

PRESS RELEASE

AVENIR DIVERSIFIED INCOME TRUST ANNOUNCES ACQUISITION OF A NATURAL GAS LIQUIDS BROKER AND WHOLESALER, AND PROPOSED FINANCING

Calgary, Alberta, Canada, February 7, 2005 – Avenir Diversified Income Trust (the "Trust") (TSX: AVF.UN) is pleased to announce that it has entered into a binding acquisition agreement whereby Avenir Financial Services Limited Partnership, an indirect wholly-owned subsidiary of the Trust will purchase all the assets and business of Elbow River Resources Ltd. ("Elbow River") for consideration of \$57,800,000 consisting of \$51,800,000 in cash and \$6,000,000 in trust units (a portion of which trust units are subject to certain escrow release terms relating to both performance and retention criteria), subject to normal course purchase adjustments. CIBC World Markets Inc. acted as financial advisor to Elbow River for the transaction.

Elbow River, established in 1984, acts as wholesale broker, transporter and supplier of butane to major refineries and propane to major retailers in the United States, Canada and Mexico. Other commodity areas that Elbow River services are ethanol, natural gasoline, diesel and methanol. Elbow River is considered to be one of the largest wholesale brokers in Canada and the United States in providing brokerage, marketing, logistics, transportation, storage and risk management services to the natural gas liquids market. Elbow River currently transacts with approximately 160 customers and suppliers. All key employees of Elbow River will remain with the Trust on an ongoing basis to continue to manage and expand this brokerage business. The acquisition of Elbow River's business expands the Trust's Financial Services business unit, complements the Trust's diversification strategy and is accretive to the Trust's cash flow.

The Trust is a diversified royalty and business trust which combines the cash flow streams from the three business segments of Energy, Financial Services and Real Estate with a target payout ratio of 75 – 80% in order to provide sustainable distributions. The Energy segment is currently focused on both oil and gas production and energy services. Upon conclusion of the recently announced acquisition of Val Vista Energy Ltd., the Trust will have oil and gas production of approximately 3,650 boe/d in five core producing areas in Western Canada. The Energy Services division provides steam, vacuum truck and hydro-vac services to the energy, utility and construction industries through Cascade Services Partnership. The Real Estate segment has approximately 370,000 square feet of leasable commercial properties located in Toronto and London, Ontario and in Edmonton and Calgary, Alberta of which 93% is currently leased. Avenir's Financial Services segment has previously focused on providing high yield financial contracts and mezzanine financing to businesses outside of the energy and real estate industries, and has extended \$13.6 million in high yield financing contracts and subordinated debentures. The addition of Elbow River significantly expands the scope and diversification of operations in the Financial Services business unit.

The Trust is also pleased to announce that it has entered into agreement with a syndicate of agents (the "Agents"), co-led by GMP Securities Ltd. and Raymond James Ltd., and including First Associates Investments Inc., Canaccord Capital Corporation, and Acumen Capital Finance Partners Limited, in connection with a commercially reasonable efforts trust unit financing by way of long form prospectus for minimum proceeds of \$95,000,000 and maximum proceeds of \$110,000,000. In conjunction with entering into the agreement with the Agents, the Trust intends to file a preliminary prospectus with the securities authorities in all the provinces of Canada, excluding the province of Quebec, no later than February 15, 2005.

The offering is subject to regulatory approval, including approval of the Toronto Stock Exchange and is expected to close no later than March 31, 2005. Net proceeds of the financing will be used primarily to complete the acquisition of Elbow River and to repay debt incurred in connection with the Trust's

previously announced oil and gas acquisitions. The remaining proceeds will be used for growth capital expenditures associated with the Trust's financial services, energy services, and real estate operations.

For further information, please contact:

Avenir Diversified Income Trust
Suite 300, 808 – Street S.W.
Calgary, Alberta
T2P 1M9
Telephone: (403) 237-9949
Facsimile: (403) 237-0903

Attention: William Gallacher
Chief Executive Officer
or
Gary Dundas
Chief Financial Officer

The Toronto Stock Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy the securities in any jurisdiction. The securities offered have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold in the United States except in certain transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws.

Not for Distribution to U.S. Newswire Services or for Dissemination in the United

Forward Looking Statements

Certain information regarding Avenir Diversified Income Trust set forth in this document, including management's assessment of the Trust's future plans and operations contains forward looking statements that involve substantial known and unknown risks and uncertainties. These forward looking statements are subject to numerous risks and uncertainties, some of which are beyond the Trust's and management's control, including but not limited to, the impact of general economic conditions, industry conditions, fluctuation of commodity prices, fluctuation of foreign exchange rates, imperfection of reserve estimates, environmental risks, industry competition, availability of qualified personnel and management, stock market volatility, timely and cost effective access to sufficient capital from internal and external sources. The Trust's actual results, performance or achievement could differ materially from those expressed in or implied by, these forward looking statements and accordingly, no assurance can be given that any of the events anticipated to occur or transpire from the forward looking statements will provide what, if any benefits to the Trust.