

Avenir Diversified Income Trust Announces 2008 Results

March 31, 2009 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, 2008 and to announce they have filed the complete Management Discussion and Analysis and Audited 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 year ended Dec 31		
	2008	2007⁴	% Change
Total Revenue	\$2,230,722	\$853,373	161%
Funds (Used In) From Continuing Operations (FFCO) ^{1,2}	\$18,106	\$35,650	-49%
FFCO ¹ Per Unit - Basic	\$0.43	\$0.86	-50%
Funds From Operations (FFO) ¹	\$25,024	\$53,611	-53%
FFO Per Unit ¹ - Basic	\$0.60	\$1.29	-53%
Monthly Distributions	\$41,826	\$41,659	0%
Distributions Per Unit – Basic	\$1.00	\$1.00	0%
Distribution Payout Ratio ³	167%	78%	-114%
Special Distribution	\$25,260	--	100%
Net (Loss) Income from Continuing Operations (NICO) ²	\$(39,933)	\$15,506	-365%
NICO Per Unit - Basic	\$(0.95)	\$0.37	-357%
Net (Loss) Income	\$2,513	\$27,391	-91%
Net (Loss) Income Per Unit - Basic	\$0.06	\$0.66	-91%
Total Assets	\$522,228	\$597,776	-13%
Working Cap. (Net Debt) excluding mortgages and assets of discontinued operations	\$59,703	\$(49,137)	222%
Mortgages	\$(38,688)	\$(44,450)	13%
Wtd. Avg. Units Outstanding - Basic	41,957,872	41,590,308	1%
Units Outstanding (including escrowed units)	42,100,796	41,883,454	1%

¹ Funds from continuing operations, funds from continuing operations per unit, funds from operations, funds from operations per unit and working capital (net debt) 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 excluding the balances relating to discontinued operations and adding back current portion of 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 these measures 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 The operations of EnerVest Limited Partnership, as a result of being classified as ‘Discontinued operations’, have been excluded from the Trust’s Continuing Operations.

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

⁴ Comparative periods have been restated to conform to current period presentation – specifically relating to the reclassification of the EnerVest Limited Partnership as discontinued operations and the Real Estate Division as assets held and used.

2008 RESULTS SUMMARY

For the Trust, 2008 will be remembered as the year that the value crystallizing Enervest sale and strong operational performances in our Oil and Gas Division and base Elbow River LPG marketing group were overshadowed by the losses surrounding the Elbow River exit from bio-diesel marketing.

In May 2008 the Trust sold the Enervest Management contract for net proceeds, after adjustments, fees and debt, of approximately \$161.0 million for a gain of \$34.0 million. This sale afforded the Trust the ability to pay out a one-time special distribution of \$0.60 per unit (\$25.3 million) to Unitholders and provides a very strong well-capitalized balance sheet going into 2009. At yearend, the Trust had \$59.7 million in non-real estate cash and working capital, undrawn bank lines of \$42.5 million in its Oil and Gas Division and mortgages of \$38.6 million against an estimated fair value of approximately \$50.0 million in its Real Estate Division.

The Oil and Gas Division was able to maintain production at the targeted 3,350 BOE/d level with finding and development costs, including future development costs, of \$16.76 per BOE on a proved plus probable basis. Operational success was highlighted in a Cadomin development in our N.E. British Columbia core area with the recent well testing at 5,000 Mcf/d.

Two buildings were sold in the Real Estate Division at cap rates of approximately 7% for gains on sales of \$10.1 million. Although many offers were and continue to be considered and negotiated, the Trust has formally removed the real estate portfolio from the market in view of current market conditions. The Real Estate Division continues to be fully-leased and provides expected cash flow for the Division, although only representing about 4-5% of the Trust's funds from operations.

Operationally there were really two tales at Elbow River as the base LPG and ethanol business had strong annual funds from operations of approximately \$21.0 million including approximately \$10.3 million in the fourth quarter. Conversely, the bio-diesel business which looked so promising earlier in the year ran into the global financial market crisis headwinds, changing government regulations and global recession in the fourth quarter as they were attempting to exit from the marketing of the product. Funds from operations of approximately \$12.7 million in the first three quarters of the year were more than erased with negative fourth quarter funds from operations of around \$15.9 million including inventory write-downs, tankage and tank car charges, severance and basis risk losses. Elbow River has now finalized all physical shipments of bio-diesel, mitigated all tankage and tank car liabilities and is working to collect the outstanding receivables. Currently Elbow River is expecting an additional \$10.5 million in bio-diesel charges and hedging losses in the first quarter of 2009 and to be completely wrapped-up by mid second quarter 2009.

In addition, Elbow River was further hit on the bio-diesel side when, as press released on March 9, 2009, one of their joint venture partners advised that they would not be able to pay Elbow River their proportionate share of joint venture proceeds. Accordingly, Elbow River has recorded \$35.7 million in bad debt expense for uncollectable accounts related to bio-diesel. Elbow River immediately filed an injunction and lawsuit against the partner requesting that funds be placed in escrow pending resolution of the issue. Recently however, although the court denied Elbow River's emergency motion for a preliminary injunction to freeze those funds, the court has not yet made a determination of the merits of Elbow River's claims to the monies at issue. Elbow River's lawsuit remains on course to proceed to trial on the merits, and Elbow River continues to pursue its legal rights with respect to these monies, including vigorously prosecuting the lawsuit.

Taking into consideration the above, the net effect for Elbow River for 2008, which includes Elbow's funds from operations, their bio-diesel losses, and the bio-diesel bad debt expense, was a loss of \$17.9 million.

The Trust had funds from operations of \$25.0 million for 2008 for a 167% payout ratio based on monthly cash distributions as the fourth quarter 2008 was reduced by the \$15.9 million impact of exiting the marketing of bio-diesel and a charge of \$35.7 million for bio-diesel bad debts. The core businesses of the Trust remain very strong as even in the fourth quarter of 2008, with falling commodity prices, the Trust would have had a 60% payout ratio, better than its target 75%-80% funds from operations payout target, if the impact of the bio-diesel exit and bio-diesel bad debts were excluded.

Going forward, the Trust is looking to finalize the bio-diesel wrap-up before redeploying funds or using the undrawn bank lines to support any acquisition opportunities that may be available in what is essentially a “buyers market”. Accordingly, with the ongoing uncertainty due to the global recession and lower oil and gas commodity prices, the board of directors will continue to review distributions on a monthly basis. The Trust remains committed to remaining a distribution paying entity and expects to take advantage of its current trust structure into 2011.

Given the positive EnerVest sale and the finalizing of the exit of bio-diesel, the Trust is moving forward with \$42.5 million in undrawn lines of credit and \$59.7 million available cash and working capital to take advantage of opportunities in the future.

REVIEW OF FINANCIAL RESULTS

Net income for the year ended December 31, 2008 was \$2.5 million or \$0.06 per unit versus \$27.4 million or \$0.66 per unit for the year ended December 31, 2007. The Trust had a net loss for the quarter ended December 31, 2008 of \$96.1 million down 1069% over the \$9.9 million in income recorded for the quarter ended December 31, 2007. Very strong operating results, a \$34.0 million gain on the sale of the EnerVest management assets and a \$10.1 million gain on the sale of two real estate properties over three quarters was more than offset by a number of fourth quarter non-recurring charges that resulted in the large fourth quarter loss and reduced full year 2008 net income to \$2.5 million. The non-recurring charges included a bad debt expense of \$35.7 million related to an Elbow River bio-diesel partner; a goodwill impairment charge in Elbow River of \$13.0 million recognizing the reduced market value of the business; a \$3.5 million Elbow River intangible write-down recognizing an impairment to the value of non-compete agreements and certain contracts within the business; a fourth quarter bio-diesel loss of approximately \$15.9 as Elbow River wrote down its bio-diesel inventory, and began exiting sales of the bio-diesel product; a real estate impairment of \$8.0 million reflecting higher cap rates and lower market valuations; the recognition of eighteen months depreciation and amortization on the Trust’s real estate portfolio as it was reclassified as assets held and used; and a goodwill impairment charge of \$21.2 million on the Oil and Gas Division reflecting reduced valuations as a result of lower commodity prices and the overall global financial crisis.

Funds from continuing operations for the year ended December 31, 2008 were \$18.1 million down 49% from the \$35.7 million in 2007. Strong results in the Oil and Gas Division as a result of record commodity prices were more than offset by the fourth quarter 2008 impact of the loss on the exit from marketing bio-diesel and the recognition of \$35.8 million in bad debt expense primarily in Elbow River’s bio-diesel segment. Within the Elbow River business, the base LPG and ethanol group recorded results of \$21.0 million on solid butane and condensate sales throughout the year and strong winter propane sales, however bio-diesel incurred a negative funds from continuing operations of \$38.8 million including \$35.7 million of bad debt expense.

Funds from continuing operations for the fourth quarter of 2008 were negative \$34.2 million down 761% from \$5.2 million in the same quarter in 2007. The Oil and Gas Division was up 56% over 2007 on stronger commodity prices, however the Elbow River business was down \$42.6 million to the previous quarter in 2007 due to bio-diesel losses and a \$35.7 million bad debt expense in the bio-diesel segment. The base LPG and ethanol products had very strong results of \$10.3 million on continued butane sales and strong propane sales. However, bio-diesel recorded negative funds from continuing operations of \$51.6 million for the quarter including the bad debt expense.

For the period ended December 31, 2008 monthly cash distributions of \$41.7 million represented 167% of the \$25.0 million funds from operations. Had the Trust not been forced to recognize the \$35.7 million bad debt expense associated with Elbow River, the funds from operations for 2008 would have been \$60.7 million despite a significant fourth quarter 2008 loss in exiting the marketing of bio-diesel product sales.

Despite the negative impact of the large uncollectable accounts provision, the Trust continues to maintain a very strong balance sheet with estimated cash and working capital available for operations and investment of approximately \$59.7 million as at December 31, 2008, exclusive of real estate mortgages, and not including undrawn credit lines of approximately \$46.5 million. The Oil and Gas Division of the Trust, although impacted by lower commodity prices, continues to operate at or around its targeted 3,300 BOE/d. Elbow’s base LPG and ethanol marketing businesses look to have strong first quarter 2009 results on the back of 2009 presales.

REVIEW OF BUSINESS UNIT OPERATIONS

1. FINANCIAL SERVICES – Elbow River

At December 31, 2008 the Trust's Financial Services business unit consisted only of Elbow River Marketing Limited Partnership as the EnerVest Management Assets was sold in May 2008 and for all comparative periods has been classified for accounting purposes as 'Discontinued Operations'.

Excluding the charges associated with the exit of the bio-diesel business, Elbow River's 2008 results exceeded targets due to record contributions from the LPG segment and a particularly strong fourth quarter. For the majority of the year propane saw typical demand, however the end of the year presented very strong sales opportunities as cold weather hit the key consuming regions. Butane sales were once again very strong as Elbow River was able to arbitrage various markets and take advantage of the constantly changing demand patterns. The natural gasoline business became a steady component of the LPG segment of the company as additional Alberta Oil Sands activity increased the overall market size. Ethanol experienced a highly competitive market, however overall Elbow was able to carve out some niches that allowed overall growth to this segment. Bio-diesel experienced a very turbulent year based on major geo-political issues and as a result Elbow River made the decision in Q4 to start the process of exiting the business which is detailed below.

Looking forward, the base LPG and ethanol segments look positioned to exceed their normal winter quarter of \$4.5 million to \$5.0 million cash flow as the first quarter of 2009 has strong overall presales. Demand for propane during Q1 was the strongest it has been in several years and Elbow River was well positioned to capture opportunities. Butane demand overall is weaker than usual but there have been and should continue to be some solid arbitrage opportunities. Natural gasoline demand is also weaker overall however decent term sales along with the likelihood of the market returning to balance should allow Elbow River to continue to grow this aspect of the business. Overall the ethanol markets are weak but Elbow River has been able to build on some new strategies related to increasing its portfolio of marketing agreements that should provide a solid base to increase the business overall.

Exit from the Marketing of Bio-diesel

In November of 2008 Elbow River made the decision to exit from marketing bio-diesel due to the higher risk/reward nature of the business which was not inline with the Trust's business model. The global financial crisis and changing international government regulations added further counterparty risk. Elbow River was able to transfer the bio-diesel asset obligations to a large European agricultural company based out of Rotterdam which operates in 22 countries around the world. As a result of exiting the marketing of bio-diesel, Elbow River originally estimated costs of \$11.0 million associated with this process. These costs included a basis change on its inventory position, a provision for Q4 defaults; additional storage/demurrage costs in order to liquidate products in Q4; the liquidation of tankage and tank car positions and severance and legal costs. However, based on fourth quarter 2008 bio-diesel operational losses of \$15.9, excluding bio-diesel bad debt allowance and an estimated \$10.5 million in Q1 2009 bio-diesel losses it now appears that operational bio-diesel losses will total \$26.4 million.

As announced in the press release dated March 9, 2009, Elbow River advised of a significant increase in the provision for uncollectable accounts. Elbow River had been advised by one of its joint venture parties that the party's bank and equity holder had demanded payment from the party and were claiming 100% of the proceeds earned under the "Memorandum of Understanding" not just the party's proportionate share. To that end, Elbow River had to take a provision of \$35.7 million for bad debts in its December 31, 2008 financial statements to cover bio-diesel uncollectable accounts. In response to the joint venture parties, Elbow River filed an injunction to freeze the funds and a lawsuit against the parties in efforts to recover the funds. Although the court denied Elbow River's emergency motion for a preliminary injunction to freeze certain funds, the court has not made a determination of the merits of Elbow River's claim to the monies at issue. Elbow's lawsuit remains on course to proceed to trial on the merits, and Elbow River continues to pursue its legal rights with respect to these monies, including vigorously prosecuting the lawsuit.

2. ENERGY - Oil & Gas Division

The Oil and Gas Division continued to deliver consistent production volumes in 2008 through a combination of internally generated capital expenditure programs and acquisition activity. This development focus combined with a third quarter asset acquisition, allowed the Trust to increase production 11% in the fourth quarter 2008 to 3,585 BOE per day up from 3,228 BOE per day in Q3 of 2008. While sales of oil and natural gas liquids remained consistent with the prior quarter at 1,480 barrels per day, the sales volume of natural gas increased 22% to 12,629 Mcf per day in Q4 of 2008 from 10,393 Mcf per day in the third quarter of 2008. The yearly average production for 2008 was 3,339 BOE per day consistent with the average production of 3,348 BOE per day in 2007. In comparison to the total year 2007, reported oil and natural gas liquids for 2008 averaged down 7% to 1,529 bbl per day while natural gas sales were up 6% to 10,859 Mcf per day. On a BOE basis (6 to 1 conversion), the production ratio of the Trust at year end 2008 was 41% oil and natural gas liquids and 59% natural gas reflecting the natural gas focus of the capital expenditures in 2008.

Total gross revenue from petroleum and natural gas sales in 2008 was \$75.1 million up 30% from \$57.5 million in 2007 due to higher oil and natural gas liquids pricing. Similarly, the higher natural gas prices in the fourth quarter of 2008 combined with higher sales gas volumes resulted in \$16.3 million of gross revenue, up 13% from \$14.4 million in the same period of 2007. The average price received for crude oil and natural gas liquids during the fourth quarter was \$57.97 per barrel after hedging representing only a 2% increase over the Q4 2007 pricing of \$57.05 per barrel after hedging. Conversely, the average price received for crude oil and natural gas liquids during the year ended December 31, 2008 was \$77.18 per barrel after hedging representing a 41% increase over the 2007 pricing of \$54.77 per barrel after hedging. Natural gas pricing for the twelve months of 2008 averaged \$8.00 per Mcf versus \$6.62 per Mcf in the same period of 2007 representing an increase of 21%.

Oil and Gas operating expenses increased 6% in 2008 due to an 18% increase in power costs and additional processing fees in the Noel property associated with increased sales gas volumes. The total operating cost for 2008 was \$21.2 million or \$17.35 per BOE compared to \$20.0 million or \$16.35 per BOE for the twelve months of 2007. The fourth quarter 2008 operating costs were negatively impacted by \$0.7 million prior period adjustments from 3rd party processing fees resulting in a per BOE unit cost of \$18.34 compared to \$16.99 for the first nine months of 2008. In 2009, the Trust anticipates a reduction in the planned well work-overs and a reduction in the overall inflationary impacts for goods and services in the industry. The total operating costs for 2009 are budgeted to average \$17.05 per BOE.

In 2008, the Trust participated in the drilling of 31 gross (8.2 net) wells in Alberta, British Columbia and Saskatchewan highlighted by the drilling of 2 gross (1.0 net) operated horizontal Cadomin wells in the Noel area of NE British Columbia. The first well came on production early October and averaged 4,500 Mcfd (2,250 Mcfd net) in the first month of production. The second well was completed in March 2009 at initial test rates of 5,000 Mcfd. Although the production rates for both wells are expected to level out at 1,000 to 1,500 Mcfd in the first 8 months, the Trust is very encouraged by the results and the follow-up opportunities. The total capital expenditure by the Trust on development activities including re-completions, optimizations and maintenance was \$16.5 million in 2008. In September 2008, the Trust completed an acquisition of non-operated working interest production in the core areas of Huxley and Foster in Central Alberta. The acquisition included 95 BOE per day of coal bed methane production with 378 MBOE of proved plus probable reserves. The total consideration paid for the acquisition was \$4.0 million yielding an acquisition cost of \$10.58 per BOE.

For the year ending December 31, 2008, the Trust produced a total of 1,222 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 1,280 MBOE resulting in a 105% production replacement. Including all future development costs and the acquisition and divestiture activity, the Trust booked \$20.1 million in 2008 yielding an FD&A cost of \$16.76 per BOE on a working interest proved plus probable basis. On a total proved basis, the Trust had an FD&A cost of \$19.57 per BOE in 2008.

Capital investment for the Trust in 2009 will focus on development programs in the operated core areas of East Central Alberta, SW Saskatchewan and the Noel area of NE British Columbia. Re-completion and optimizations will continue to be a key component of the capital programs to maintain production profiles through the current

commodity environment. The capital programs are currently budgeted to be approximately \$11.0 million from which the Trust anticipates corporate sales volumes to average 3,250 BOED for 2009. Capital expenditures will be dependent on commodity prices and are currently scheduled to be second half of 2009 weighted with only \$4 million to be spent in the first half of 2009. That said, the Trust continues to review additional acquisitions and opportunities while taking advantage of its strong balance sheet position. The Trust will endeavour to balance the development activity in 2009 between oil and gas opportunities and remains flexible on the timing of capital programs based on commodity pricing throughout the year.

Oil and Natural Gas Reserves

In accordance with NI 51-101, McDaniel & Associates Consultants Ltd. prepared the McDaniel Report dated February 23, 2009, evaluating the crude oil, natural gas, natural gas liquids and sulphur reserves of the Trust as at December 31, 2008. 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 & Medium Crude Oil	Heavy Oil	Natural Gas Liquids	Natural Gas	Light & Medium Crude Oil	Heavy Oil	Natural Gas Liquids	Natural Gas
	Mbbls	Mbbls	Mbbls	Mmcf	Mbbls	Mbbls	Mbbls	Mmcf
Proved								
Developed Producing	1,921.9	919.5	104.2	16,226.8	1,710.2	861.2	74.2	14,079.6
Developed Non-Producing	15.3	4.4	0.8	970.3	11.7	4.4	0.6	824.0
Undeveloped	0.0	0.0	3.9	2,831.7	0.0	0.0	3.2	2178.8
Total Proved	1,937.2	923.9	109.0	20,028.8	1,721.9	865.6	78.0	17,082.3
Total Probable	621.8	261.7	44.7	7,302.0	523.0	237.7	30.1	5,995.0
Total Proved plus Probable ⁽³⁾	2,559.0	1,185.6	153.7	27,330.9	2,244.8	1,103.4	108.1	23,077.3

Notes:

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%	5%	10%	15%
	(M\$)	(M\$)	(M\$)	(M\$)
Proved				
Developed Producing	172,678	142,961	121,873	106,371
Developed Non-Producing	(42)	(227)	(281)	(297)
Undeveloped	6,152	4,023	2,587	1,577
Total Proved	178,789	146,757	124,179	107,651
Total Probable	79,285	51,823	36,716	27,616
Total Proved plus Probable	258,073	198,580	160,895	135,268

Finding and Development Costs

Based on a total expenditure of \$20.1 million on development and acquisition activity in 2008, the Trust added reserves for \$16.76 per BOE on a working interest proved plus probable basis including future development costs. In comparison, the Trust had FD&A costs of \$15.73 per BOE on proved plus probable basis in 2007.

For further information regarding the Trust's reserves, please refer to its Annual Information Form for December 31, 2008 which will be posted on the Trust's profile at www.sedar.com.

3. REAL ESTATE DIVISION

Funds from operations increased 3% for the year ended December 31, 2008 to \$3.0 million compared to \$2.9 million for the year ended December 31, 2007. The increase is due to the benefit of having completed the construction of the Cineplex Cinemas in Red Deer and two additional KFC Locations which increased the rental revenues offset by the sale of the two buildings in the latter half of 2008. The funds from operations for the fourth quarter ended December 31, 2008 totalled \$0.5 million compared to \$0.5 million for the fourth quarter of 2007. A decrease in operating expenses for the quarter over the prior year offset the loss in revenues from the sale of the Harris and Station Crossing buildings.

The Trust concluded the development of three real estate projects in 2008:

- In March 2008 the Trust completed a 10-screen multiplex theatre in Red Deer. Just prior to its completion, Landmark Theatres of Canada sold its interest in the theatre to Cineplex Entertainment Corporation and the Trust entered in to a new 20 year lease with Cineplex;
- The development KFC in Wetaskiwin, Alberta was completed in March 2008; and
- The development of the KFC in Spruce Grove in November 2008.

The process for the sale of the Trust's Real Estate assets, which began in the fourth quarter of 2007, continued throughout 2008. Despite its efforts to complete transactions on either a portfolio or individual property basis, the Trust was unable to dispose of its entire Real Estate portfolio. The following two sale transactions did occur in 2008:

- The Harris building, a multi-tenant industrial building located in Calgary was sold and closed in August 2008; and
- Station Crossing, a multi-tenant retail strip centre located in Fort Saskatchewan, Alberta was unconditionally sold in September 2008 and subsequently closed in October 2008.

The properties were sold at an average cap rate of 7%. The Trust realized a gain on the sale of the Harris building of approximately \$9.5 million in the third quarter and an estimated \$0.6 million on the Station Crossing building for the fourth quarter results. At December 31, 2008, the Trust assessed its properties for impairment on its book value and reduced the value of a portion of its portfolio through an impairment charge of \$8.0 million.

With the downturn in the economy in the second half of 2008, the Trust re-evaluated its strategy for the Real Estate Division and decided to take the portfolio off the market and retain the properties as income producing assets.

The Trust will continue to evaluate any offers, but has no longer engaged a broker to market the properties. The properties continue to perform well financially in accordance with expectations. At the end of 2008, the properties remaining within Avenir's portfolio were 100% leased and all tenants within the portfolio are current with their rental payments required under the leases.

4. DISCONTINUED OPERATIONS – ENERVEST LIMITED PARTNERSHIP (“ENERVEST”)

The Trust enjoyed record cash flows from its investment in the EnerVest Management contract during the first five and a half months of 2008, as strong financial markets and high commodity prices increased assets under management. After determining it would be difficult to increase value without changing the operations to include

significantly increased sales staff and a distribution network, the Trust decided to accept an offer for the EnerVest Management contract.

On May 16, 2008, the Trust completed the sale of its EnerVest assets to Canoe Financial LP, a private entity based in Calgary, for total consideration of \$185.0 million, subject to closing adjustments including operating income and working capital and debt adjustments based on an April 1, 2008 effective date. After adjustments and transactions costs of \$24.0 million, the net sale consideration of \$161.0 million was satisfied by the receipt of \$136.0 million in cash and the provision of a note receivable of \$25.0 million. This sale resulted in a gain of \$34.0 million.

Outlook

The Trust's core businesses of oil and gas production, LPG and ethanol marketing, and real estate continue to perform strongly into 2009 despite the low commodity prices and the continued challenges of Elbow River exiting from the marketing of bio-diesel. The balance sheet continues to be very strong with cash and working capital of \$59.7 million, not including real estate; undrawn \$42.5 million credit line on its oil and gas assets and mortgages of \$38.7 million.

Excluding the redeployment of the available cash and working capital or debt, the Trust estimates 2009 cash flow split approximately 60% oil and gas, 35% LPG and ethanol marketing, and 5% real estate and other.

Preliminary first quarter information indicates oil and gas production will be flat for the year with minimal capital expenditures; real estate continues to be 100% leased with decreasing mortgage rates; and Elbow River's LPG and ethanol business is ahead of a normal \$4.5 to \$5.0 million winter quarter. The Elbow River bio-diesel exit has been finalized and all costs and receivables should be cleaned up by mid 2009.

Distributions will continue to be reviewed monthly as we look to redeploy our working capital and debt with the exit of bio-diesel marketing.

The Financial Statements for the year ended December 31, 2008 are attached below, with detailed Financial Statements and the Management Discussion and Analysis for the quarter and year ended December 31, 2008 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

Certain statements contained herein including, without limitation, financial and business prospects and financial outlook, the effect of government announcements, proposals and legislation, plans in its Oil and Gas Division regarding hedging, wells to be drilled, expected or anticipated production rates, timing of expected production increases, the weighting of production between different commodities, expected commodity prices, exchange rates, production expenses, transportation costs and other costs and expenses, maintenance of productive capacity and capital expenditures; plans in the Elbow River Marketing Limited Partnership ("Elbow River") business regarding plans for its ongoing Liquefied Petroleum Gas ("LPG") business and activities around the exit from marketing its bio-diesel product; plans in the Real Estate Division for the timing of selling assets and the nature of capital expenditures; and the timing and method of financing these businesses, may be forward looking statements. Words such as "may", "will", "should", "could", "anticipate", "believe", "expect", "intend", "plan", "potential", "continue", "targeted" and similar expressions may be used to identify these forward looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Forward

looking statements involve significant risk and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward looking statements including, but not limited to, risks associated with oil and gas exploration: development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers and the inability to retain drilling rigs and other services; risks associated with its Elbow River business including, but not limited to, counterparty risk in default, operational risks, hedging, access to credit, competitor risk, seasonality and impact of the global recession on overall economic activity; and risks associated with the Real Estate Division including, but not limited to the impact the overall economy has on valuations, future delinquencies, access to mortgages and impact on interest rates; as well as the risks associated with the Trust's incorrect assessment of the value of acquisitions, failure to realize the anticipated benefits of acquisitions, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources and the risk factors outlined under "Risk Factors" and elsewhere herein. The recovery and reserve estimates of Avenir's reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements.

Forward-looking statements or information are based on a number of factors and assumptions which have been used to develop such statements and information but which may prove to be incorrect. Although Avenir believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because Avenir can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this document, assumptions have been made regarding, among other things: the impact of increasing competition; the general stability of the economic and political environment in which Avenir operates; the timely receipt of any required regulatory approvals; the ability of Avenir to obtain qualified staff, equipment and services in a timely and cost efficient manner; Divisional results; the ability of operators to operate the field in a safe, efficient and effective manner; the ability of Avenir to obtain financing on acceptable terms; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development of exploration; the timing and costs of pipeline, storage and facility construction and expansion and the ability of Avenir to secure adequate product transportation; future oil and natural gas prices; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which Avenir operates; and the ability of Avenir to successfully market its products, fluctuations in foreign exchange or interest rates and stock market volatility, credit risk and the ability to realize on collateral in the event of default, failure of counter parties to perform on contracts, fluctuation in the value of real property, failure to produce income or revenue from real estate, failure of tenants to meet lease obligations, increase in property taxes and mortgage, maintenance, insurance, operating costs and decreases in occupancy and rental rates, and fixed costs in relation to variable revenue streams. Readers are cautioned that the foregoing list of factors is not exhausted. These forward looking statements are made as of the date hereof and Avenir assumes no obligation to update or review them to reflect new events or circumstances except as required by applicable securities laws.

Forward looking statements and other information contained herein concerning the Oil and Gas Division, Elbow River's business, the Real Estate Division and Avenir's general expectations concerning these industries are based on estimates prepared by each Division's management and from using data from publicly available industry sources as well as from reserve reports, market research and industry analysis and on assumptions based on data and knowledge of these industries which Avenir believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While Avenir is not aware of any misstatements regarding any industry data presented herein, these industries involve risks and uncertainties and are subject to change based on various factors.

CONSOLIDATED BALANCE SHEETS

As at December 31,

<i>(in thousands of dollars)</i>	2008 \$	2007 \$ (restated)
ASSETS		
Current		
Cash	21,956	—
Marketable securities	20	1,275
Accounts receivable and prepaid expenses	88,737	77,600
Inventory	127,883	83,653
Note receivable	25,000	—
Risk management assets	14,522	4,828
Assets of discontinued operations	—	144,276
	278,118	311,632
Property and equipment	195,237	211,566
Intangibles and other assets	11,571	17,703
Goodwill	23,424	56,875
Future income taxes	13,878	—
	522,228	597,776
LIABILITIES AND UNITHOLDERS' EQUITY		
Current		
Bank indebtedness	93,127	109,843
Accounts payable and accrued liabilities	81,516	74,305
Distributions payable	28,755	3,476
Deferred revenue	201	291
Risk management liabilities	14,816	18,578
Notes payable	—	10,000
Current portion of mortgages	11,856	15,023
Liabilities of discontinued operations	—	23,703
	230,271	255,219
Mortgages	26,832	29,427
Asset retirement obligation	15,009	12,905
Future income taxes	10,721	5,265
Commitments and contingencies		
Unitholders' equity		
Unitholder capital	422,017	419,533
Contributed surplus	6,777	6,033
Accumulated earnings	95,184	92,671
Accumulated other comprehensive loss	(4,807)	(10,589)
Accumulated distributions	(279,776)	(212,688)
	239,395	294,960
	522,228	597,776

CONSOLIDATED STATEMENTS OF OPERATIONS AND ACCUMULATED EARNINGS

For the year ended December 31,

<i>(in thousands of dollars)</i>	2008 \$	2007 \$ (restated)
REVENUE		
Financial services revenue	2,142,666	799,870
Unrealized gain on financial instruments	398	641
Total financial services revenue	2,143,064	800,511
Oil and gas revenue	75,089	57,521
Oil and gas transportation costs	(1,004)	(1,177)
Royalties	(11,673)	(7,920)
Unrealized gain (loss) on financial instruments	6,057	(2,888)
Total oil and gas revenue	68,469	45,536
Real estate revenue	7,911	7,321
Gain on sale of real estate properties	10,096	—
Interest and other revenue	1,182	5
Total revenue	2,230,722	853,373
EXPENSES		
Financial services operating	2,093,564	771,964
Oil and gas operating	21,155	19,981
Real estate operating	1,877	1,776
General and administrative	21,330	18,694
Bad debt expense	36,455	125
Foreign exchange	19,954	929
Interest and bank fees	7,184	5,700
Interest on long-term debt	2,390	1,954
Capital taxes	508	461
Goodwill impairment	34,284	—
Depletion, depreciation and amortization	39,297	26,268
Asset retirement obligation accretion	1,079	993
	2,279,077	848,845
Income (loss) from continuing operations before income tax	(48,355)	4,528
Future income tax recovery	8,422	10,978
Net income (loss) from continuing operations	(39,933)	15,506
Net income from discontinued operations – EnerVest	42,446	11,885
Net income for the year	2,513	27,391
Accumulated earnings, beginning of year	92,671	65,022
Change in accounting policy	—	258
Accumulated earnings, end of year	95,184	92,671
Net income (loss) from continuing operations per unit		
Basic	(0.95)	0.37
Diluted	(0.95)	0.37
Net income from discontinued operations per unit		
Basic	1.01	0.29
Diluted	0.99	0.28
Net income per unit		
Basic	0.06	0.66
Diluted	0.06	0.65

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the year ended December 31,

<i>(in thousands of dollars)</i>	2008 \$	2007 \$
Net income for the year	2,513	27,391
Change in fair value of derivative instruments designated as cash flow hedges	7,001	(16,447)
Change in fair value of marketable securities	(1,263)	(530)
Other comprehensive income	5,738	(16,977)
Comprehensive income for the year	8,251	10,414

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended December 31,

<i>(in thousands of dollars)</i>	2008 \$	2007 \$ (restated)
OPERATING ACTIVITIES		
Net income (loss) from continuing operations	(39,933)	15,506
Add (deduct) non-cash items:		
Non-cash general and administrative	1,352	2,577
Depletion, depreciation and amortization	39,297	26,268
Asset retirement obligation accretion	1,079	993
Goodwill impairment	34,284	—
Gain on sale of real estate properties	(10,096)	—
Unrealized loss (gain) on financial instruments	(6,455)	2,247
Unrealized foreign exchange	7,000	(963)
Future income tax recovery	(8,422)	(10,978)
Funds from continuing operations	18,106	35,650
Funds from discontinued operations – EnerVest	6,918	17,961
	25,024	53,611
Asset retirement expenditures during year	(1,506)	(1,209)
Change in non-cash working capital	(53,579)	(40,230)
Cash provided (used in) by operating activities	(30,061)	12,172
FINANCING ACTIVITIES		
Issue of trust units, net of issue costs	1,086	591
Repurchase of trust units	(288)	—
Cash settlement of options	(21)	(11)
Distributions to unitholders	(67,087)	(41,659)
(Decrease) increase in bank indebtedness	(16,650)	40,603
(Decrease) increase in notes payable	(10,000)	5,000
Increase in mortgages	4,757	12,416
Repayment of mortgages	(891)	(815)
Repayments of long-term debt	(1,675)	—
Change in non-cash working capital	25,279	11
Cash provided by (used in) financing activities	(65,490)	16,136
INVESTING ACTIVITIES		
Sale of EnerVest assets	135,670	—
Financial services development expenditures	(5,040)	(1,143)
Redemption of financial services contracts	—	3,265
Oil and gas property acquisitions	(4,062)	(7,395)
Oil and gas property disposals	502	83
Oil and gas development expenditures	(16,529)	(12,779)
Purchase of other assets	(6)	(137)
Purchase of real estate properties	—	(810)
Real estate development expenditures	(2,962)	(9,159)
Real estate dispositions	10,392	—
Change in non-cash working capital	(458)	(676)
Cash provided by (used in) investing activities	117,507	(28,751)
Increase (decrease) in cash during the year	21,956	(443)
Cash, beginning of year	—	255
Change in cash of discontinued operations	—	188
Cash, end of year	21,956	—
Cash taxes paid	686	807
Cash interest paid	9,531	7,921