

Teranet launches province-wide pilot of new real estate service

Closure™ service provides electronic funds management system for real estate closings in Ontario

TORONTO – OCTOBER 19, 2006 – Teranet today announced the launch of a province-wide pilot for its Closure service which enables lawyers to securely control the transfer of real estate closing funds online. Following successful beta testing that began in March 2006, Teranet is inviting a select group of real estate law firms in Ontario to pilot the service.

“Closure is an essential complement to our core electronic land registration product. Our focus group research clearly demonstrates a very strong demand for this service,” said Aris Kaplanis, President and CEO of Teranet Inc. “It will provide a safe electronic environment in which funds can be exchanged and allow for complete end-to-end electronic closings of real estate deals. The entire system has been designed to replicate the best practices in trust accounting that are imposed on law firms. The Closure service is evidence of what Teranet does best – leveraging our existing electronic infrastructure and strong customer relationships to offer services that make our customers’ lives easier.”

The Closure service is built to work seamlessly with regular commercial online banking and wire systems offered by the banks. Teranet’s new service uses the Large Value Transfer System (LVTS), which was developed and is operated by the Canadian Payments Association, with transactions guaranteed by the Bank of Canada. LVTS allows for rapid, irrevocable and certain funds clearing and cash settlement. Scotiabank worked with Teranet to provide the automated banking services used by the Closure service. TD Canada Trust, RBC Royal Bank and Scotiabank are participating in the pilot and are launching joint marketing programs to promote the new service. Participating pilot law firms banking at the Bank of Montreal can also wire funds to Closure.

“There is tremendous potential in the Closure service to combat mortgage and title fraud,” said Susan Elliott, President of Teranet subsidiary BAR-eX Communications Inc. The BAR-eX web site will offer the Closure service to lawyers following the pilot. “Closure will enable all parties to a real estate transaction, for the first time, to pay money online directly to its rightful and final destination. By removing the extra handling of funds present in today’s manual process, we are reducing the opportunity for various types of fraud.”

About Teranet Income Fund and Teranet Enterprises Inc.

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.

Teranet Enterprises Inc. is a wholly owned subsidiary of Teranet Inc., 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 application, *Teraview*® software. 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.

The BAR-eX web site is offered by BAR-eX Communications Inc., which is jointly owned by Teranet Enterprises Inc., The Law Society of Upper Canada and LawPRO® (Lawyers' Professional Indemnity Company). The BAR-eX web site is at www.bar-ex.com.

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 3, 2006. 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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