

## Avenir Diversified Income Trust Announces Fourth Quarter and Year End 2009 Results

March 30, 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, 2009 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](http://www.sedar.com).

### TOTAL CONSOLIDATED FINANCIAL SUMMARY

<i>( thousands of dollars except per unit amounts )</i>	For the quarter ended Dec 31			For the year ended Dec 31		
	2009	2008	% Change	2009	2008	% Change
Total Revenue	\$205,948	\$709,145	(71%)	\$878,374	\$2,230,722	(61%)
Funds (Used In) From Continuing Operations (FFCO) <sup>1,2</sup>	\$13,452	\$(34,160)	139%	\$26,803	\$18,106	48%
FFCO <sup>1</sup> Per Unit - Basic	\$0.32	\$(0.81)	140%	\$0.64	\$0.43	49%
Funds (Used In) From Operations (FFO) <sup>1</sup>	\$13,452	\$(34,160)	139%	\$26,803	\$25,024	7%
FFO Per Unit <sup>1</sup> - Basic	\$0.32	\$(0.81)	140%	\$0.64	\$0.60	7%
Monthly Distributions	\$7,576	\$10,486	(28%)	\$34,093	\$41,826	(18%)
Distributions Per Unit – Basic	\$0.18	\$0.25	(28%)	\$0.835	\$1.00	(17%)
Distribution Payout Ratio <sup>3</sup>	56%	(30)%	287%	127%	167%	(24%)
Special Distribution	\$nil	\$25,260	(100%)	\$nil	\$25,260	(100%)
Net (Loss) Income from Continuing Operations (NICO) <sup>2</sup>	\$22,427	\$(96,103)	123%	\$26,107	\$(39,933)	165%
NICO Per Unit - Basic	\$0.53	\$(2.28)	123%	\$0.62	\$(0.95)	165%
Net Income (Loss)	\$21,820	\$(96,067)	123%	\$25,500	\$2,513	911%
Net Income (Loss) Per Unit - Basic	\$0.52	\$(2.28)	123%	\$0.61	\$0.06	917%
Total Assets	\$367,115	\$522,228	(30%)	\$367,115	\$522,228	(30%)
Working Cap. (Net Debt) excluding mortgages and assets of discontinued operations	\$40,782	\$59,703	(32%)	\$40,782	\$59,703	(32%)
Mortgages	\$(25,454)	\$(38,688)	(34%)	\$(25,454)	\$(38,688)	(34%)
Wtd. Avg. Units Outstanding - Basic	42,066,829	42,062,380	0%	41,991,074	41,957,872	0%
Units Outstanding (including escrowed units)	42,110,678	42,100,796	0%	42,110,678	42,100,796	0%

<sup>1</sup> 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.

<sup>2</sup> The operations of EnerVest Limited Partnership, as a result of being classified as ‘Discontinued operations’, have been excluded from the Trust’s Continuing Operations.

<sup>3</sup> Distribution Payout Ratio is calculated by dividing the Monthly Distributions by the Funds from Operations.

## FOURTH QUARTER & YEAR END 2009 RESULTS SUMMARY

The Trust's fourth quarter 2009 results were ahead of expectations largely on the strength of stronger LPG results in its Elbow River Marketing Group. For the quarter, the Trust's net income was \$21.8 million, funds from operations were \$13.5 million and distributions were 56% of funds from operations, well under our distribution payout ratio target of 75%-80% of funds from operations. For the fourth quarter 2009 the Oil and Gas Division provided 48%, of the funds from operations, with 48% coming from Elbow River and about 4% from the Real Estate Division and Corporate. On a year-over-year basis, the current quarter results are significantly ahead of 2008 which was negatively impacted by the world financial crisis as the Trust wrote down goodwill and real estate values and incurred a large loss on Elbow River's exit from the marketing of bio-diesel.

For the Oil and Gas Division, the main focus for the quarter continued to be the integration of the third quarter Ridgeback private company acquisition. Production averaged 3,456 BOE per day down slightly from the 3,502 BOE per day averaged in the third quarter of the year as 110 BOE per day were down due to weather, shut-ins and third party restrictions. Prices averaged \$63.89 per barrel for oil production and \$5.68 per Mcf for natural gas. It should be noted that the AECO price for natural gas in the quarter was approximately \$4.57 per Mcf. For the quarter the Trust had over 60% of its natural gas hedged at approximately \$6.50 per Mcf. Given the continued weakness in the natural gas markets, the Trust has moved to protect its cash flow with about 50% of its natural gas production hedged at prices greater than \$6.94 per Mcf through to the end of March 2011. Capital expenditures in the quarter were highlighted by the drilling of a 150 barrel per day Beaverhill Lake oil well, on the Ridgeback lands, which was tied-in later in January 2010. Looking forward, the Oil and Gas Division has set a target of approximately \$16 million in capital expenditures, balanced between oil and gas opportunities and designed to maintain production at the current 3,500 BOE per day level. Although the Trust has significant potential upside in natural gas, development continues to be closely managed in view of current low natural gas prices.

The Elbow River Marketing Group had a very solid fourth quarter in its base LPG business as strong propane sales due to crop drying demand and an early start to winter added to a traditionally strong quarter for butane sales. Elbow River continued to push forward with collecting the outstanding receivables in regards to their exit from bio-diesel marketing in late 2008 and early 2009. To that end, on October 27, 2009 Elbow River settled with a former bio-diesel counterparty to collect outstanding bio-diesel proceeds. The settlement resulted in Elbow River receiving approximately US\$4.5 million in cash to date and being assigned a securitized promissory note in the amount of US\$5.5 million. The note is subject to collection uncertainty and steps have been undertaken to realize on the note. The other large bio-diesel receivable has been reduced from over US\$30 million in March 2009 to US\$2.4 million today, with monthly payments scheduled to extinguish the receivable at US\$0.1 million per month.

The Real Estate Division was 'business as usual' over the quarter, with the balance of the portfolio fully-leased and operating according to expectations. Although, the portfolio is not currently being marketed, with the improved real estate valuations, the Trust continues to respond to purchase inquiries.

Corporately, in December 2009, the Trust finalized the 2008 EnerVest management contract sales transaction and settled the corresponding note receivable. The Trust received \$5.0 million in cash and 1.6 million in EnerVest Diversified Income Trust units valued at approximately \$12.00 each. The EnerVest units will be held for investment purposes and sold when opportunities arise for the redeployment of the capital into one of the Trust's core businesses. Currently the EnerVest units are valued at approximately \$13.50 and pay a cash yield of just under 9%. The Trust continues to maintain a strong balance sheet with approximately \$17.0 million in positive working capital (exclusive of mortgages), over \$45.0 million in undrawn bank lines in the Oil and Gas Division and mortgages of approximately \$25.0 million in the Real Estate Division.

The Trust has been identifying opportunities and transitioning to a growth and yield focus, from strictly a yield focus, as we approach the 2011 implementation of the SIFT Trust taxation. While the impending rules push trusts in the direction of converting to a corporation, the Trust continues to recognize the importance of its distribution and has accumulated tax pools that are available to shelter payment of income tax into 2012. The Trust currently remains comfortable with its target 75%-80% distribution payout ratio given first quarter 2010 commodity prices and continues to review its alternatives for 2011 and beyond.

## REVIEW OF FINANCIAL RESULTS

Net income for the year ended December 31, 2009 was \$25.5 million or \$0.61 per unit versus \$2.5 million or \$0.06 per unit for the year ended December 31, 2008. The Trust had net income for the quarter ended December 31, 2009 of \$21.8 million up considerably over the net loss of \$96.1 million recorded for the quarter ended December 31, 2008. The main reason for the increase was the impact of the non-recurring charges in fourth quarter of 2008 which included: charges from Elbow River's exit from bio-diesel marketing and impairment charges due to the impact of the global financial crisis on valuations and goodwill balances across all business lines. The fourth quarter of 2009 also benefited from an Elbow River large unrealized gain on financial instruments of \$13.0 million versus an unrealized loss of \$12.6 million on financial instruments in the corresponding period in 2008.

Funds from continuing operations for the year ended December 31, 2009 were \$26.8 million up 48% from the \$18.1 million in 2008. The Trust continued to be impacted in the first quarter of 2009 by losses incurred as a result of the exit from Elbow River's bio-diesel segment. Beyond the first quarter bio-diesel loss, the Trust had a very successful 2009 even with low early 2009 commodity prices. The increase in the 2009 funds from operations over 2008 is directly the result of fourth quarter 2008 charges from the exit of Elbow River's bio-diesel marketing initiative.

Funds from continuing operations for the fourth quarter of 2009 were \$13.5 million up from the negative \$34.2 million in the same quarter in 2008. The Elbow River business was down \$42.6 million in the fourth quarter of 2008 due to bio-diesel losses and a \$35.7 million bad debt expense in the bio-diesel segment. Bio-diesel recorded negative funds from continuing operations of \$53.0 million for the fourth quarter of 2008 including the bad debt expense.

## REVIEW OF BUSINESS UNIT OPERATIONS

### 1. FINANCIAL SERVICES – ELBOW RIVER MARKETING LIMITED PARTNERSHIP ("Elbow River")

#### LPG & Ethanol Marketing

The LPG and ethanol segment continued to perform well relative to expectations during the fourth quarter 2009, with funds from operations of \$5.7 million and \$22.9 million on a full year basis. The exceptional 2009 full year was set-up by an excellent first quarter driven by high propane sales due to prolonged January 2009 cold weather. Butane had another strong year as arbitrage opportunities were available throughout North America. The condensate segment was strong due to term sales and related trading activities. Ethanol was as expected as the ethanol market remained highly competitive. Overall, all four quarters during the year were at or above expectations.

For the fourth quarter, LPGs sales were stronger than expected across each product offering. Butane continued to benefit from strong presales, while propane benefitted from a stronger than normal crop drying season and a cold December. Condensate markets although impacted by weak diluent demand from the Alberta Oil Sands still exceeded expectations on the strength of strong presales and various spot trading opportunities in this area. Ethanol was also slightly ahead of expectations on steady returns from term marketing agreements combined with some spot activity.

Funds from operations, by line of business, are noted below:

	For the three months ended		For the year ended	
	Dec 31, 2009	Dec 31, 2008	Dec 31, 2009	Dec 31, 2008
<i>(in thousands of dollars)</i>	\$	\$	\$	\$
Funds from Operations				
LPG and Ethanol	5,708	10,319	22,847	21,302
Bio-diesel *	745	(53,036)	(21,032)	(38,831)
<b>Funds from Operations</b>	<b>6,453</b>	<b>(42,717)</b>	<b>1,815</b>	<b>(17,529)</b>

\*Bio-diesel operations were exited in early 2009

## Bio-diesel Marketing

Elbow River finalized its exit from the biodiesel space in the first quarter of 2009 and continued throughout 2009 to collect outstanding receivables while attending to various tax and regulatory requirements. In the fourth quarter 2009, the biodiesel segment positively contributed \$0.7 million to funds from operations primarily as a result of a settlement with Elbow River's largest bio-diesel counterparty. Under the settlement previously disclosed in our third quarter management's discussion and analysis, Elbow River received US\$4.5 million in cash and the assignment of a secured promissory note having a face amount of US\$5.5 million. Elbow River is in the process of attempting to realize on the promissory note and if there are further recoveries, they will be taken into income at that time.

The other large bio-diesel receivable had been paid down to US\$5.2 million at December 31, 2009. By March 1, 2010, this receivable stood at US\$2.4 million and a two year payment schedule had been agreed to at US\$0.1 million per month. As collection remains uncertain at this time, funds will be taken into income if and when they are received by Elbow River.

## 2. ENERGY - OIL & GAS DIVISION

The Oil and Gas division continued to deliver consistent production volumes in 2009 through a combination of acquisition activity and internally generated capital expenditure programs. The yearly average production for the Trust in 2009 was 3,406 barrels of oil equivalent ("BOE") per day up 2% from an average rate of 3,339 in 2008. In comparison to the total year 2008, reported oil and natural gas liquids for 2009 averaged down 7% to 1,419 barrels ("bbls") per day while natural gas sales were up 10% to 11,913 Mcf per day. Fourth quarter production for 2009 was 3,456 BOE per day with approximately 110 BOE per day of downtime caused by third party restrictions, uneconomic gas shut-ins and weather related issues. On a BOE basis (6 to 1 conversion), the production ratio of the Trust at year end 2009 was 42% oil and natural gas liquids and 58% natural gas.

Total gross revenue from petroleum and natural gas sales in 2009 was \$54.7 million down 27% from \$75.1 million in 2008 due to a 29% decrease in realized oil and natural gas pricing. The average price received for crude oil and natural gas liquids during the year ended December 31, 2009 was \$58.75 per barrel after hedging representing a 24% decrease to the 2008 pricing of \$77.18 per barrel after hedging. Natural gas pricing for the twelve months of 2009 averaged \$5.58 per Mcf versus \$8.00 per Mcf in the same period of 2008 representing a decrease of 30%. In comparison to the average market spot price of \$3.96 per Mcf in 2009, The Trust was able to realize a 41% premium to the spot market from both physical and financial hedging of gas sales. The Trust hedged 53% of gas sales in 2009 at an average price of \$7.10 per Mcf with similar hedging volumes in place at \$6.94 per Mcf until March 2011.

For the fourth quarter of 2009, higher oil and natural gas liquids pricing help to offset lower natural gas prices as compared to the same period of 2008. The average price received for crude oil and natural gas liquids during the fourth quarter of 2009 was \$63.89 per barrel after hedging representing a 10% increase over the fourth quarter 2008 pricing of \$57.97 per barrel after hedging. Natural gas pricing for the fourth quarter of 2009 averaged \$5.68 per Mcf after hedging versus \$7.18 per Mcf in the same period of 2008 representing a decrease of 20%. On a BOE basis, realized pricing of \$45.35 per BOE in the final quarter of 2009 was 6% less than the \$48.61 per BOE pricing realized in the fourth quarter of 2008.

Oil and Gas operating expenses decreased 6% on a unit BOE basis in 2009 due to an overall focus on cost reductions at the field level combined with lower power prices and the addition of lower cost production from the corporate acquisition of Ridgeback Exploration Inc. ("Ridgeback") in the third quarter of 2009. The total operating cost for 2009 was \$20.3 million or \$16.31 per BOE compared to \$21.2 million or \$17.35 per BOE for the twelve months of 2008. The Trust anticipates the operating costs for 2010 to be consistent with 2009 at \$16.50 per BOE.

In 2009, the Trust participated in the drilling of 14 gross (5.1 net) wells in Alberta and British Columbia. Capital activity in 2009 was highlighted by the completion of a second 50% working interest operated horizontal Cadomin well in the Noel area of Northeast British Columbia. The well was completed in March 2009 and placed on production in the third week of March at gross gas rates of 4,600 Mcf per day. The producing gas rate

for the well has stabilized at 1,700 Mcfd in December 2009 having produced 0.9 BCF of gas in the first 10 months of production. The Trust is very encouraged by the results and the follow-up opportunities in the Noel area. In addition to the Cadomin development, the Trust drilled a Beaverhill Lake oil well in the fourth quarter on the newly acquired lands of Ridgeback resulting in a well capable of producing at 150 barrels per day of 40° API light oil. The well was placed on production in the last week of January 2010. The total capital expenditure by the Trust on development activities including re-completions, optimizations and maintenance was \$10.7 million in 2009.

In addition to the development programs, the Trust undertook an asset acquisition and land sale initiative in 2009 to strengthen the core area of Noel, British Columbia based on the success of the first two operated Cadomin horizontal wells. In the second quarter 2009, the Trust successfully completed the acquisition of assets from three area producers totaling 306 MBOE of proved plus probable producing reserves and associated undeveloped Cadomin mineral rights. Including the successful Crown land purchases in the first quarter of 2009, the Trust purchased a total of 6,510 net hectares of Cadomin rights in the Noel area. Total acquisition and land sale costs were \$8.6 million resulting in acquisition metrics of \$10.13/BOE for proved plus probable reserves and \$837 per hectare for the undeveloped land. All totaled, the Trust now has interest in 11,530 gross hectares (39 gross sections) of Cadomin mineral rights in the Noel and Kelly Lake areas. Based on the Trust's experience in the area and offset development activity, the technical evaluation of the lands suggests the full development could result in 78 gross drilling locations (48 net locations with 36 at 100% working interest). To date, the Trust has participated in 5 gross wells (1.5 net wells) across the land base with a 100% success rate. To further facilitate the Cadomin development, the Trust also acquired 112 km<sup>2</sup> of 3D seismic covering the majority of the newly acquired lands to expedite the selection of horizontal well locations for the spring 2010 drilling program.

During the third quarter of 2009, the Trust also successfully closed the corporate acquisition of Ridgeback Exploration. The transaction involved the Trust purchasing 660 BOED of production in the Peace River Arch comprised of 35% light and medium oil. The acquisition provided the Trust with a new core area with an undeveloped land base of 50,000 net acres and 1.7 million BOE proved plus probable reserves based on the year end reserves evaluation. Based on an acquisition cost of \$21.5 million and adjusted for land and seismic value, the Trust acquired the production and reserves for \$27,345 per BOED and \$12.86 per BOE on a proved plus probable basis including future capital. The new assets have been fully integrated and are managed within the current staff complement of the Oil and Gas Division.

In an ongoing effort to optimize the producing asset base, the Trust has endeavoured to divest of non-core properties in 2009. In total, \$3.5 million of assets were sold during the year with 109 MBOE of proved plus probable reserves and 28 BOED of production. The Trust anticipates this initiative to continue throughout 2010 with \$3.6 million of divestitures planned for the first quarter 2010.

For the year ending December 31, 2009, the Trust produced a total of 1,243 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 3,135 MBOE resulting in a 252% production replacement. Including the change in all future development costs of \$7.4 million and the acquisition and divestiture activity, the Trust booked \$45.7 million in 2009 yielding an Finding Development & Acquisition ("FD&A") cost of \$14.58 per BOE on a working interest proved plus probable basis. On a total proved basis, the Trust had an FD&A cost of \$18.20 per BOE in 2009. Included in the total year capital expenditures are land and seismic acquisitions of \$9.9 million which accounted for 26% of the capital spending in 2009.

Capital investment for the Trust in 2010 will focus on development programs in the operated core areas of East Central Alberta, Saskatchewan, Northeast British Columbia and the Peace River Arch. Gas development will focus on the Belly River in East Central Alberta as well as the Cadomin in Noel, British Columbia. The focus for oil will include non-operated horizontal drilling activity in the Beaverhill Lake of Northern Alberta, the Viking of Western Saskatchewan and the Bakken in Eastern Saskatchewan. The Trust will also pursue oil opportunities in the Montney in the Peace River Arch and several conventional oil opportunities in Saskatchewan. The capital programs are currently budgeted to be approximately \$16.0 million from which the Trust anticipates corporate sales volumes to average 3,500 BOE per day for 2009. 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 National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities ("NI 51-101"), McDaniel & Associates Consultants Ltd. prepared the McDaniel Report dated March 10, 2010, evaluating the crude oil, natural gas, natural gas liquids and sulphur reserves of the Trust as at December 31, 2009. 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 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 <sup>(1)</sup>				Net Reserves <sup>(2)</sup>			
	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
<b>Proved</b>								
Developed Producing	1,989.9	826.1	103.9	18,573.6	1,696.0	785.2	73.1	15,661.3
Developed Non-Producing	210.8	4.0	11.9	1,500.0	137.5	3.5	8.2	1,217.7
Undeveloped	75.0	0.0	9.3	5,836.6	53.2	0.0	7.7	4,724.5
<b>Total Proved</b>	<b>2,275.8</b>	<b>830.1</b>	<b>125.0</b>	<b>25,910.2</b>	<b>1,886.6</b>	<b>788.7</b>	<b>88.9</b>	<b>21,603.5</b>
<b>Total Probable</b>	<b>764.1</b>	<b>248.9</b>	<b>67.9</b>	<b>10,230.1</b>	<b>586.4</b>	<b>230.1</b>	<b>44.0</b>	<b>8,241.4</b>
<b>Total Proved plus Probable<sup>(3)</sup></b>	<b>3,039.9</b>	<b>1,079.0</b>	<b>192.9</b>	<b>36,140.2</b>	<b>2,473.0</b>	<b>1,018.8</b>	<b>132.9</b>	<b>29,844.9</b>

*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\$)
<b>Proved</b>				
Developed Producing	175,139	145,394	124,447	109,110
Developed Non-Producing	8,293	7,897	7,546	7,214
Undeveloped	14,068	10,534	8,081	6,297
<b>Total Proved</b>	<b>197,499</b>	<b>163,825</b>	<b>140,074</b>	<b>122,620</b>
<b>Total Probable</b>	<b>93,110</b>	<b>62,160</b>	<b>44,909</b>	<b>34,374</b>
<b>Total Proved plus Probable</b>	<b>290,609</b>	<b>225,984</b>	<b>184,983</b>	<b>156,995</b>

### Finding and Development Costs

Based on a total expenditure of \$38.3 million on development and acquisition activity in 2009, the Trust added reserves for \$14.58 per BOE on a working interest proved plus probable basis including the change in future development costs. In comparison, the Trust had FD&A costs of \$16.76 per BOE on proved plus probable basis in 2008.

For further information regarding the Trust's reserves, please refer to its Annual Information Form for the year ended December 31, 2009, which is available on the Trust's profile at [www.sedar.com](http://www.sedar.com).

### **3. REAL ESTATE DIVISION**

The Real Estate Division had net income for the fourth quarter ended December 31, 2009 of \$1.0 million compared to net loss of (\$2.2) million in the fourth quarter of 2008. For the twelve months ended December 31, 2009 net income was \$4.8 million compared to \$3.1 million for the year ending December 31, 2008. The increase in the twelve months ended December 31, 2009 is largely a result of the decrease in amortization costs due to the sale of Harris building and Station Crossing in 2008, and the sale of the Sunbelt Building, Cineplex and Landmark Hinton in 2009. Funds from operations remained consistent at \$3.3 million for the year ended December 31, 2009 compared to \$3.3 million for the year ended December 31, 2008. Funds from operations for the fourth quarter ended December 31, 2009 totalled \$0.66 million compared to \$0.79 million for the fourth quarter of 2008. Revenues and the corresponding operating expenses decreased as a result of the sale of the buildings identified above.

In early 2009, the Trust made the decision to de-list the portfolio for sale and reclassified the properties as income producing assets. The Trust continued to entertain unsolicited offers on individual assets and during 2009, the Trust completed the sale of the following three real estate assets:

- The Sunbelt Supply Building, a single tenant industrial building in Edmonton, AB was sold and closed in June, 2009.
- The Cineplex Theatre, a 10-screen multiplex theatre in Red Deer, AB was sold and closed in August, 2009.
- The Roxy Theatre, a single screen theatre in Hinton, AB that sustained significant fire damage last summer was sold back to Landmark Cinemas in September, 2009.

Starting in late 2009, the Canadian commercial real estate investment market showed signs of improvement and there are a number of public companies and REITs that have raised capital in the latter part of the year. The Trust will continue to entertain unsolicited offers to purchase the balance of the real estate assets on an individual basis.

The remaining portfolio continues to be 100% leased and perform in accordance with expectations. We are also pleased to report that all rents and other amounts owing from tenants throughout the entire portfolio continue to be paid on a timely basis.

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

On May 16, 2008, the Trust completed the sale of its EnerVest Management contract (the “EnerVest Assets”) to 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.

On December 15, 2009 the \$25 million note that the Trust received as part of the \$185 million sale of the EnerVest Assets in May of 2008, was repaid. The Trust received \$5.0 million in cash and 1.6 million in units of a large, diversified publicly-traded, closed end, “fund of funds” (which was providing about a 10% yield) for total receipts of approximately \$24.2 million. The fund now trades around \$13.50 with an approximate 9% yield. The difference between the repayment proceeds and the face value of the note represents negotiated adjustments to the original purchase price.

## Outlook

Operationally, all divisions continue to perform very well. The Oil and Gas Division has set a 2010 capital expenditure target of approximately \$16 million, split evenly between oil and natural gas projects. Significant spending on natural gas prospects is being closely managed against a backdrop of continued low natural gas prices. Production is expected to average approximately 3,500 BOE per day, split 60% natural gas and 40% oil. In order to protect cash flows, the Trust has hedged over 50% of its natural gas production through until March 2011 at prices of greater than \$6.94 per Mcf. For 2010, Elbow River expects to perform in-line with its five year LPG sales average. The first quarter should benefit from its seasonally stronger winter sales period and strong presales. Real Estate continues to be fully leased with little or no capital expenditure requirements.

The Trust continues to remain comfortable with its 75%-80% funds from operations distribution payout ratio based on first quarter 2010 commodity prices. With the impending SIFT tax, the Trust continues to review alternatives for 2011 and position itself with additional growth opportunities to supplement our current inventory of projects.

The Financial Statements for the year ended December 31, 2009 are attached below, with detailed Financial Statements and the Management Discussion and Analysis for the quarter and year ended December 31, 2009 available on the company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) or the Trust's website at [www.avenirtrust.com](http://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***

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>	<b>2009</b> \$	<b>2008</b> \$
<b>ASSETS</b>		
<b>Current</b>		
Cash	2,183	21,956
Marketable securities	19,842	20
Accounts receivable	56,310	86,153
Prepaid expenses	8,626	2,584
Inventory	13,687	127,883
Note receivable	—	25,000
Risk management assets	22,825	14,522
	<b>123,473</b>	<b>278,118</b>
<b>Property and equipment</b>	<b>192,137</b>	<b>195,237</b>
<b>Intangibles and other assets</b>	<b>9,963</b>	<b>11,571</b>
<b>Goodwill</b>	<b>23,424</b>	<b>23,424</b>
<b>Future income taxes</b>	<b>18,118</b>	<b>13,878</b>
	<b>367,115</b>	<b>522,228</b>
<b>LIABILITIES AND UNITHOLDERS' EQUITY</b>		
<b>Current</b>		
Bank indebtedness	12,351	93,127
Accounts payable and accrued liabilities	67,194	81,516
Distributions payable	2,527	28,755
Deferred revenue	215	201
Risk management liabilities	404	14,816
Current portion of mortgages	4,063	11,856
	<b>86,754</b>	<b>230,271</b>
<b>Mortgages</b>	<b>21,391</b>	<b>26,832</b>
<b>Asset retirement obligation</b>	<b>16,373</b>	<b>15,009</b>
<b>Future income taxes</b>	<b>5,219</b>	<b>10,721</b>
<b>Commitments and contingencies</b>		
<b>Unitholders' equity</b>		
Unitholder capital	421,270	422,017
Contributed surplus	8,591	6,777
Accumulated earnings	120,684	95,184
Accumulated other comprehensive income (loss)	701	(4,807)
Accumulated distributions	(313,868)	(279,776)
	<b>237,378</b>	<b>239,395</b>
	<b>367,115</b>	<b>522,228</b>

## CONSOLIDATED STATEMENTS OF OPERATIONS AND ACCUMULATED EARNINGS

For the year ended December 31,

<i>(in thousands of dollars)</i>	2009 \$	2008 \$
<b>REVENUE</b>		
Financial services revenue	803,333	2,142,666
Unrealized gain on financial instruments	19,922	398
<b>Total financial services revenue</b>	<b>823,255</b>	<b>2,143,064</b>
Oil and gas revenue	54,758	75,089
Oil and gas transportation costs	(1,519)	(1,004)
Royalties	(6,536)	(11,673)
Unrealized gain (loss) on financial instruments	(2,136)	6,057
<b>Total oil and gas revenue</b>	<b>44,567</b>	<b>68,469</b>
Real estate revenue	5,927	7,911
Gain on sale of real estate properties	2,335	10,096
Interest and other revenue	2,290	1,182
<b>Total revenue</b>	<b>878,374</b>	<b>2,230,722</b>
<b>EXPENSES</b>		
Financial services operating	781,508	2,093,564
Oil and gas operating	20,299	21,155
Real estate operating	1,063	1,877
General and administrative	21,909	21,330
Bad debt expense (recovery)	(359)	36,455
Foreign exchange	4,528	19,954
Interest and bank fees	1,356	7,184
Interest on long-term debt	1,699	2,390
Capital taxes	259	508
Goodwill impairment	—	34,284
Depletion, depreciation and amortization	25,191	39,297
Asset retirement obligation accretion	1,095	1,079
	<b>858,548</b>	<b>2,279,077</b>
Income (loss) from continuing operations before income tax	19,826	(48,355)
Future income tax recovery	6,281	8,422
<b>Net income (loss) from continuing operations</b>	<b>26,107</b>	<b>(39,933)</b>
Net income from discontinued operations – EnerVest	(607)	42,446
<b>Net income for the year</b>	<b>25,500</b>	<b>2,513</b>
Accumulated earnings, beginning of year	95,184	92,671
<b>Accumulated earnings, end of year</b>	<b>120,684</b>	<b>95,184</b>
Net income (loss) from continuing operations per unit		
Basic	0.62	(0.95)
Diluted	0.61	(0.95)
Net income from discontinued operations per unit		
Basic	(0.01)	1.01
Diluted	(0.01)	0.99
Net income per unit		
Basic	0.61	0.06
Diluted	0.60	0.06

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the year ended December 31,

<i>(in thousands of dollars)</i>	2009 \$	2008 \$
Net income for the year	25,500	2,513
Change in fair value of derivative instruments designated as cash flow hedges	4,930	7,001
Change in fair value of marketable securities	578	(1,263)
<b>Other comprehensive income</b>	<b>5,508</b>	<b>5,738</b>
<b>Comprehensive income for the year</b>	<b>31,008</b>	<b>8,251</b>

## CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended December 31,

<i>(in thousands of dollars)</i>	2009 \$	2008 \$
<b>OPERATING ACTIVITIES</b>		
Net income (loss) from continuing operations	26,107	(39,933)
Add (deduct) non-cash items:		
Non-cash general and administrative	1,501	1,352
Depletion, depreciation and amortization	25,191	39,297
Asset retirement obligation accretion	1,095	1,079
Goodwill impairment	—	34,284
Gain on sale of real estate properties	(2,335)	(10,096)
Unrealized gain on financial instruments	(17,786)	(6,455)
Unrealized foreign exchange	(689)	7,000
Future income tax recovery	(6,281)	(8,422)
Funds from continuing operations	26,803	18,106
Funds from discontinued operations – EnerVest	—	6,918
	26,803	25,024
Asset retirement expenditures during year	(430)	(1,506)
Change in non-cash working capital	127,315	(53,579)
Cash provided (used in) by operating activities	153,688	(30,061)
<b>FINANCING ACTIVITIES</b>		
Issue of trust units, net of issue costs	683	1,086
Repurchase of trust units	(886)	(288)
Cash settlement of options	(61)	(21)
Distributions to unitholders	(34,093)	(67,087)
(Decrease) increase in bank indebtedness	(80,827)	(16,650)
(Decrease) increase in notes payable	—	(10,000)
Increase in mortgages	—	4,757
Repayment of mortgages	(942)	(891)
Decrease of note receivable	5,000	
Repayments of long-term debt	—	(1,675)
Change in non-cash working capital	(26,228)	25,279
Cash provided by (used in) financing activities	(137,354)	(65,490)
<b>INVESTING ACTIVITIES</b>		
Sale of EnerVest assets	—	135,670
Financial services development expenditures	—	(5,040)
Financial services dispositions	603	—
Acquisition of Ridgeback Exploration	(22,016)	—
Oil and gas property acquisitions	(9,070)	(4,062)
Oil and gas property disposals	3,452	502
Oil and gas development expenditures	(11,100)	(16,529)
Purchase of other assets	(142)	(6)
Real estate development expenditures	(64)	(2,962)
Real estate dispositions	4,231	10,392
Change in non-cash working capital	(2,001)	(458)
Cash provided by (used in) investing activities	(36,107)	117,507
<b>Increase (decrease) in cash during the year</b>	<b>(19,773)</b>	<b>21,956</b>
Cash, beginning of year	21,956	—
<b>Cash, end of year</b>	<b>2,183</b>	<b>21,956</b>
<b>Cash taxes paid</b>	<b>749</b>	<b>686</b>
<b>Cash interest paid</b>	<b>3,015</b>	<b>9,531</b>