth and acquisitions, and the timing of maintenance capital expenditures, partially offset by lower interest income. Distributable Cash per unit was \$0.3185 for the quarter, up from \$0.3099. Distributions declared were \$31.3 million or \$0.2028 per unit, resulting in a payout ratio of 64% for the quarter. For the nine-month period, Distributable Cash was \$130.7 million compared to \$128.4 million in 2007. Distributable Cash per unit was \$0.8462 per unit for the nine-month period, up from \$0.8284 last year. The payout ratio was 71% for the nine-month period.

“By maintaining a conservative payout ratio of 70% since inception, we have been able to fund the ELRS implementation project, repurchase units and complete accretive acquisitions without drawing down our credit facilities. We have also been able to set a distribution level with confidence that it would be sustainable throughout our life as an income trust and execute on our growth strategy,” said Brian Kyle, Vice President, Finance and Chief Financial Officer.

Total capital expenditures in the third quarter of 2008 were \$9.0 million, compared to \$10.2 million in the same quarter last year. Total capital expenditures in the third quarter of 2008 consisted of deferred ELRS implementation costs of \$8.3 million and maintenance capital expenditures of \$0.7 million. Maintenance capital expenditures in the quarter decreased by \$1.5 million compared to the prior year primarily due to timing of expenditures, while deferred ELRS implementation costs increased by \$0.3 million primarily as a result of higher compensation and other costs associated with property activations. For the nine-month period, total capital expenditures were \$27.7 million up from \$26.3 million.

Teranet's cash and investments at September 30, 2008 were \$191.8 million, of which \$98.5 million was restricted in nature.

2008 Outlook

Teranet's management team is optimistic about opportunities for the remainder of 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 through new construction.

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. 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.

While the activity level of purchases and sales has softened 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 real estate activity and prices will moderate in a measured and orderly fashion as Ontario returns to balanced market conditions.

Teranet continues its efforts to diversify its revenue base through organic growth and acquisitions. The acquisitions of Do Process in the first quarter and key operations of Dye & Durham in the third quarter, as well as increased service offerings in healthcare and other e-services, are expected to make positive contributions to revenue. 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 for 2008.

With a conservative payout ratio of 71% 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.

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 Adjusted EBITDA margin percentages, per unit amounts, payout ratio, volume, parcel base and registration activity rate data)

	THREE-MONTH PERIOD ENDED SEPTEMBER 30 (UNAUDITED)		NINE-MONTH PERIOD ENDED SEPTEMBER 30 (UNAUDITED)	
	2008¹	2007¹	2008¹	2007¹
Revenue	\$74,642	\$71,172	\$201,100	\$190,404
Operating expenses	23,080	17,913	57,898	50,481
Adjusted EBITDA	\$55,527	\$53,259	\$147,167	\$139,923
Adjusted EBITDA margin %	74%	75%	73%	73%
Distributable Cash				
Distributable Cash	\$49,094	\$48,032	\$130,651	\$128,392
Distributable Cash per Unit	\$0.3185	\$0.3099	\$0.8462	\$0.8284
Distributions declared	\$31,260	\$29,060	\$92,315	\$87,179
Distributions declared per unit	\$0.2028	\$0.1875	\$0.5980	\$0.5625
Payout ratio ²	64%	61%	71%	68%
Volumes:				
Registration volumes	565,011	580,980	1,481,472	1,500,906
Search volumes	680,431	677,477	1,969,967	1,964,168
Parcel base at September 30:				
Teranet (Automated)	5,356,870	5,100,906	5,356,870	5,100,906
Automated %	96.1%	93.5%	96.1%	93.5%
Estimated Provincial Registration Activity Rate³ (Combined automated and manual registrations)				
	0.418	0.452	0.369	0.395
Teranet Registration Activity Rate ³	0.424	0.459	0.375	0.401

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

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 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 generally accepted accounting principles in Canada (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 from operations before interest, income taxes, depreciation, amortization, other non-operating income and expenses and non-recurring items. 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 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 November 3, 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.

-30-

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