



Avenir Diversified Income Trust Announces Second Quarter 2007 Results and an Update on its Real Estate Division

August 14, 2007 News Release

AVENIR DIVERSIFIED INCOME TRUST ("Avenir Trust", TSX: AVF.UN) is pleased to announce the financial and operational results for the three and six months ended June 30, 2007 and to announce they have filed the complete Management Discussion and Analysis and Unaudited 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						
<i>(in thousands except for per unit amounts)</i>	For the three months ended June 30			For the six months ended June 30		
	2007	2006 ³	% Change	2007	2006 ³	% Change
Total Revenue	\$225,338	\$168,137	34%	\$462,103	\$334,099	38%
Funds From Continuing Operations (FFCO) ¹	\$12,350	\$13,307	(7)%	\$29,305	\$26,635	10%
FFCO ¹ Per Unit - Basic	\$0.30	\$0.32	(6)%	\$0.71	\$0.66	8%
Funds From Operations (FFO) ¹	\$13,167	\$15,747	(16)%	\$30,843	\$36,343	(15)%
FFO Per Unit ¹ - Basic	\$0.32	\$0.38	(16)%	\$0.74	\$0.90	(18)%
Distributions ⁴	\$10,413	\$13,449	(23)%	\$20,808	\$28,185	(26)%
Distributions Per Unit - Basic ⁴	\$0.25	\$0.33	(24)%	\$0.50	\$0.69	(28)%
Distribution Payout Ratio ²	79%	85%	7%	67%	78%	14%
Net Income from continuing operations (NICO)	\$5,274	\$9,644	(45)%	\$12,262	\$16,755	(27)%
NICO Per Unit - Basic	\$0.13	\$0.23	(43)%	\$0.29	\$0.41	(29)%
Net Income	\$5,671	\$10,310	(45)%	\$13,002	\$20,415	(36)%
Net Income Per Unit - Basic	\$0.14	\$0.25	(44)%	\$0.31	\$0.50	(38)%
Total Assets	\$526,536	\$476,205	11%	\$526,536	\$476,205	11%
Working Cap. (Net Debt) including notes payable ¹ (not incl. Assets held for sale)	\$(33,006)	\$(28,390)	16%	\$(33,006)	\$(28,390)	16%
Wtd. Avg. Units Outstanding - Basic	41,663,371	41,047,398	2%	41,434,002	40,601,009	2%
Units Outstanding (including escrowed units)	41,826,194	41,763,367	0%	41,826,194	41,763,367	0%

¹ Funds from continuing operations, Funds from continuing operations per unit, Funds from operations, Funds from operations per unit and working capital (net debt) including notes payable 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 notes payable. 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 Distribution Payout Ratio is calculated by dividing the Distributions by the Funds from Operations.

³ Comparative periods have been restated to conform to current period presentation – specifically relating to the reclassification of the assets of the Real Estate Division of the Trust as held for sale.

⁴ The distributions for 2007 are lower than those in 2006 purely as a result of the spin out of the Energy Services Division in May of 2006 to Essential Energy Services Trust ("Essential"). The unitholders of the Trust who continue to hold the Essential Trust Units distributed on the spin-out receive a distribution from Essential which when combined with the Trust's distribution more that makes up the difference.

The Trust continued to perform very solidly and ahead of forecast, in what is traditionally our weakest quarter. Our payout ratio for the second quarter was 79% of Funds from Operations versus 85% in the same period in 2006. Together with the 59% first quarter payout ratio results in a 67% payout ratio for the first half of 2007 below our target payout of 75%-80%.

Operationally, in the second quarter of 2007, as was the case in the first quarter, we continued to focus on reviewing and assessing the ability of each division to both grow organically and expand through acquisitions in view of the changed landscape after the trust tax announcement. Operational results include:

- Financial Services contributed 61% of Funds from Operations again reflecting the benefits of the Trust's diversification model.
- Elbow River Marketing was well ahead of forecast and about 250% ahead of 2006 in its normally weakest quarter on the strength of strong butane and bio-fuel sales.
- EnerVest's performance was on forecast with assets under management now exceeding \$2.1 billion. In addition, on July 7, 2007 the unitholders of EnerVest Diversified Income Fund voted to expand the investment mandate of the Fund to ensure the future viability of the Fund and prepare the Fund for post 2011 when income trusts will be taxed and likely a much smaller investment segment.
- The second quarter 2007 marked the final redemption of our investment in the payday loan/cheque cashing business.
- The Oil and Gas Division began a development drilling program which should serve to offset production declines over the balance of 2007. Results to date are very encouraging with current production in the 3,400 BOED range. The Division's second quarter cash flow was however, behind last years numbers due to a one-time prior period adjustment and weaker realized oil prices as the Bow River differential was wider than in 2006.
- Real Estate, although a small component of funds from operations, was slightly ahead of forecast and work continued on our development project in Red Deer, Alberta.

Corporately, the Trust has formally made the decision to dispose of or spin-off our Real Estate properties. As part of the internal evaluation process described above, it was determined that in view of the significantly lower cost of capital of the REIT and Pension Fund sectors it was increasingly difficult to acquire suitable real estate properties that met the investment criteria of the Trust. This has become especially difficult in view of the advantages that a stand alone REIT received in the trust tax legislation.

Accordingly, in the financial statements attached, the respective balance sheet items and income statement activities for the Real Estate Division have been classified as "Assets Held for Sale" for accounting purposes. We look to announce a transaction by the end of the year and expect to book a gain based on market appreciation of our portfolio over the period we have held the properties. Funds from any real estate disposition will be reinvested into active businesses which will be accretive to the Trust's cash flows and that the Trust feels has greater growth potential.

Financially, the second quarter of the year tends to be the Trust's weakest quarter as Elbow River Marketing revenues decline in the spring shoulder months after the busy winter sales season. For the year the Trust is about 10% ahead of the previous year in funds from continuing operations as overall results for the marketing group more than offset weaker realized oil prices in our Oil and Gas Division.

Income from continuing operations before income tax for the three months ended June 30, 2007 was \$7.4 million up 4% compared to \$7.1 million for the same period in 2006. The income from continuing operations before income tax for the six months ended June 30, 2007 was \$13.9 million down 7% compared to \$15.0 million for the same period in 2006. As a result of new legislation regarding the taxation of income trusts, a future income tax expense was recorded for the three and six months ended June 30, 2007 versus a future tax recovery as a result of 2006 rate reductions for the same period in 2006. Accordingly, net income from continuing operations for the quarter ended June 30, 2007 of \$5.3 million was down 45% from \$9.6 million in the quarter ended June 30, 2006. And for the same reason the net income for the six months ended June 30, 2007 of \$13.0 million was down 36% compared to \$20.4 million for the same period in 2006. The net income was also impacted by the spin out of the Energy Services Division in the second quarter of 2006 as Essential Energy Services Trust, the reclassification of

the Real Estate Division as assets held for sale, lower realized oil prices, and smaller hedging gains in our Oil and Gas Division.

Funds from continuing operations were \$12.4 million for the second quarter ended June 30, 2007 down 7% from \$13.3 million in the comparable quarter in 2006. Funds from continuing operations now exclude the results for both the Real Estate and Energy Services Divisions. Funds from operations were \$13.2 million for the second quarter ended June 30, 2007 down 16% as funds from operations for the second quarter ended June 30, 2006 were \$15.7 million. For the six months ended June 30, 2007 the funds from operations were \$30.8 million versus \$36.3 million for the comparable period in 2006. The decrease in funds from operations was again largely the result of the spin out of the Energy Services Division in second quarter of 2006, lower realized oil prices and the reclassification of the Real Estate Division as discontinued operations partially offset by the improved performance of the Financial Services division.

The Trust declared distributions of \$10.4 million (\$0.25 per unit) for the second quarter ended June 30, 2007 which is down 23% on a total cash basis over the \$13.4 million (\$0.33 per unit) distributed for the quarter ended June 30, 2006, again due to the spin-off of the Energy Services division. It should be noted that if Avenir Trust Unitholders retained their units of Essential Energy Services Trust there would in fact be a slight increase in distributions per unit. For the six months ended June 30, 2007 the payout ratio was 67%.

We continue to be comfortable with our current level of distributions given our current payout ratio and would like to thank our unitholders for their continued support. Finally, we would like to take a moment to acknowledge the contribution of Ward Mallabone, Chief Operating Officer of our EnerVest unit, who has advised us that he will be leaving our Trust group in the new year to pursue other entrepreneurial business endeavours. Ward was very instrumental in the growth of EnerVest and ensuring a smooth transition when we acquired the EnerVest contract two years ago. We wish him well.

Financial Statements for the three and six months ended June 30, 2007 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.

Contact Info:

Avenir Diversified Income Trust
300, 808 - First Street S.W.,
Calgary, Alberta
T2P 1M9

William M. Gallacher or
President & CEO
Phone: (403) 237-9949 Fax: (403) 237-0903

Gary Dundas
Vice President Finance & CFO
Phone: (403) 237-9949 Fax: (403) 237-0903

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)

<i>(in thousands of dollars)</i>	June 30, 2007 \$	December 31, 2006 \$ (restated)
ASSETS		
Current		
Cash	776	441
Marketable securities	2,090	13
Accounts receivable and prepaid expenses	67,917	75,634
Inventory	33,595	39,949
Risk management assets	5,153	46
Assets held for sale	1,384	836
	110,915	116,919
Property and equipment	153,701	151,681
Investment in financial services contracts	—	3,265
Intangibles and other assets	148,480	150,899
Goodwill	56,875	52,541
Assets held for sale	56,565	55,245
	526,536	530,550
LIABILITIES AND UNITHOLDERS' EQUITY		
Current		
Bank indebtedness	56,310	69,240
Accounts payable and accrued liabilities	66,116	67,782
Distributions payable	3,472	3,465
Risk management liability	2,206	—
Notes payable	5,943	5,000
Liabilities of assets held for sale	17,896	20,206
	151,943	165,693
Notes payable	8,490	9,434
Asset retirement obligation	13,098	12,799
Future income taxes	17,272	15,608
Liabilities of assets held for sale	19,495	14,949
Unitholders' equity		
Unitholder capital	418,871	413,731
Contributed surplus	6,265	4,344
Accumulated earnings	78,282	65,022
Accumulated other comprehensive income	4,657	—
Accumulated distributions	(191,837)	(171,030)
	316,238	312,067
	526,536	530,550

CONSOLIDATED STATEMENTS OF OPERATIONS AND ACCUMULATED EARNINGS

(unaudited)

<i>(in thousands of dollars)</i>	Three months ended		Six months ended	
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006
	\$	\$	\$	\$
		(restated)		(restated)
REVENUE				
Financial services revenue	212,487	154,287	438,031	308,200
Unrealized gain (loss) on financial instruments	941	—	134	—
Total financial services revenue	213,428	154,287	438,165	308,200
Oil and gas revenue	13,706	15,016	28,371	28,354
Oil and gas transportation costs	(282)	(213)	(549)	(440)
Royalties, net of ARTC	(1,968)	(1,694)	(3,813)	(4,081)
Unrealized gain (loss) on financial instruments	454	673	(71)	1,998
Total oil and gas revenue	11,910	13,782	23,938	25,831
Interest and other income	—	68	—	68
Total revenue	225,338	168,137	462,103	334,099
EXPENSES				
Financial services operating	200,070	145,007	408,377	288,646
Oil and gas operating	4,737	4,600	9,841	8,513
General and administrative	5,002	4,372	11,400	8,190
Foreign exchange	(646)	(257)	1,373	(870)
Interest and bank fees	1,351	678	2,404	1,157
Interest on long-term debt	110	—	219	—
Capital taxes	88	34	178	155
Depletion, depreciation and amortization	6,985	6,400	13,853	12,850
Asset retirement obligation accretion	262	209	532	453
	217,959	161,043	448,177	319,094
Income from continuing operations before income tax	7,379	7,094	13,926	15,005
Future income tax recovery (expense)	(2,105)	2,550	(1,664)	1,750
Net income from continuing operations	5,274	9,644	12,262	16,755
Net income from discontinued operations – Real Estate	397	139	740	143
Net income from discontinued operations – Energy Services	—	527	—	3,517
Net income for the period	5,671	10,310	13,002	20,415
Accumulated earnings, beginning of period	72,611	37,729	65,022	27,624
Change in accounting policy	—	—	258	—
Accumulated earnings, end of period	78,282	48,039	78,282	48,039
Net income from continuing operations per unit				
- Basic and diluted	0.13	0.23	0.29	0.41
Net income from discontinued operations per unit				
- Basic and diluted	0.01	0.02	0.02	0.09
Net income per unit				
- Basic and diluted	0.14	0.25	0.31	0.50

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(unaudited)

<i>(in thousands of dollars)</i>	Three months ended	
	March 31, 2007	March 31, 2006
	\$	\$
Net income for the period	7,331	10,105
Change in derivative instruments designated as cash flow hedges	3,481	—
Change in fair value of marketable securities	150	—
Other comprehensive income	3,631	—
Comprehensive income for the period	10,962	10,105

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

<i>(in thousands of dollars)</i>	Three months ended		Six months ended	
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006
	\$	\$	\$	\$
	(restated)		(restated)	
OPERATING ACTIVITIES				
Net income from continuing operations	5,274	9,644	12,262	16,755
Add (deduct) non-cash items:				
Non-cash general and administrative	1,393	1,472	2,448	2,103
Depletion, depreciation and amortization	6,985	6,400	13,853	12,850
Asset retirement obligation accretion	262	209	532	453
Unrealized (gain) loss on foreign exchange	(2,274)	(1,195)	(1,391)	(1,778)
Unrealized (gain) loss on financial instruments	(1,395)	(673)	(63)	(1,998)
Future income tax expense (recovery)	2,105	(2,550)	1,664	(1,750)
Funds from continuing operations	12,350	13,307	29,305	26,635
Funds from discontinued operations – Real Estate	817	329	1,538	614
Funds from discontinued operations – Energy Services	—	2,111	—	9,094
	13,167	15,747	30,843	36,343
Asset retirement costs incurred during period	(381)	(69)	(466)	(137)
Change in non-cash working capital	15,517	(14,375)	12,111	11,319
Cash provided by operating activities	28,303	1,303	42,488	47,525
FINANCING ACTIVITIES				
Issue of trust units, net of issue costs	271	1,150	286	1,150
Distributions to unitholders	(10,406)	(14,953)	(20,801)	(29,602)
Increase (decrease) in bank indebtedness	(17,469)	19,258	(12,930)	22,467
Increase (decrease) in notes payable	—	—	—	(7,500)
Decrease in note receivable	—	1,050	—	1,050
Increase in mortgages	1,732	—	3,639	—
Repayment of mortgages	(191)	(133)	(398)	(264)
Repayments of capital lease obligations	—	(22)	—	(51)
Repayment of long-term debt	—	(171)	—	(2,994)
Change in non-cash working capital	—	(75)	—	(41)
Cash provided by (used in) financing activities	(26,063)	6,104	(30,204)	(15,785)
INVESTING ACTIVITIES				
Energy Services Division acquisitions	—	(4,245)	—	(30,995)
Disposition of Energy Services Division	—	(2,383)	—	(2,383)
Financial services expenditures	(187)	(24)	(312)	(25)
Redemption of financial services contracts	1,766	1,030	3,265	1,030
Oil and gas property acquisitions	—	—	(7,212)	—
Oil and gas property disposals	(4)	1,543	23	1,638
Oil and gas development expenditures	(3,514)	(2,439)	(5,468)	(6,348)
Purchase of other assets	(40)	(20)	(117)	(41)
Purchase of real estate properties	—	(184)	(810)	(1,225)
Real estate development expenditures	(930)	—	(1,501)	—
Change in restricted cash	—	—	—	163
Change in non-controlling interest	—	(419)	—	(524)
Changes in non-cash working capital	1,029	(266)	440	202
Cash used in investing activities	(1,880)	(7,407)	(11,692)	(38,508)
Increase (decrease) in cash during the period	360	—	592	(6,768)
Cash, beginning of period	—	—	441	6,768
Cash of assets held for sale	416	—	(257)	—
Cash, end of period	776	—	776	—
Cash interest paid	3,727	1,000	1,951	1,845
Cash taxes paid	427	335	437	338