



Avenir Diversified Income Trust Announces First Quarter 2007 Results

May 15, 2007 News Release

AVENIR DIVERSIFIED INCOME TRUST ("Avenir Trust", TSX: AVF.UN) is pleased to announce the financial and operational results for the quarter ended March 31, 2007 and to announce they have filed the complete Management Discussion and Analysis and Unaudited Interim Consolidated Financial Statements on SEDAR. An electronic copy of these documents may be obtained on Avenir Trust's SEDAR profile at www.sedar.com.

<i>(in thousands except for per unit amounts)</i>	For the quarter ended March 31		
	2007	2006 ³	% Change
TOTAL CONSOLIDATED FINANCIAL SUMMARY			
Total Revenue	\$238,512	\$166,700	43%
Funds From Continuing Operations	\$17,677	\$13,612	30%
Funds from Continuing Operations Per Unit - Basic	\$0.43	\$0.34	26%
Funds From Operations (FFO) ¹	\$17,677	\$20,595	(14)%
FFO Per Unit ¹ - Basic	\$0.43	\$0.51	(16)%
Distributions	\$10,395	\$14,737	(29)%
Distributions Per Unit - Basic	\$0.25	\$0.37	(32)%
Distribution Payout Ratio ²	59%	72%	(18)%
Net Income from continuing operations	\$7,331	\$7,115	3%
Net Income from continuing operations Per Unit - Basic	\$0.18	\$0.18	0%
Net Income	\$7,331	\$10,105	(27)%
Net Income Per Unit - Basic	\$0.18	\$0.25	(28)%
Total Assets	\$545,517	\$567,628	(4)%
Working Cap. (Net Debt) including mortgages ¹ (not incl. discontinued operations)	\$(57,551)	\$(35,958)	(60)%
Wtd. Avg. Units Outstanding - Basic	41,202,084	40,149,659	3%
Units Outstanding (including escrowed units)	41,748,403	41,421,450	1%

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

² Distribution Payout Ratio is calculated by dividing the Distributions by the Funds from Operations.

³ Comparative periods have been restated to conform to current period presentation – specifically relating to the discontinued operations of the Energy Services Division of the Trust.

REVIEW OF FINANCIAL RESULTS

Net income from continuing operations for the quarter ended March 31, 2007 was \$7.3 million up 3% from \$7.1 million in the quarter ended March 31, 2006. The net income for the quarter ended March 31, 2007 was \$7.3 million which is down 27% versus the \$10.1 million net income for the quarter ended March 31, 2006. The three months ended March 31, 2007 net income was lower than 2006 due to the impact of the spin out of the Energy Services Division in Q2 of 2006 as Essential Energy Services Trust.

Funds from continuing operations were \$17.7 million for the quarter ended March 31, 2007 up 30% from \$13.6 million in the comparable quarter in 2006. The increase reflected a larger contribution from the Trust's Financial Services division. Funds from operations were \$17.7 million for the quarter ended March 31, 2007, down 14% as funds from operations for the quarter ended March 31, 2006 were \$20.6 million. The decrease in funds from operations was primarily the result of the spin out of the Energy Services Division in Q2 2006.

The Trust declared distributions of \$10.4 million (\$0.25 per unit) for the quarter ended March 31, 2007 which is down 29% on a total cash basis over the \$14.7 million (\$0.37 per unit) distributed for the quarter ended March 31, 2006, again this is due to the spin-off of the Energy Services division. It should be noted that if Avenir Trust Unitholders retained their units of Essential Energy Services Trust there would in fact be a slight increase in distributions per unit. The 2007 quarter end payout ratio was 59% of funds from operations.

PRESIDENT'S MESSAGE

The Trust continued to perform well during the first quarter. Year over year comparative funds from ongoing operations increased 30%. All of our business units performed at or slightly ahead of expectations with particular strength in our Financial Services division. As evidenced by our results, the diversification model we have followed continues to provide stable, sustainable returns.

The payout ratio for the first quarter of 2007 was 59% of funds from operations which is below our annual target range of 75 – 80%. We are constantly looking for ways to enhance unitholder value and therefore we continue to review all of our business units to identify further opportunities to grow within our existing trust structure, or by divesting of certain assets. In addition, we evaluate opportunities that either compliment our existing business or provide a new opportunity for further diversification.

The focus was on organic growth in the first quarter of 2007. This growth came from all three of our business units.

- Funds from operations reflect the benefits of the Trust's diversification model with 70% coming from Financial Services and Real Estate.
- Distributions represented 59% payout of the funds from operations for the quarter.
- In our EnerVest Limited Partnership, the assets under management have grown to approximately \$2.04 billion with an increase of 8% in total revenue. Assets under management are approaching pre-October 2006 levels before the share sell-off as a result of the Federal governments trust tax announcement.
- The Elbow River group had an outstanding quarter with cash flow of approximately \$7.2 million for the first quarter of 2007 compared to \$2.7 million in the first quarter of 2006.
- The Oil and Gas division results were solid with additional future opportunity arising from the March 30, 2007 acquisition of oil and gas assets of approximately 150 BOE per day of sweet natural gas production.
- In Real Estate, the acquisitions completed during the third and fourth quarters of 2006 contributed to the increased cash flow generated from this division.

We are continually reviewing how our trust operates, and are assessing different steps we may take as we approach 2011. We see no need for immediate changes to our structure and believe we have ample time to consider and implement any value adding alternatives. However, our performance clearly indicates we continue to provide stable, sustainable returns for our unitholders.

We would like to thank all of our unitholders for their ongoing support.

REVIEW OF BUSINESS UNIT OPERATIONS

1. FINANCIAL SERVICES

At March 31, 2007 the Trust's Financial Services business unit consisted of:

i. ENERVEST LIMITED PARTNERSHIP – MANAGEMENT CONTRACT

EnerVest provides a stable long-term source of monthly distributable cash flow based on fees earned from assets under management in the EnerVest Group of Funds. Initial acquisition metrics were based on annual funds from operations of at least \$14 million, the majority of which is derived from the EnerVest Diversified Income Trust, which has 45 years remaining on its trust indenture. This is compared to the current annual funds from operations of approximately \$17.5 to 18.0 million.

The assets under management for the EnerVest Group of Funds grew marginally during the first quarter of 2007, inline with the Canadian income trust market. As at March 31, 2007 EnerVest managed approximately \$2.04 billion on behalf of approximately 80,000 investors in principally income trusts or oil and gas funds.

Quarter over quarter revenues were up only slightly, 8%, as assets under management have been impacted by the federal government's announcement to tax trusts effective 2011. That said recent strength in the trust sector, largely fuelled by higher commodity prices and trust buyouts has increased the net assets of the funds late in Q1 2007 and into April 2007.

During the quarter, EnerVest launched a flow-through fund offering which the company has done every year since 1995. New credit facilities were negotiated on behalf of both the EnerVest Diversified Income Trust and the EnerVest Energy and Oil Sands Trust. As well, as was required by the Canadian Securities Regulators (National Instrument 81-107), EnerVest organized an Independent Review Committee and Mandate during the quarter for implementation on May 1, 2007. This committee was established to oversee any potential conflicts of interest that may arise between the manager of the funds and the fund's unitholders.

ii. ELBOW RIVER MARKETING LP

Elbow River Marketing LP ("Elbow River") is a wholesale broker, transporter and supplier of butane, propane and biofuels to major refineries, distributors, retailers and end users in the United States, Canada, Europe and Mexico. Elbow River, established in 1984, is one of the largest wholesale brokers in Canada and United States in providing brokerage, marketing, logistics, transportation, storage and risk management services to the natural gas liquids and specialty petroleum products market.

At March 31, 2007, Elbow River completed its second full year as part of the Trust. They currently transact over 16,500 BOE per day of liquids sales with approximately 200 customers and suppliers. Revenues and funds from operations were up significantly from the first year that Elbow was a part of the Trust and well ahead of forecasts when Elbow was initially acquired.

Record Q1 2007 cash flows were well above budget as all the commodity groups had solid sales. Propane demand was steady as cold weather was still prevalent on the West Coast along with some late winter along the East Coast. Butane had strong winter presales and good spot sales as strong gasoline prices translated into steady feedstock demand. Ethanol also had strong winter presales along with steady spot activity due to delays in start up of several new plants. Bio-diesel continued to show steady growth although most of the demand came from the export market while North American margins were squeezed by high feedstock costs relative to diesel prices.

The remainder of 2007 looks promising due to a number of presales. Propane is entering the slower summer season and hence spot sales will be limited until Q4 of 2007. Butane is experiencing continued strengths due to escalating Alberta Oil Sands volumes and their impact on North America wide markets. Ethanol markets are currently slower as the ethanol markets are relatively in balance. However once all the new ethanol plants come on stream we anticipate a supply overhang that may result in increased opportunities to sell incremental volumes to discretionary blenders. Bio-diesel should continue to benefit from increased market growth as well as the summer seasonal increase in demand.

iii. FINANCIAL SERVICE CONTRACTS

During the first quarter of 2007, Avenir Financial Services Limited Partnership redeemed an additional \$1.5 million in financial services contracts leaving a balance outstanding as at March 31, 2007 of \$1.8 million. Subsequent to the quarter end the remaining balance of \$1.8 million was redeemed with RentCash Inc. leaving the Trust with no further exposure to the payday loan/cheque cashing industry once the final interest payments are collected.

2. ENERGY - Oil & Gas Operations

For the first quarter of 2007, the Oil and Gas division delivered consistent production volumes through a combination of optimization and development programs. Oil and gas sales averaged 3,329 BOED in the first quarter matching the average rate of 3,326 BOED for the fourth quarter of 2006. The Trust continued to be negatively impacted, on average 147 BOED, by 3rd party restrictions due to planned outages in first quarter. Production capability in the first quarter was consistent with the 2007 exit rates at 3,466 BOED. In comparison to the fourth quarter of 2006, oil and natural gas liquid sales for the second quarter averaged 1,694 bbl/d down 1% while natural gas sales were up 2% to 9,809 mcf/d.

Total gross revenue from petroleum and natural gas sales in the first quarter was \$14.7 million up 12% from \$13.1 million in the fourth quarter of 2006 due to both higher oil and natural gas pricing. The average price received for crude oil and natural gas liquids during the first quarter was \$52.51 per barrel after hedging representing a 17% increase over fourth quarter pricing. Natural gas pricing for the first quarter of 2007 was \$7.54 per mcf versus \$6.78 per mcf in the fourth quarter of 2006 representing an increase of 11%. Royalties in the fourth quarter were consistent with the prior quarter at 14%.

Oil and gas operating expenses decreased in the first quarter of 2007 primarily due to the reduction of power costs from the abnormal price fluctuations experienced in the fourth quarter of 2006. The total operating expenses for the first quarter was \$5.1 million resulting in a unit operating expense of \$17.03 per boe down from \$20.77 per boe in the fourth quarter of 2006. The unit operating expense for the Trust was negatively impacted in the first quarter due to the 3rd party turnaround production restrictions. Using the production capability of 3,466 BOED for the first quarter yields a unit operating expense of \$16.33 as lower cost natural gas production was shut in for much of March 2007.

The total first quarter capital expenditure by the Trust was \$1.75 million which was spent primarily on optimization and de-bottleneck projects in core operated areas. Drilling activity in the first quarter of 2007 totalled 6 gross (0.7 net) wells including 3 gas wells in Mills Grouse, 2 heavy oil wells in Irish and 1 development well in the Deer Mountain Oil Unit. The tie-in of 3 gross (0.5 net) non-operated gas wells from the fourth quarter drilling program were also completed in Central Alberta. For the second and third quarters of 2007, the Trust plans to participate in 16 gross (5.9 net) wells highlighted by the drilling of 6 operated wells in Central Alberta, Grand Forks and Southwest Saskatchewan. The Trust will endeavour to balance the remaining development activity in 2007 between oil and gas opportunities and remains flexible on the timing of capital programs based on commodity pricing and the resulting cash flow through out the year. The capital programs are currently budgeted to be approximately \$10.5 million in 2007.

In addition to the development programs, the Trust continues to evaluate accretive acquisition opportunities to strengthen the core areas. On March 30, 2007, the Trust successfully completed the acquisition of additional working interest in the operated property of Noel in North East British Columbia. The acquisition includes approximately 150 BOE per day of sweet natural gas production from assets in which the Trust already holds a majority working interest. Based on a January 1, 2007 effective date and excluding the undeveloped land value of \$253,000 and normal industry closing adjustments, the total consideration paid for the working interest proved plus probable reserves was \$7.2 million for 537,100 BOE yielding an acquisition cost of \$12.95 per BOE. Significant opportunities have been identified on the lands and the Trust has already agreed to participate in the drilling of a Cadomin tight gas development play at a 20% working interest with the major producer in the area.

3. REAL ESTATE

The Trust's Real Estate division currently consists of 625,644 leasable square feet with 66% in Western Canada and 34% in Southern Ontario. The portfolio is fully leased at March 31, 2007.

During the first quarter of 2007 the acquisition of vacant land in Spruce Gorge and Wetaskiwin was finalized with plans to commence construction of two KFC restaurants sometime in late 2007. Construction on the Landmark Cinema in Red Deer is progressing with an anticipated opening date of November 2007.

4. DISCONTINUED OPERATIONS – Energy Services

On May 31, 2006, the Energy Services division was spun-off to create the publicly-traded oilfields services trust, Essential Energy Services Trust ("Essential"). For the 2006 comparative first quarter, the Energy Services division is included in the Trust's operations and is accounted for as a discontinued operation in the financial statements.

OUTLOOK

Traditionally the Trust's first and fourth quarters are its strongest quarters due to increased winter product demand in its Elbow River natural gas liquids marketing group. This year will be no exception. Coming off a very strong first quarter 2007, the Trust is well on its way to meeting or beating its target payout ratio of 75%-80%. The Elbow River group is on track for record cash flow contributions; the EnerVest management group has recovered their assets under management to early October 2006 levels before the federal government trust tax announcement; the oil and gas division continues its solid consistent performance with its approximate 3500 boe/d of production and within the real estate division, building valuations continue to rise. Our operating divisions have never been stronger.

The Trust continues to evaluate accretive opportunities in each of our business segments and looks for acquisitions where it can continue to use the competitive advantage its Trust status provides until at least 2011. As we have shown over the past four years, our business model continues to provide stable distributions and we continue to see new and interesting growth possibilities for the Trust.

Financial Statements for the quarter ended March 31, 2007 are attached below, with detailed Financial Statements and the Management Discussion and Analysis available on the company's profile on SEDAR at www.sedar.com or the Trust's website at www.avenirtrust.com.

Contact Info:

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

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

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

Forward Looking Statements

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

CONSOLIDATED BALANCE SHEETS

(unaudited)

(in thousands of dollars)	March 31, 2007 \$	December 31, 2006 \$
ASSETS		
Current		
Cash	—	509
Marketable securities	1,910	13
Accounts receivable and prepaid expenses	72,221	76,402
Inventory	48,567	39,949
Risk management assets	7,092	46
	129,790	116,919
Property and equipment	208,906	203,823
Investment in financial services contracts	1,766	3,265
Intangibles and other assets	152,514	154,003
Goodwill	52,541	52,541
	545,517	530,551
LIABILITIES AND UNITHOLDERS' EQUITY		
Current		
Bank indebtedness	73,038	69,240
Accounts payable and accrued liabilities	70,529	69,083
Distributions payable	3,465	3,465
Deferred revenue	288	372
Notes payable	5,472	5,000
Current portion of mortgages	19,495	18,536
	172,287	165,696
Notes payable	8,962	9,434
Mortgages	15,054	14,313
Asset retirement obligation	13,187	12,799
Future income taxes	15,678	16,242
Unitholders' equity		
Unitholder capital	413,793	413,731
Contributed surplus	5,351	4,344
Accumulated earnings	72,611	65,022
Accumulated other comprehensive income	10,019	—
Accumulated distributions	(181,425)	(171,030)
	320,349	312,067
	545,517	530,551

CONSOLIDATED STATEMENTS OF OPERATIONS AND ACCUMULATED EARNINGS

(unaudited)

(in thousands of dollars)	Three months ended	
	March 31, 2007	March 31, 2006
	\$	\$
		(restated)
REVENUE		
Financial services revenue	225,544	153,913
Unrealized gain (loss) on financial instruments	(807)	—
Total financial services revenue	224,737	153,913
Oil and gas revenue	14,665	13,337
Oil and gas transportation costs	(267)	(227)
Royalties, net of ARTC	(1,845)	(2,387)
Unrealized gain (loss) on financial instruments	(525)	1,325
Total oil and gas revenue	12,028	12,048
Real estate revenue	1,747	739
Total revenue	238,512	166,700
EXPENSES		
Financial services operating	208,307	143,639
Oil and gas operating	5,104	3,913
Real estate operating	458	182
General and administrative	6,506	3,889
Foreign exchange	2,019	(613)
Interest and bank fees	1,053	479
Interest on long-term debt	561	186
Capital taxes	96	136
Depletion, depreciation and amortization	7,371	6,731
Asset retirement obligation accretion	270	244
	231,745	158,786
Income from continuing operations before income tax	6,767	7,914
Future income tax recovery (expense)	564	(799)
Net income from continuing operations	7,331	7,115
Net income from discontinued operations	—	2,990
Net income for the period	7,331	10,105
Accumulated earnings, beginning of period	65,022	27,624
Change in accounting policy	258	—
Accumulated earnings, end of period	72,611	37,729
Net income from continuing operations per unit		
Basic and diluted	0.18	0.18
Net income from discontinued operations per unit		
Basic and diluted	—	0.07
Net income per unit		
Basic and diluted	0.18	0.25

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(unaudited)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

(in thousands of dollars)	Three months ended	
	March 31, 2007	March 31, 2006
	\$	\$
		(restated)
OPERATING ACTIVITIES		
Net income from continuing operations	7,331	7,115
Add (deduct) non-cash items:		
Non-cash general and administrative	1,054	631
Depletion, depreciation and amortization	7,371	6,731
Asset retirement obligation accretion	270	244
Unrealized loss (gain) on financial instruments	1,332	(1,325)
Unrealized foreign exchange loss (gain)	883	(583)
Future income tax (recovery) expense	(564)	799
Funds from continuing operations	17,677	13,612
Funds from discontinued operations	—	6,983
	17,677	20,595
Asset retirement expenditures during year	(86)	(67)
Change in non-cash working capital	(3,405)	25,688
Cash provided by operating activities	14,186	46,216
FINANCING ACTIVITIES		
Issue of trust units, net of issue costs	15	—
Distributions to unitholders	(10,395)	(14,649)
Increase in bank indebtedness	9,098	4,486
Decrease in bank indebtedness	(5,300)	(1,277)
Decrease in notes payable	—	(7,500)
Increase in mortgages	1,907	—
Repayment of mortgages	(207)	(130)
Repayments of capital lease obligations	—	(30)
Repayment of long-term debt	—	(2,822)
Change in non-cash working capital	—	33
Cash used in financing activities	(4,882)	(21,889)
INVESTING ACTIVITIES		
Acquisitions	—	(26,750)
Redemption of financial services contracts	1,499	—
Financial services development expenditures	(125)	(1)
Oil and gas property acquisitions	(7,212)	—
Oil and gas property disposals	27	95
Oil and gas development expenditures	(1,954)	(3,908)
Purchase of other assets	(78)	(21)
Purchase of real estate properties	(810)	(1,036)
Real estate development expenditures	(571)	—
Change in restricted cash	—	163
Change in non-controlling interest	—	(106)
Change in non-cash working capital	(589)	469
Cash used in investing activities	(9,813)	(31,095)
Decrease in cash during the period	(509)	(6,768)
Cash, beginning of period	509	6,768
Cash, end of period	—	—
Cash taxes paid	10	3
Cash interest paid	1,776	705