



TERRAVEST INCOME FUND RELEASES 2008 ANNUAL FINANCIAL RESULTS

Vegreville, Alberta (March 25, 2008) – TerraVest Income Fund (TI.UN) today released its financial results for the fiscal year ended December 31, 2008.

For the fiscal year ended December 31, 2008, the Fund reported revenue of \$241.7 million and a net loss of \$22,221 or \$1.20 per Unit, compared with revenue of \$229.2 million and a net loss of \$19,917 or \$1.13 per Unit for the fiscal year ended December 31, 2007.

During the year ended December 31, 2008, the Fund recorded non-cash write-downs of goodwill and indefinite life intangible assets of \$33,683 and \$692, respectively, attributable to RJV and Stylus. The write-downs were necessitated by weaker than expected financial performance of the portfolio business in 2008 and an expected future reduction in cash flows from these portfolio businesses given the current economic environment. The reduction in the carrying values of goodwill and indefinite life intangible assets does not impact the calculation of standardized or adjusted distributable cash.

Excluding the impact of goodwill and intangible asset impairments and gain on RNCI, net income for the year ended December 31, 2008 was \$8,682 including and inventory write-down of \$2,534, or \$0.47 per Unit (basic), compared to \$13,875, or \$1.13 per Unit (basic), of which \$6,249 (\$0.35 per Unit (basic)) relates primarily to a future income tax recovery resulting from the adoption of the SIFT tax rules in 2007, for the same period in 2007.

For the year ended December 31, 2008, the Fund reported adjusted distributable cash of \$14,435 (\$0.72 per Unit) compared to \$16,048 (\$0.92 per Unit) in 2007. The reduction in adjusted distributable cash for the year reflects reduced earnings from RJV, Stylus and Beco which were partially offset by improved earnings at Diamond, Don Park and Ezee-On.

The Fund's payout ratio, which is defined as the percentage of Adjusted Distributable Cash that is paid as distributions to Unitholders, was 83% for the fiscal year ended December 31, 2008, compared with 87% for the fiscal year ended December 31, 2007.

Highlights from the Fund's fiscal year ended December 31, 2008 are as follows:

thousands of dollars

	Year ended December 31,	
	2008	2007
Sales		
RJV	\$ 29,491	\$ 38,628
Ezee-On	13,036	8,830
Stylus	30,438	32,663
Don Park	93,822	82,615
Diamond	26,019	23,466
Beco	48,905	43,036
	241,711	229,238
Cost of sales	186,040	170,661
Gross profit	\$ 55,671	\$ 58,577
Net loss for the year	\$ (22,221)	\$ (19,917)
Gain on acquisition of RNCI	(2,505)	-
Impairment of goodwill	33,683	36,949
Impairment of intangible assets	692	5,416
Retractable non-controlling interest recovery	(967)	(4,397)
Non-controlling interest recovery	-	(4,176)
Earnings before gain on RNCI and impairment charges	\$ 8,682	\$ 13,875
Earnings per Unit/Share		
Basic and diluted	\$ (1.20)	\$ (1.13)
Earnings per Unit/Share before impairment charges and RNCI		
Basic and diluted	\$ 0.47	\$ 0.79

STANDARDIZED DISTRIBUTABLE CASH AND ADJUSTED DISTRIBUTABLE CASH**Standardized Distributable Cash**

	Three months ended December 31,		Year ended December 31,		Cumulative
	2008	2007	2008	2007	Since Inception
Cash flows from operating activities	\$ 15,341	\$ 5,534	\$ 26,408	\$ 24,272	\$ 84,614
Adjustments:					
Net capital expenditures	(2,483)	(555)	(4,030)	(2,250)	(16,204)
Cash portion of retractable non-controlling interest	(1,142)	(85)	(1,142)	(95)	(2,325)
Standardized distributable cash	11,716	4,894	21,236	21,927	66,085
Distributions declared	4,281	2,202	11,916	13,953	65,921
Standardized distributable cash surplus	\$ 7,435	2,692	9,320	7,974	164
Standardized distributable cash per Unit	\$ 0.59	\$ 0.28	\$ 1.07	\$ 1.25	\$ 3.72
Distributions declared per Unit	\$ 0.22	\$ 0.13	\$ 0.63	\$ 0.79	\$ 4.58
Standardized payout ratio – basic	37%	45%	56%	64%	100%

ADJUSTED DISTRIBUTABLE CASH

Standardized distributable cash	\$ 11,716	\$ 4,894	\$ 21,236	\$ 21,927	\$ 66,085
Change in non-cash working capital	(12,432)	(695)	(8,558)	(8,320)	2,186
Net capital expenditures	2,483	555	4,030	2,250	16,204
Maintenance capital expenditures	(1,228)	(473)	(2,273)	(1,752)	(9,348)
MSA termination fee	-	-	-	1,943	1,943
Adjusted distributable cash	539	4,281	14,435	16,048	77,070
Distributions declared	4,281	2,202	11,916	13,953	65,921
Adjusted distributable cash surplus (deficit)	\$ (3,742)	\$ 2,079	\$ 2,519	\$ 2,095	\$ 11,149
Adjusted distributable cash per Unit	\$ 0.03	\$ 0.24	\$ 0.72	\$ 0.92	\$ 5.59
Distributions declared per Unit	\$ 0.22	\$ 0.13	\$ 0.63	\$ 0.79	\$ 4.58
Adjusted payout ratio – basic	794%	51%	83%	87%	86%

During the year, the Fund acquired 186,800 Units at an average cost of \$3.27 under its normal course issuers bid instituted on October 2, 2008. Subsequent to year end the Fund has acquired an additional 143,900 Units at an average cost of \$2.64 under the normal course issuers bid. The Fund also exchanged 1,402,000 Exchangeable Shares for \$2,324,868 Units and redeemed 8,642 Exchangeable shares for \$76 cash during 2008. As of March 24, 2009, there are 19,620,666 Units issued and outstanding.

“Management of the Fund has made good progress in reducing costs related to operation of the Fund and, notwithstanding the operational difficulties experienced by the portfolio businesses in the latter part of 2008 as a result of a deteriorating economy worldwide, the Fund delivered strong levels of adjusted distributable cash” said Dale Laniuk, CEO of the Fund. “Our outlook for 2009 is guarded as a result of the continued weakness in the economy and while we will continue to manage our costs accordingly, we expect 2009 to be a challenging year.”

The Fund's consolidated financial statements and MD&A are available on SEDAR at www.sedar.com and on the Fund's website at www.terravestincomefund.com.

About TerraVest Income Fund

The Fund has invested in six businesses:

- RJV is one of the largest providers of wellhead processing equipment for the natural gas industry in western Canada.
- Diamond is a market leader in providing well servicing to the oil and natural gas sector in south-western Saskatchewan.
- Don Park is one of Canada's largest manufacturers and suppliers of heating, ventilation and air conditioning (HVAC) products.
- Stylus is one of Canada's leading made-to-order upholstered furniture manufacturers.
- Beco is one of the largest Canadian designer, manufacturer and importer of home textile products.
- Ezee-On manufactures heavy-duty equipment for large acreage grain farms and livestock operations.

Caution Regarding Forward-Looking Statements

All statements other than statements of historical fact contained in this news release are forward-looking statements, including, without limitation, statements regarding the future financial position and results, resources, cash flow, operations, business strategy, proposed acquisitions, budgets, distributions, projected costs, plans and objectives of or involving the Fund. Readers can identify many of these statements by looking for words such as "believe", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues" and similar words or the negative thereof. Although Management believes that the expectations represented in such forward looking statements are reasonable, there can be no assurance that such expectations will prove to be correct.

By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the forward-looking statements will not prove to be accurate. A number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements and the assumptions underlying the forward-looking statements.

Assumptions and analysis about the performance of the Fund, as a whole, and the Fund's portfolio businesses and the markets in which they compete are considered in setting the business plan for the Fund, in forecasting the Fund's expected future financial position and results, resources, cash flow, operations, business strategy, proposed acquisitions, budgets, distributions, projected costs, plans and objectives of or involving the Fund and in making related forward-looking statements. The key assumption in respect of the Fund's level of distributions is that the cumulative distributable cash will be able to support the Fund's current level of distributions. The Fund receives distributable cash from its portfolio businesses. In respect of the portfolio businesses, key assumptions are that demand for products and services of the portfolio businesses in respect of the Canadian and other markets in which the Fund's businesses are active (and in particular, but without limitation, the Canadian oil and natural gas industry in western Canada and the North American markets for construction materials and household goods) and that the input costs to the portfolio businesses do not vary significantly from the costs experienced historically. Should any of these factors or assumptions vary, actual results may differ materially from the forward-looking statements.

The information set forth in the MD&A of the Fund for the year ended December 31, 2008 and in the annual information form of the Fund dated March 24, 2009 identifies risk factors that could affect the Fund and its portfolio businesses. The forward-looking statements herein are made based on the assumption that the Fund will not be affected by such risks, but that, if the Fund is affected by such risks, the forward-looking statements may become inaccurate.

Standardized and Adjusted Distributable Cash

The calculation of standardized distributable cash is, in all material respects, in accordance with the recommendations provided in the CICA publication Standardized Distributable Cash in Income Trusts and Other Flow-Through Entities: Guidance on Preparation and Disclosure. Standardized distributable cash is not a defined term under Canadian generally accepted accounting principles ("GAAP") and does not have a standardized meaning prescribed by GAAP. Standardized distributable cash is defined as cash flow from operations after non-cash working capital items, less: gross capital expenditures; restrictions on distributions arising from compliance with financial covenants restrictive at the time of reporting; and limitations arising from the existence of a minority interest. Net capital expenditures represent all capital expenditures incurred during the reporting period, net of proceeds received on disposal of property, plant and equipment..

Adjusted distributable cash is not a defined term under GAAP and does not have a standardized meaning. Adjusted distributable cash is defined as standardized distributable cash adjusted for changes in non-cash working capital, items that may be of a non-recurring nature and reflecting only maintenance capital expenditures and not growth-related capital expenditures.

Management believes that adjusted distributable cash as a liquidity measure is a useful supplemental measure as it provides the independent Trustees with an indication of the amount of cash available for distribution to Unitholders before the effects of seasonal fluctuations in working capital. Investors are cautioned, however, that adjusted distributable cash should not be construed as an alternative to using net earnings as a measure of profitability or to using information contained in the unaudited interim Consolidated Statements of Cash Flows as a measure of liquidity. Further, the Fund's method of calculating adjusted distributable cash may not be comparable to measures used by other entities.

Standardized distributable cash and adjusted distributable cash are discussed in the Fund's MD&A.

Contact: Paul A. Casey, CA
Chief Financial Officer
(780) 632-7774
pcasey@terravestindustries.com

Raffi Sethian, MBA, CA
Chief Operating Officer
(416) 364-8124
rsethian@terravestindustries.com

Visit us at: www.terravestincomefund.com