

Avenir Diversified Income Trust Announces Second Quarter 2008 Results

August 13, 2008 News Release

AVENIR DIVERSIFIED INCOME TRUST ("Avenir Trust", TSX: AVF.UN) is pleased to announce the financial and operational results for the three and six months ended June 30, 2008 and to announce they have filed the complete Management Discussion and Analysis and Unaudited Interim Consolidated Financial Statements on SEDAR. An electronic copy of these documents may be obtained on Avenir Trust's SEDAR profile at www.sedar.com.

TOTAL CONSOLIDATED FINANCIAL SUMMARY						
<i>(in thousands except for per unit amounts)</i>	For the three months ended June 30			For the six months ended June 30		
	2008⁴	2007	% Change	2008⁴	2007	% Change
Total Revenue	\$469,478	\$219,581	114%	\$907,257	\$450,792	101%
Funds From Continuing Operations (FFCO) ^{1,2}	\$10,256	\$7,800	31%	\$25,593	\$20,389	26%
FFCO ^{1,2} Per Unit - Basic	\$0.24	\$0.19	26%	\$0.61	\$0.49	24%
Funds From Operations (FFO) ¹	\$13,714	\$13,167	4%	\$33,986	\$30,843	10%
FFO Per Unit ¹ - Basic	\$0.33	\$0.32	3%	\$0.81	\$0.74	9%
Distributions	\$10,442	\$10,413	0%	\$20,874	\$20,808	0%
Distributions Per Unit - Basic	\$0.25	\$0.25	0%	\$0.50	\$0.50	0%
Distribution Payout Ratio ³	76%	79%	4%	61%	67%	9%
Net Income from continuing operations (NICO)	\$7,752	\$1,527	408%	\$10,023	\$4,941	103%
NICO Per Unit - Basic	\$0.18	\$0.04	350%	\$0.24	\$0.12	100%
Net Income	\$43,033	\$5,671	659%	\$48,188	\$13,002	271%
Net Income Per Unit - Basic	\$1.03	\$0.14	636%	\$1.15	\$0.31	271%
Total Assets	\$666,632	\$526,536	27%	\$666,632	\$526,536	27%
Working Cap. (Net Debt) including notes payable ¹ (not incl. Assets held for sale)	\$67,993	\$(25,081)	371%	\$67,993	\$(25,081)	371%
Wtd. Avg. Units Outstanding - Basic	41,911,460	41,663,371	1%	41,850,177	41,434,002	1%
Units Outstanding (including escrowed units)	41,968,552	41,826,194	0%	41,968,552	41,826,194	0%

¹ Funds from continuing operations, funds from continuing operations per unit, funds from operations, funds from operations per unit and working capital (net debt) 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 assets held for sale and discontinued operations. 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 the Trust's Real Estate Division and EnerVest Limited Partnership, as a result of being classified as 'Assets held for sale' and 'Discontinued operations', have been excluded from the Trust's Continuing Operations.

³ Distribution Payout Ratio is calculated by dividing the 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 assets of the Real Estate Division as held for sale and EnerVest Limited Partnership as discontinued operations.

Overview

The second quarter of 2008 was highlighted by the previously announced sale of the Enervest Management Limited Partnership, the establishment of a Strategic Review Committee set-up to evaluate the strategic options available to the Trust, and rising energy commodity prices. Record world oil prices contributed to record results in our Oil and Gas Division while our Elbow River Marketing LP was negatively impacted by delays and the roll-forward of hedge contracts on its export biodiesel business, similar to yearend.

Funds from operations were \$13.7 million in the second quarter and \$34.0 million on a year to date basis. This is up about 4% from the prior year quarter mainly as a result of higher commodity prices in the Oil and Gas Division. On a year to date basis the Trust is up 10% over 2007. Overall our distribution payout ratio was 76% of the quarterly funds from operations and 61% of the 2008 year to date funds from operations; well within our target 75%-80% payout ratio.

Production in our Oil and Gas Division was 3,215 BOED consistent with the 3,266 BOED in the second quarter of the previous year but down 114 BOED from the first quarter of 2008 due to third party plant turnarounds and very wet weather throughout the break-up period. Current production is approximately 3,300 BOED. The Trust continued to have a balanced portfolio with 48% oil and natural gas liquids and 52% natural gas. Higher commodity prices resulted in revenues of \$20.4 million, 48% ahead of the previous year and 16% up on the first quarter of 2008. Drilling activity was slow for the quarter with spring break-up, but has picked up significantly in July. The third quarter 2008 is scheduled to be an active quarter with 5 gross (2.1 net) successfully drilled since the end of June and another 5 gross (3.1 net) expected to be drilled in the next couple of months. The Oil and Gas Division mandate is to continue to maintain production at current levels using only the appropriate capital expenditure payout. Current capital expenditure payout is expected to be less than 50% of funds from operations.

Elbow River's results were down from the previous year and expectations for the quarter as export biodiesel cash flows were hurt by delays due to labour issues in South America and the roll-forward of hedge contracts into the third quarter of 2008. Sales on the LPG side were inline with 2007 results, but expected biodiesel gains have been pushed forward into the July-September time frame. Elbow River hedges the margin on its biodiesel transactions and the delays caused by strikes and logistical issues resulted in certain hedge positions in the second quarter being rolled forward into the third quarter to match the new sales timing. The subsequent second quarter hedging losses will not be offset until the third quarter when these delayed sales are concluded. For the third quarter 2008, Elbow River's results look to be exceptionally strong as presales for the balance of the year are currently in the \$15-\$20 million range. The push forward of sales from Q2 to Q3 2008 is similar to what we encountered between Q4 2007 and Q1 2008.

The Real Estate Division continues to be fully leased and a new KFC is currently under construction in Spruce Grove, Alberta, just outside Edmonton, with a scheduled completion later this fall. The sale of the Real Estate Division continues, albeit slower than we had expected as the turmoil in the credit markets, the levelling off of the real estate market and the slow down in the economy have served to increase cap rates and reduce the number of potential buyers. The properties are being sold in packages and currently the Trust has agreements to close on about 75% of the portfolio. We continue to work to dispose of the entire portfolio but now expect final sales not to occur until later in the year.

On May 16, 2008 the Trust sold the EnerVest Management contracts for \$185 million less debt and working capital, transaction costs, severance, and based on an April 1, 2008 effective date. The Trust received approximately \$136.2 million with an additional \$25 million due December 31, 2008 or up to June 30, 2009 if certain conditions are met. Funds have initially been used to pay down debt within the Trust's divisions, fund opportunities, particularly in the Elbow River division, and invest in secure short term money market funds. The Trust has recognized results in EnerVest up to the sale date of May 16, 2008.

The Trust was not actively marketing the EnerVest Management contract, but received an offer that, after reviewing current valuations and the expected future returns made sense to accept and lock-in value for the Trust unitholders. This event, together with the previously announced sale of the real estate assets, led the Trust's Board of Directors to establish a Strategic Review Committee made up of all non-management board members. This Committee is reviewing the strategic options available to the Trust to maximize value for the unitholders, as it moves forward with cash in hand, two of its divisions sold or being sold and the implications of the trust tax looming in two and half years. Many options are being considered and the Board of Directors expects to be able

to provide an update to the unitholders by the end of the third quarter 2008. In the interim, results from the Oil and Gas Division and Elbow River business have remained strong with positive debt plus working capital and a distribution payout ratio at or below our target payout ratio of 75%-80%. The Trust expects to maintain distributions at current levels during this review process, barring a major correction in energy prices or a significant slowdown in business.

We continue to be pleased with operations and look forward to a strong third quarter 2008 on the back of strong energy prices, a historically narrow medium light oil differential, drilling success, Elbow River's continued solid LPG marketing success and near term export opportunities in biodiesel. The Trust is poised to take advantage of the current cash flow opportunities with a positive cash situation, while we methodically determine the direction of the Trust on a longer-term basis. We thank our unitholders for their continued support and patience as we continue to evaluate the Trust's options.

Review of Financial Results

Net income from continuing operations for the quarter ended June 30, 2008 was \$7.8 million up 420% from \$1.5 million in the quarter ended June 30, 2007. Net income from continuing operations for the six months ended June 30, 2008 was \$10.0 million up 103% from \$4.9 million for the six months ended June 30, 2007. The net income for the quarter ended June 30, 2008 was \$43.0 million which is up 659% versus the \$5.7 million net income for the quarter ended June 30, 2007. Net income for the six months ended June 30, 2008 was \$48.2 million which is up 271% versus the \$13.0 million net income for the same period ended June 30, 2007. The quarter and six month net income was higher in 2008 due to the recognition of the gain on the sale of the EnerVest assets.

Funds from continuing operations were \$10.3 million for the quarter ended June 30, 2008 up 31% from \$7.8 million in the comparable quarter in 2007. The increase reflected higher commodity pricing for the Oil and Gas Division. Funds from operations were \$13.7 million for the quarter ended June 30, 2008, up 4% as funds from operations for the quarter ended June 30, 2007 were \$13.2 million.

The Trust declared distributions of \$10.4 million (\$0.25 per unit) for the quarter ended June 30, 2008 which is consistent on a per unit and total cash basis over the \$10.4 million (\$0.25 per unit) distributed for the quarter ended June 30, 2007. The 2008 quarter end payout ratio was 76% of funds from operations compared to 79% at June 30, 2007, as a result of higher cash flows in 2008. For the six months ended June 30, 2008 the payout ratio was 61% under our stated payout ratio target of 75-80%.

The Financial Statements for the three and six months ended June 30, 2008 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.avenitrust.com.

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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)

As at	June 30, 2008	December 31, 2007
<i>(in thousands of dollars)</i>	\$	\$
		(restated)
ASSETS		
Current		
Cash	22,873	—
Marketable securities	1,325	1,275
Accounts receivable and prepaid expenses	233,681	76,295
Inventory	103,920	83,653
Note receivable	25,123	—
Risk management assets	168	4,828
Assets held for sale – Real Estate	1,966	1,793
Assets of discontinued operations - EnerVest	—	144,277
	389,056	312,121
Property and equipment	144,941	150,018
Intangibles and other assets	14,249	15,059
Goodwill	57,708	56,875
Assets held for sale – Real Estate	60,678	64,192
	666,632	598,265
LIABILITIES AND UNITHOLDERS' EQUITY		
Current		
Bank indebtedness	69,392	110,331
Accounts payable and accrued liabilities	178,007	73,813
Distributions payable	3,483	3,476
Risk management liability	58,215	18,578
Notes payable	10,000	10,000
Liabilities of assets held for sale – Real Estate	23,147	15,807
Liabilities of discontinued operations - EnerVest	—	23,704
	342,244	255,709
Asset retirement obligation	12,985	12,905
Future income taxes	1,688	5,500
Liabilities of assets held for sale – Real Estate	27,125	29,191
Unitholders' equity		
Unitholder capital	421,305	419,533
Contributed surplus	6,511	6,033
Accumulated earnings	140,859	92,671
Accumulated other comprehensive loss	(52,523)	(10,589)
Accumulated distributions	(233,562)	(212,688)
	282,590	294,960
	666,632	598,265

CONSOLIDATED STATEMENTS OF OPERATIONS AND ACCUMULATED EARNINGS

(unaudited)

<i>(in thousands of dollars)</i>	Three months ended		Six months ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
	\$	\$	\$	\$
		(restated)		(restated)
REVENUE				
Financial services revenue	451,360	206,729	882,049	426,719
Unrealized loss on financial instruments	4,703	942	(2,259)	135
Total financial services revenue	456,063	207,671	879,790	426,854
Oil and gas revenue	20,350	13,706	37,836	28,371
Oil and gas transportation costs	(187)	(282)	(466)	(549)
Royalties	(3,179)	(1,968)	(6,018)	(3,813)
Unrealized loss on financial instruments	(3,942)	454	(4,258)	(71)
Total oil and gas revenue	13,042	11,910	27,094	23,938
Interest and other income	373	—	373	—
Total revenue	469,478	219,581	907,257	450,792
EXPENSES				
Financial services operating	447,141	199,139	862,856	406,511
Oil and gas operating	4,936	4,737	9,787	9,841
General and administrative	3,426	4,836	11,166	11,090
Foreign exchange	(186)	(646)	(785)	1,373
Interest and bank fees	2,404	1,351	4,647	2,404
Capital taxes	151	88	286	178
Depletion, depreciation and amortization	6,202	6,182	12,560	12,258
Asset retirement obligation accretion	257	262	529	532
	464,331	215,949	901,046	444,187
Income from continuing operations before income tax	5,147	3,632	6,211	6,605
Future income tax recovery	2,605	(2,105)	3,812	(1,664)
Net income from continuing operations	7,752	1,527	10,023	4,941
Net income from discontinued operations – EnerVest	39,613	3,747	42,738	7,321
Net (loss) income from discontinued operations – Real Estate	(4,332)	397	(4,573)	740
Net income for the period	43,033	5,671	48,188	13,002
Accumulated earnings, beginning of period	97,826	72,611	92,671	65,022
Change in accounting policy	—	—	—	258
Accumulated earnings, end of period	140,859	78,282	140,859	78,282
Net income from continuing operations per unit				
Basic and Diluted	0.18	0.04	0.24	0.12
Net income from discontinued operations per unit				
Basic	0.85	0.10	0.91	0.19
Diluted	0.83	0.10	0.90	0.19
Net income per unit				
Basic	1.03	0.14	1.15	0.31
Diluted	1.01	0.14	1.14	0.31

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited)

For the

<i>(in thousands of dollars)</i>	Three months ended		Six months ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
	\$	\$	\$	\$
Net income for the period	43,033	5,671	48,188	13,002
Change in fair value of derivative instruments designated as cash flow hedges	(33,611)	(5,541)	(42,028)	(2,060)
Change in fair value of marketable securities	78	180	50	330
Other comprehensive (loss) income	(33,533)	(5,361)	(41,978)	(1,730)
Comprehensive (loss) income for the period	9,500	310	6,210	11,272

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

For the

<i>(in thousands of dollars)</i>	Three months ended		Six months ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
	\$	\$	\$	\$
		(restated)		(restated)
OPERATING ACTIVITIES				
Net income from continuing operations	7,752	1,527	10,023	4,941
Add (deduct) non-cash items:				
Non-cash general and administrative	369	1,393	1,026	2,448
Depletion, depreciation and amortization	6,202	6,182	12,560	12,258
Asset retirement obligation accretion	257	262	529	532
Unrealized (gain) loss on foreign exchange	(958)	(2,274)	(1,250)	(1,391)
Unrealized loss on financial instruments	(761)	(1,395)	6,517	(63)
Future income tax expense (recovery)	(2,605)	2,105	(3,812)	1,664
Funds from continuing operations	10,256	7,800	25,593	20,389
Funds from discontinued operations – EnerVest	2,650	4,550	6,922	8,916
Funds from discontinued operations – Real Estate	808	817	1,471	1,538
	13,714	13,167	33,986	30,843
Asset retirement costs incurred during period	(341)	(381)	(488)	(466)
Change in non-cash working capital	(41,202)	15,517	(75,158)	12,111
Cash (used in) provided by operating activities	(27,829)	28,303	(41,660)	42,488
FINANCING ACTIVITIES				
Issue of trust units, net of issue costs	349	271	395	286
Cash settlement of options	(2)	—	(5)	—
Distributions to unitholders	(10,442)	(10,406)	(20,874)	(20,801)
Decrease in bank indebtedness	(68,133)	(17,469)	(40,873)	(12,930)
Decrease in notes payable	(2,000)	—	—	—
Increase in mortgages	3,612	1,732	4,757	3,639
Repayment of mortgages	(237)	(191)	(466)	(398)
Increase in notes receivable	(123)	—	(123)	—
Repayment of long-term debt	(838)	—	(1,675)	—
Change in non-cash working capital	6	—	7	—
Cash provided by (used in) financing activities	(77,808)	(26,063)	(58,857)	(30,204)
INVESTING ACTIVITIES				
Sale of EnerVest assets	135,958	—	135,958	—
Financial services development expenditures	(4,565)	(187)	(4,570)	(312)
Redemption of financial services contracts	—	1,766	—	3,265
Oil and gas property acquisitions	—	—	(30)	(7,212)
Oil and gas property disposals	—	(4)	—	23
Oil and gas development expenditures	(2,579)	(3,514)	(6,552)	(5,468)
Purchase of other assets	—	(40)	(3)	(117)
Purchase of real estate properties	—	—	—	(810)
Real estate development expenditures	(411)	(930)	(1,961)	(1,501)
Changes in non-cash working capital	357	1,029	153	440
Cash used in investing activities	128,760	(1,880)	122,995	(11,692)
Increase in cash during the period	23,123	360	22,478	592
Cash, beginning of period	—	—	—	441
Change in cash of assets held for sale	(250)	416	395	(257)
Cash, end of period	22,873	776	22,873	776
Cash interest paid	3,011	3,727	5,980	1,951
Cash taxes paid	141	427	257	437