



AVENIR DIVERSIFIED INCOME TRUST

Avenir Diversified Income Trust Announces 2006 Results

March 28, 2007 News Release

AVENIR DIVERSIFIED INCOME TRUST (“Avenir Trust”, TSX: AVF.UN) is pleased to announce the financial and operational results for the quarter and year ended December 31, 2006 and to announce they have filed the complete Management Discussion and Analysis and Audited Interim Consolidated Financial Statements on SEDAR. An electronic copy of these documents may be obtained on Avenir Trust’s SEDAR profile at www.sedar.com.

TOTAL CONSOLIDATED FINANCIAL SUMMARY	For the three months ended Dec 31			For the year ended Dec 31		
	2006 ⁵	2005 ⁴	% Change	2006 ⁵	2005 ⁴	% Change
Total Revenue	218,513,001	184,244,810	19%	767,175,750	335,288,639	129%
Funds From Operations (FFO) ¹	14,333,912	23,152,459	(38)%	65,005,056	56,142,933	16%
FFO Per Unit ¹ - Basic	0.35	0.58	(40)%	1.59	2.20	(28)%
Cash Distributions ²	10,397,474	13,941,083	(25)%	48,983,407	34,473,947	42%
Cash Distributions Per Unit - Basic	0.25	0.35	(29)%	1.20	1.35	(11)%
Cash Distribution Payout Ratio ³	73%	60%	22%	75%	61%	23%
% of Cash Distributions Taxed as Income	--	--	--	100%	100%	0%
Special Energy Services Division Distribution Per Unit	--	--	--	4.445	--	100%
Total Distributions Per Unit	0.25	0.35	(29)%	5.645	1.35	318%
Net Income from continuing operations	9,389,519	13,316,943	(29)%	33,881,550	19,526,451	74%
Per Unit - Basic	0.23	0.34	(32)%	0.82	0.77	6%
Net Income	9,389,519	14,206,663	(34)%	37,398,811	22,939,339	63%
Net Income Per Basic Unit	0.23	0.36	(36)%	0.91	0.90	1%
Total Assets	530,550,632	583,626,932	(9)%	530,550,632	583,626,932	(9)%
Working Cap. (Net Debt) including mortgages ¹ Not incl. Disc. Operations	(63,089,649)	(22,918,383)	(175)%	(63,089,649)	(22,918,383)	(175)%
Wtd. Avg. Units Outstanding - Basic	41,187,570	39,635,783	4%	40,892,399	25,500,884	60%
Units Outstanding (incl. escrowed units)	41,745,720	40,692,012	3%	41,745,720	40,692,012	3%

¹ Funds from operations, Funds from operations per unit, net back, and working capital (net debt) including mortgages are not recognized measures under Canadian generally accepted accounting principles (GAAP). Funds from operations is calculated by taking cash provided by operating activities on the statement of cash flows adjusted for the effect of changes in non-cash working capital and asset retirement costs incurred. Working capital (net debt) is calculated by taking current assets less current liabilities including mortgages. Management believes that these measures are useful supplemental measures to analyze operating performance as they demonstrate the Trust’s ability to generate the Funds from operations necessary to fund future distributions and capital investments. The Trust’s method of calculating these measures may differ from other issuers, and accordingly, they may not be comparable to measures used by other issuers. Investors should be cautioned that “Funds from operations” and “Funds from operations per unit” should not be construed as an alternative to net income, cash flow from operating activities or other measures of financial performance calculated in accordance with GAAP.

² Distributions represents the actual cash distribution paid during the period. It does not include the special distribution in June 2006 of the Essential Energy Services Trust Units.

³ Distribution Payout Ratio is calculated by dividing the Distributions by the Funds from operations.

⁴ Comparative periods have been restated to conform to current period presentation – specifically relating to the discontinued operations of the Energy Services Division of the Trust.

⁵ The 2006 year-end figures reflect the spin-off of the Trust’s Energy Services division on May 31, 2006 in a special Distribution.

REVIEW OF FINANCIAL RESULTS

Financial results for 2006 were at or ahead of forecast with record net income, funds from operations and distributions paid out to Trust unitholders. The net income for the year ended December 31, 2006 was \$37,398,811 which is up 63% versus the \$22,939,339 net income for the year ended December 31, 2005. The Trust recorded net income of \$9,389,519 for the three months ended December 31, 2006 compared to \$14,206,663 for the three months ended December 31, 2005. Results for Financial Services and Real Estate were flat while the Oil and Gas division was impacted during the three months by lower commodity pricing, primarily in natural gas, and markedly higher production expenses offset by non-cash unrealized gains on financial hedges. Operations for the Trust's Energy Services division, which was spun-off in May 2006, are also no longer included in the 2006 numbers.

Funds from operations were \$65,005,056 for the year ended December 31, 2006, up 16%, from funds from operations for the year ended December 31, 2005 of \$56,142,933, as the Financial Services division reflects the inclusion of Elbow and EnerVest for a full year. The funds from operations for the fourth quarter 2006 were \$14,333,912 (\$0.35 per unit) down 38%, compared to the fourth quarter 2005 of \$23,152,458 (\$0.58 per unit). The decrease in funds from operations is also primarily due to the spin-out of the Energy Services division on May 31, 2006 and lower commodity prices and higher production expenses in the Oil and Gas division.

The Trust declared cash distributions of \$48,983,407 (\$1.20 per unit) for the year ended December 31, 2006 which is up 42% on a total cash basis over the \$34,473,947 (\$1.35 per unit) distributed for the year ended December 31, 2005, while on a per unit basis the cash distribution reflects a decrease due to the Energy Services division spin-out. On May 31, 2006 Trust unitholders received one Essential Energy Services Trust unit for every two units of Avenir held. This equated to a special distribution of \$4.445 per unit. Built in to the spin-off of the Energy Services division, was a small distribution increase which represented the 7th distribution increase in the three years since the Trusts inception. In conjunction with the spin-off, the Trust's monthly distribution was reduced from \$0.12 per month to \$0.083 per month while at the same time unitholders received the equivalent of \$0.0415 per month ($\frac{1}{2}$ of the \$0.083 being distributed by Essential monthly) from the Essential units they received in the spin-off. For the fourth quarter 2006 the Trust distributed \$10,397,474 (\$0.25 per unit), to unitholders compared to \$13,941,083 (\$0.35 per unit) for the quarter ended December 31, 2005. The decrease in the fourth quarter 2006 is again due to the spin-out of the Energy Services division as distributions per unit in Avenir decreased with the spin-out.

The 2006 year end cash payout ratio was 75% of funds from operations and the fourth quarter cash payout was 73% of funds from operations.

PRESIDENT'S MESSAGE

Operationally 2006 was a very positive year for Avenir Diversified Income Trust ("Avenir" or the "Trust"). The Trust continued to meet its forecasts despite the uncertainty afforded the trust sector with the surprise announcement by the federal government to tax trusts in 2011. Also the Trust's diversification strategy has resulted in approximately 60% to 65% of the Trust's go-forward cash flow now being generated from its Financial Services and Real Estate divisions. The balance sheet is strong with a year end net debt to cashflow ratio of only 0.53:1.0 on our Financial Services and Oil and Gas divisions and a mortgage to estimated fair market value of 50% on our Real Estate division. Both of these metrics are conservative versus peers of our size.

Since inception, Avenir's business strategy has been consistent; in addition to providing sustainable distributions from energy and non-energy businesses, the Trust has and continues to look at unlocking additional value for the Trust unitholders. In May of 2006, for the first time Avenir spun-off one of its business units, Energy Services, into a standalone entity, a new Trust named Essential Energy Services Trust (TSX: ESN.UN). By spinning-off a division which has grown to a sufficient independent size and stability, the market is better able to value the business. In the case of Essential, Avenir unitholders were able to recognize almost \$200 million of value from approximately \$80 million in acquisitions and equipment purchases that had been made in a two year period. While Avenir continues to provide and focus on sustainable distributions through diversified businesses, the Trust has also been able to achieve distribution growth through accretive acquisitions and organic growth. Built in to the May 31, 2006 spin-off of the energy service division was a small distribution increase which represented the 7th distribution increase since the Trust's inception in 2003. In conjunction with the spin-off, the Trust's monthly

distribution was reduced from \$0.12 per month to \$0.083 per month; however Trust unitholders also now receive the equivalent of \$0.0415 per month (½ of the \$0.083 being distributed by Essential monthly) from the Essential units they received in the spin-off for a total of \$0.1245 per unit.

2006 was a year primarily focused on diversification and organic growth in all divisions whether through providing new products and concentrating in new commodity lines in the Financial Services division, development and work-over projects in the Oil and Gas division, or through property development in Real Estate. Results are evidenced below:

- Funds from operations reflect the benefits of the Trust's diversification model with 58% coming from Financial Services and Real Estate, 67% when the spin-off Energy Services division is excluded.
- Distributions represented 75% payout of the funds from operations for the year, inline with our target payout ratio of 75% to 80%.
- The Elbow River group increased annual cash flow from an average of \$9.5 million to over \$14.6 million in less than two years. Strong internal growth particularly in the bio-fuels marketing area looks to continue the growth within our Elbow River group.
- In our EnerVest Limited Partnership, the assets under management for the group are approximately \$2.0 billion and EnerVest had approximately \$17.6 million of stable distributable cash flow, a 26% increase over purchase expectations through organic growth in both existing and new funds.
- The Oil and Gas division had 2006 finding and development costs including future development costs of \$17.54 per BOE from development and acquisition activity and \$16.29 per BOE from internally generated development projects only. Excellent results in a period of rapid capital costs increases.
- In 2006 the Real Estate division acquired two portfolios of properties, KFC and Landmark Cinemas, and began the first of three development projects expected to be completed in late 2007 or early 2008 with the ground breaking on the new 10 screen Landmark Cinema project in Red Deer, Alberta. Development projects such as these add to acquisition opportunities and provide stable cash flows and levered returns of approximately 11% to 12% on long-term leases.

The other major event faced by the Trust in 2006 occurred on October 31st when the federal government announced that legislation would be coming into effect that would make Income Trusts taxable in the year 2011. The announcement significantly impacted trust valuations, especially smaller trusts like Avenir.

Overall, we continue to have strong performance in all of our divisions and we expect our distributions to remain solid. While we do not yet know what form Avenir will take over the long-term, we do have until 2011 to plan and implement changes to our business plan to adapt to the new rules and this will give us the time required to reposition ourselves. The business premise of diversification and sustainable distributions continues to hold the Trust in good stead,

In closing, we would like to express our appreciation to our unitholders for their continued support as we execute our business plan and work to continue to add unitholder value in the future.

REVIEW OF BUSINESS UNIT OPERATIONS

1. FINANCIAL SERVICES

At December 31, 2006 the Trust's Financial Services business unit consisted of:

i. ENERVEST LIMITED PARTNERSHIP – MANAGEMENT CONTRACT

The team at EnerVest operates independently under the Trust. Since EnerVest joined the Trust in October 2005, the annual funds from operations has increased organically by approximately \$3.6 million to \$17.6 million or 25%

despite the October 31, 2006 announcement by the Minister of Finance regarding the taxation of income trusts which negatively impact the valuation of assets under management for EnerVest.

The assets under management by EnerVest grew by 21% from December 31, 2005 to December 31, 2006, an increase of over \$350 million. The management fees that Avenir receives are directly related to the level of assets under management of the EnerVest Group of Funds.

- (i) EnerVest Diversified Income Trust, the flagship fund, increased assets under management in February 2006 through a rights offering raising net proceeds of \$281.6 million. Then in October 2006, the fund completed an exchange offer raising \$257.5 million. This fund remains the largest and most liquid closed-end fund in Canada. The EnerVest Diversified Income Trust is managed by Cypress Capital Management Ltd. EnerVest paid the expenses associated with the exchange offering totalling \$11.3 million.
- (ii) In April 2006, EnerVest launched the EnerVest Energy and Oil Sands Total Return Trust. The fund raised \$50.6 million with a focus on companies participating in the development of Oil Sands properties in North East Alberta.
- (iii) During 2006 EnerVest also launched two flow-through offerings raising \$39.3 million.

All of these offerings increase the distributable cash flow to the Avenir Trust by way of additional management fees. The Trust believes the EnerVest assets will continue to increase through organic growth in 2007 and beyond.

ii. ELBOW RIVER MARKETING LP

Elbow River Marketing LP, ("Elbow River"), is a wholesale broker, transporter and supplier of butane, propane, ethanol and bio-diesel to major refineries, dealers and retailers in the United States, Canada and Mexico. Elbow River, established in 1984, is considered to be one of the largest wholesale brokers in Canada and the United States in providing brokerage, marketing, logistics, transportation, storage and risk management services to the natural gas liquids market. They currently transact over 16,500 BOE per day of liquids sales with approximately 200 customers and suppliers.

The suppliers and purchasers of products marketed by Elbow River are generally the major oil and gas and chemical companies in Canada and the United States. Elbow River takes title of the product and arranges transportation and delivery, mainly by rail tank cars, with Elbow River paying for product and transportation. Product prices are normally determined by the spot market price. Elbow River has minimal product risk as the delivery price is generally fixed at the time that Elbow River takes title. The team at Elbow River operates separately under the Trust's umbrella of companies. All key employees have been provided with incentives to meet specific EBITDA performance targets. Funds from operations have organically increased 52% from original base expectations in less than two years.

During 2006 Elbow River exceeded its budget with all commodity groups contributing to the net result. Propane had a solid year and was bolstered by sustained cold weather during the fourth quarter on the West Coast as well as some supply issues that hindered traditional supply sources to the area. Butane exceeded expectations due to non traditional demand related to the Alberta Oil Sands and varying demand patterns resulting from increased U.S. ethanol usage. The bio-fuels area showed solid growth as the U.S. continued their push for energy independence. Ethanol's rapid expansion into newly mandated areas, coupled with supply shortages for portions of the year, allowed for increased sales from the previous two years. Bio-diesel showed solid growth despite industry quality issues and economic issues related to high feedstock costs relative to diesel prices.

The fourth quarter of 2006 was also ahead of budget in all commodity groups. Propane was bolstered by sustained cold weather on the West Coast; butane had strong winter pre-sales and saw mixed spot activity; ethanol also had strong winter pre-sales with some spot activity as the market worked to establish balance between numerous new production facility start-ups and newly mandated areas; and bio-diesel showed steady growth in a market that is in its early maturity phase.

2007 looks to be a promising year for the company, with a number of pre-sale opportunities on the books, coupled with market uncertainty that should provide a continuous flow of spot opportunities. Propane will likely be impacted by increased Cochin pipeline tariffs while butane will continue to benefit from the growth of the Alberta Oil Sands. Bio-fuels should show continued growth as the U.S. government has a very concerted push on to grow this market and Elbow River is well positioned to capture a share of this growing market.

iii. FINANCIAL SERVICE CONTRACTS

From an initial investment in 2003 of \$600,000, Avenir Financial Services Limited Partnership ("Avenir Financial") expanded its financial services contracts with Rentcash Inc. to a high of \$19.9 million at the end of December 2005. During 2006, Avenir Financial slowly redeemed contracts such that at the end of December 2006 there were \$3.265 million of contracts outstanding. Subsequent to the 2006 year end, Avenir Financial redeemed an additional \$1.5 million in contracts and thus currently has \$1.766 million outstanding. Funds from the redemptions were redeployed into other areas within the Trust providing greater growth opportunities and less risk.

2. ENERGY - Oil & Gas Operations

Following a significant period of growth through acquisitions in 2005, the Oil and Gas unit focused on advancing capital expenditure programs in 2006 to take advantage of the numerous development opportunities on the existing asset base. This development focus combined with a fourth quarter asset acquisition, allowed the Trust to increase production 4% in fourth quarter 2006 to 3,326 BOE per day up from 3,213 BOE per day for the same period in 2005. Production exit rate for the Trust in 2006 was 3,425 BOE per day despite 115 BOE per day of curtailed production due to 3rd party processing outages. The average production for 2006 was up 5% to 3,346 BOE per day from 3,198 BOE per day in 2005. On a BOE basis (6 to 1 conversion), the asset base of the Trust has a balanced sales production ratio of 48% oil and natural gas liquids and 52% natural gas thus helping to minimize the effects of commodity fluctuations from either oil or natural gas pricing. Total gross revenue from petroleum and natural gas sales in 2006 was \$55,263,699, down 3% from \$57,076,120 in 2005 primarily due to lower natural gas prices. The weighted average realized sales price by the Trust for natural gas in 2006 was \$6.80 per mcf down 21% from \$8.62 per mcf in 2005.

Oil and Gas operating expenses increased in 2006 due to realizing the full year costs from the acquisitions of 2005, increased costs for goods and services in the industry and higher power prices in the last half of 2006. Operating expenses for 2006 averaged \$15.94 per BOE as compared to \$11.98 per BOE in 2005. Analysis of the costs incurred in 2006 suggests an inflationary impact of 10% on the baseline operating expense for the Trust excluding power costs. The power costs for the Trust have increased 23% in 2006 as compared to 2005. Overall, power costs account for 1/4 of the operating expenses for the Trust. In the fourth quarter of 2006, the Trust has taken steps to hedge power costs for 2007 to minimize the impact of further power price anomalies in the Alberta power pool. For the quarter ending December 31, 2006, the operating cost for the Trust was \$20.21 per BOE due to prior period adjustments and the previously mentioned power costs. The abnormally high power prices in the fourth quarter accounted for \$1.18 per BOE a 7% increase to the overall operating expenses from the previous three quarters of 2006. With the hedging of power costs in 2007, the Trust anticipates the operating expenses to average \$15.20 per BOE for the first quarter of 2007.

In 2006, the Trust participated in the drilling of 67 gross (9.3 net) wells in Alberta and Saskatchewan highlighted by the drilling of 7 gross (5.6 net) operated wells in Weyburn, Cherhill, Provost and Southern Alberta. Capital expenditures on development activities including re-completions, optimizations and maintenance totalled approximately \$12.5 million in 2006. The acquisition and divestiture activity for the Trust slowed down in 2006 compared to 2005 due mostly to highly competitive market conditions. The Trust completed five smaller asset acquisitions in 2006 highlighted by the asset acquisition of 275 BOE per day in the core areas of East Central and Southern Alberta in the fourth quarter. In total, \$11.5 million was spent on acquisitions including fees, normal industry closing adjustments and undeveloped land of \$545,000. For the year ending December 31, 2006, the Trust produced a total of 1,221 MBOE from the asset base. The combined working interest proved plus probable petroleum and natural gas reserve additions from development, acquisition and divestiture activities as per the year end independent reserve report was 1,331 MBOE resulting in a 109% production replacement. Adjusting the year end reserve additions for 2006 production from the new entities and including all future capital, the Trust added reserves for \$17.54 per BOE on a working interest proved plus probable basis in 2006.

In 2007, capital investment will focus on development programs in the operated core areas of Cherhill, Grand Forks, Provost and the Noel area of NE British Columbia. Re-completion and optimizations will also continue to be a key component of the capital programs having been instrumental in maintaining a flat production profile on the diverse asset base. The Trust will endeavour to balance the development activity in 2007 between oil and gas opportunities and remains flexible on the timing of capital programs based on commodity pricing throughout the year. The capital programs are currently budgeted to be approximately \$10.5 million in 2007.

The Trust will also continue to evaluate accretive acquisition opportunities to strengthen the core areas in 2007 based on recent market developments in the availability of asset packages. As of March 2007, the Trust has reached agreement to purchase an additional working interest in the operated property of Noel in NE British Columbia. The acquisition includes 150 BOE per day of sweet natural gas production from assets in which the Trust already holds a majority working interest. Based on a January 1, 2007 effective date and excluding the undeveloped land value of \$200,000, the consideration to be paid for the working interest proved plus probable reserves is \$7.3 million for 548,200 BOE yielding an acquisition cost of \$12.95 per BOE. Significant opportunities have been identified on the lands and the Trust is currently exploring alternatives with industry partners to expedite the development of the area.

Oil and Natural Gas Reserves

In accordance with NI 51-101, McDaniel & Associates Consultants Ltd. prepared the McDaniel Report dated March 7, 2007, evaluating the crude oil, natural gas, natural gas liquids and sulphur reserves of the Trust as at December 31, 2006. The tables below are a summary of the Trust's oil, NGL and natural gas reserves and the net present value of future net revenue attributable to such reserves as evaluated in the McDaniel Report based on constant and forecast price and cost assumptions. The information set forth below is prepared in accordance with standards contained in the Canadian Oil and Gas Evaluation Handbook (COGEH) and the reserves definitions contained in NI 51-101 and the COGEH.

Reserves Data - Forecast Prices and Costs Summary of Oil and Gas Reserves

	Gross Reserves ⁽¹⁾				Net Reserves ⁽²⁾			
	Light and Medium Crude Oil	Heavy Oil	Natural Gas Liquids	Natural Gas	Light and Medium Crude Oil	Heavy Oil	Natural Gas Liquids	Natural Gas
	Mbbls	Mbbls	Mbbls	Mmcf	Mbbls	Mbbls	Mbbls	Mmcf
Proved								
Developed Producing	2,179.6	780.2	98.6	15,467.7	1,969.0	729.4	77.3	13,183.2
Developed Non-Producing	0.0	0.0	3.2	1,285.7	0.0	0.0	2.5	1,026.2
Undeveloped	94.7	0.0	5.1	1,763.3	79.6	0.0	4.3	1,432.2
Total Proved	<u>2,274.3</u>	<u>780.2</u>	<u>106.9</u>	<u>18,516.7</u>	<u>2,048.5</u>	<u>729.4</u>	<u>84.1</u>	<u>15,641.6</u>
Total Probable	<u>732.5</u>	<u>250.5</u>	<u>52.1</u>	<u>6,643.8</u>	<u>644.8</u>	<u>232.6</u>	<u>38.7</u>	<u>5,514.0</u>
Total Proved plus Probable⁽³⁾	<u><u>3,006.8</u></u>	<u><u>1,030.8</u></u>	<u><u>159.0</u></u>	<u><u>25,160.6</u></u>	<u><u>2,693.4</u></u>	<u><u>962.0</u></u>	<u><u>122.8</u></u>	<u><u>21,155.6</u></u>

1. Gross reserves include working interest reserves before deduction of royalties but do not include royalty interest reserves.
2. Net reserves include working interest reserves less the deduction of royalties plus royalty interest reserves.
3. Some totals may differ slightly due to rounding.

Net Present Value of Future Net Revenue of Oil and Gas Reserves

	Before Future Income Tax Expenses and Discounted at		
	0%	8%	10%
Proved	(M\$)	(M\$)	(M\$)
Developed Producing	142,522	111,126	105,419
Developed Non-Producing	1,796	1,007	916
Undeveloped	3,614	1,797	1,457
Total Proved	147,933	113,930	107,791
Total Probable	62,228	35,541	31,707
Total Proved plus Probable	210,160	149,471	139,498

Reserves Reconciliation

The following table sets forth a reconciliation of the Trust's total proved, probable and proved plus probable working interest and royalty interest reserves as at December 31, 2005 against such reserves as at December 31, 2006 based on forecast price and cost assumptions.

	Total Working Interest and Royalty Interest Oil Equivalent		
	Net Proved Reserves	Net Probable Reserves	Net Proved Plus Probable
	MBOE	MBOE	MBOE
Opening Balance			
December 31, 2005	6,667	2,043	8,710
Extensions/Infill Drilling	276	185	461
Improved Recovery	180	44	224
Technical Revisions	41	(206)	(165)
Discoveries	122	45	167
Acquisitions	411	139	550
Dispositions	(55)	(57)	(112)
Production	(1,221)	0	(1,221)
Closing Balance December 31, 2006	6,421	2,193	8,614

3. REAL ESTATE

During the first quarter of 2006, the Trust bought out its 50% partner in its Vaughn warehouse facility in Ontario for \$1,910,773. This allowed the trust to own 100% of this 71,000 square foot warehouse which is 100% leased.

At the end of the third quarter and the beginning of the fourth quarter, the trust completed two portfolio transactions. The first was the purchase of 11 free-standing KFC/Taco Bell locations located primarily in rural markets in northern Alberta and northern British Columbia, with an option to purchase two further locations. The second transaction was the purchase of 15 free-standing Landmark Cinemas theatres located primarily in British Columbia and Alberta, with the option on 1 further location in Red Deer. Options on both portfolios were completed and development of the locations is expected to be completed in 2007 and early 2008. These portfolios were purchased for 8.6% to 8.9% unlevered returns and the portfolio has 10 and 20 year leases respectively. The total leaseable square footage of these portfolios is 186,740 square feet and this brings the total square footage in the Trust to 625,644.

Cash flow from operations increased 74% for the year ended December 31, 2006 totaling \$1,901,218 compared to \$1,091,526 for the year ended December 31, 2005. The cash flow for the fourth quarter ended December 31, 2006 totaled \$762,034 an increase of 168% compared to \$284,017 for the fourth quarter of 2005. In

addition to the acquisitions completed in 2006 a long-term lease was executed for a building in Edmonton with Sunbelt Supplies a subsidiary of Home Depot, which was vacant for the final two months in the fourth quarter of 2006. With this new lease the entire Real Estate portfolio will be 100% leased as we enter into 2007.

4. DISCONTINUED OPERATIONS - Energy Services

On May 31, 2006, this division was spun-off to create the publicly-traded oilfield services trust, Essential Energy Services Trust ("Essential"). For 2006, the energy services division is included in the Trust's operations for the period from January 1 through May 31 only and is accounted for as a discontinued operation in the financial statements for both fiscal years.

Outlook

Our 2007 budget provides a cash flow split of 63% Financial Services and Real Estate, and 37% Oil and Gas with a distribution payout of 75% to 80%. Organic growth continue to be strong in both the EnerVest and Elbow River groups through new product offerings and expansion into the bio-fuels area where Elbow is a leading marketing company. Metrics have come down markedly in the oil and gas and energy sectors providing for interesting acquisition opportunities.

As we await some certainty from the federal government, regarding the taxation of trusts, we assure our unitholders that we are very comfortable with the business model as it currently stands, confident we can adapt the model to whatever the go-forward environment is and look forward to taking advantage of opportunities through 2011 and beyond.

Financial Statements for the year ended December 31, 2006 are attached below, with detailed Financial Statements and the Management Discussion and Analysis available on the company's profile on SEDAR at www.sedar.com or the Trust's website at www.avenirtrust.com.

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Forward Looking Statements

Except for historical financial and operating information contained herein, the matters discussed in this document may be considered forward-looking statements. Such statements include declarations regarding management's intent, belief or current expectations. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties; actual results could differ materially from those indicated by such forward-looking statements. Among the important factors that could cause actual results to differ materially from those indicated by such forward-looking statements are: (i) that the information is of a preliminary nature and may be subject to further adjustment, (ii) the possible unavailability of financing, (iii) risks related to the exploration and development of oil and gas properties, (iv) the impact of price fluctuations and the demand and pricing for oil and natural gas, (v) the seasonal nature of the business, (vi) start-up risks, (vii) general operating risks, (viii) dependence on third parties, (ix) changes in government regulation, (x) the effects of competition, (xi) dependence on senior management, (xii) financial condition of real estate tenants and financial services counterparts, (xiii) impact of the Canadian economic conditions or the demand for real estate leasing opportunities, (xiv) fluctuations in currency exchange rates and interest rates.

CONSOLIDATED BALANCE SHEETS

(unaudited)

As at December 31,

	2006	2005
	\$	\$
		(restated – note 3)
ASSETS		
Current		
Cash	508,873	3,997,631
Restricted cash	—	366,057
Accounts receivable and prepaid expenses	76,414,582	85,737,678
Inventory	39,949,395	31,626,872
Notes receivable	—	1,050,000
Risk management assets	45,581	—
Assets of discontinued operations	—	75,478,046
	116,918,431	198,256,284
Property and equipment	203,823,243	166,649,998
Investment in financial services contracts	3,265,000	20,440,209
Intangibles and other assets	154,002,636	146,572,446
Goodwill	52,541,322	51,707,995
	530,550,632	583,626,932
LIABILITIES AND UNITHOLDERS' EQUITY		
Current		
Bank indebtedness	69,239,728	48,000,771
Accounts payable and accrued liabilities	69,082,382	65,967,696
Distributions payable	3,465,142	4,883,041
Deferred revenue	371,756	200,439
Risk management liabilities	—	5,256,170
Notes payable	5,000,000	7,500,000
Current portion of mortgages	18,535,949	7,684,571
Liabilities of discontinued operations	—	17,947,852
	165,694,957	157,440,540
Mortgages	14,313,123	6,203,933
Note payable	9,433,589	—
Asset retirement obligation	12,799,291	11,479,561
Future income taxes	16,242,322	19,824,076
Commitments and contingencies		
Unitholders' equity		
Unitholder capital	413,730,521	401,918,365
Contributed surplus	4,344,370	2,136,030
Accumulated earnings	65,022,337	27,623,526
Accumulated distributions	(171,029,878)	(42,999,099)
	312,067,350	388,678,822
	530,550,632	583,626,932

CONSOLIDATED STATEMENTS OF OPERATIONS AND ACCUMULATED EARNINGS

(unaudited)

For the year ended December 31,

	2006 \$	2005 \$
		(restated – note 3)
REVENUE		
Financial services revenue	710,632,564	291,373,337
Unrealized gain (loss) on financial instruments	362,220	—
Total financial services revenue	710,994,784	291,373,337
Oil and gas revenue	55,263,699	57,076,120
Oil and gas transportation costs	(888,616)	(888,393)
Royalties, net of ARTC	(7,767,046)	(9,098,703)
Unrealized gain (loss) on financial instruments	4,939,531	(6,415,712)
Total oil and gas revenue	51,547,568	40,673,312
Real estate revenue	4,549,217	2,946,194
Interest and other revenue	84,181	73,436
Gain on sale of property and equipment	—	222,360
Total revenue	767,175,750	335,288,639
EXPENSES		
Financial services operating	663,669,260	269,092,359
Oil and gas operating	19,470,385	13,867,868
Real estate operating	1,431,694	912,626
General and administrative	19,360,720	10,196,212
Foreign exchange	(815,691)	(6,528)
Interest and bank fees	3,498,714	1,947,200
Interest on long-term debt	1,161,244	781,200
Capital taxes	309,343	601,891
Depletion, depreciation and amortization	27,890,585	21,437,486
Asset retirement obligation accretion	899,700	759,689
	736,875,954	319,590,003
Income from continuing operations before income tax	30,299,796	15,698,636
Future income tax recovery	3,581,754	3,827,815
Net income from continuing operations	33,881,550	19,526,451
Net income from discontinued operations	3,517,261	3,412,888
Net income for the year	37,398,811	22,939,339
Accumulated earnings, beginning of year	27,623,526	4,684,187
Accumulated earnings, end of year	65,022,337	27,623,526
Net income from continuing operations per unit		
Basic	0.82	0.77
Diluted	0.81	0.77
Net income from discontinued operations per unit		
Basic	0.09	0.13
Diluted	0.09	0.13
Net income per unit		
Basic	0.91	0.90
Diluted	0.90	0.90

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

For the year ended December 31,

	2006 \$	2005 \$ (restated – note 3)
OPERATING ACTIVITIES		
Net income from continuing operations	33,881,550	19,526,451
Add (deduct) non-cash items:		
Gain on sale of property and equipment	—	(222,360)
Non-cash general and administrative	3,534,128	1,833,070
Depletion, depreciation and amortization	27,890,585	21,437,486
Asset retirement obligation accretion	899,700	759,689
Unrealized loss (gain) on financial instruments	(5,301,751)	6,415,712
Unrealized foreign exchange	(1,411,576)	281,262
Future income tax recovery	(3,581,754)	(3,827,815)
Funds from continuing operations	55,910,882	46,203,495
Funds from discontinued operations	9,094,174	9,939,438
	65,005,056	56,142,933
Asset retirement costs incurred during year	(532,564)	(284,360)
Change in non-cash working capital	5,995,141	(56,605,025)
Cash provided by (used in) operating activities	70,467,633	(746,452)
FINANCING ACTIVITIES		
Issue of trust units, net of issue costs	1,126,482	302,320,650
Distributions to unitholders	(50,401,306)	(30,828,088)
Increase in bank indebtedness	37,757,957	16,146,870
Increase in notes payable	6,933,589	7,500,000
Decrease in notes receivable	1,050,000	(1,050,000)
Repayment of subordinated debt	—	(192,271)
Increase in mortgages	—	4,118,411
Repayment of mortgages	(543,218)	(2,363,588)
Repayments of capital lease obligations	(51,174)	(110,515)
Increase in long-term debt	—	266,233
Repayment of long-term debt	(2,993,521)	(3,796,395)
Change in non-cash working capital	(62,076)	(287,811)
Cash provided by financing activities	(7,183,267)	291,723,496
INVESTING ACTIVITIES		
Acquisitions	(30,994,706)	(272,000,856)
Disposition of Energy Services Division	(2,383,243)	—
Purchase of financial services contracts	—	(11,018,930)
Redemption of financial services contracts	17,135,000	3,000,000
Financial services development expenditures	(11,386,636)	(70,335)
Oil and gas property acquisitions	(11,481,150)	(3,090,790)
Oil and gas property disposals	793,891	7,679,390
Oil and gas development expenditures	(13,539,269)	(8,967,731)
Purchase of other assets	(229,743)	(283,006)
Purchase of real estate properties	(14,489,283)	(2,915,290)
Real estate development expenditures	(1,217,857)	(162,355)
Proceeds on sale of real estate properties	—	3,718,794
Change in restricted cash	366,057	(205,830)
Change in non-controlling interest	(524,318)	241,071
Change in non-cash working capital	1,178,133	(460,669)
Cash used in investing activities	(66,773,124)	(284,536,537)
Increase (decrease) in cash during the year	(3,488,758)	6,440,507
Cash of discontinued operations	—	(2,770,093)
Cash, beginning of year	3,997,631	327,217
Cash, end of year	508,873	3,997,631
Cash taxes paid	561,131	234,040
Cash interest paid	5,055,037	2,693,292