



AVENIR DIVERSIFIED INCOME TRUST

PRESS RELEASE

**Avenir Diversified Income Trust Acquires Real Estate and Oil and Gas Assets
and Provides Operational Update**

Calgary, Alberta, Canada, October 26, 2006 - Avenir Diversified Income Trust (the "Trust") (TSX:AVF.UN) is pleased to announce acquisitions in both its real estate and oil and gas business units, as well as provide an operational update in its financial services business unit.

Real Estate:

The Trust has completed the purchase of two portfolios consisting of 26 buildings and 186,740 leasable square feet. The aggregate purchase price of the two portfolios totals approximately \$29.2 million with mortgaging financing of \$18.4 million provided by two financial institutions with the balance of the funds provided through existing facilities. These transactions provide a levered annual return of approximately 12% to the Trust based on an annual cash flow stream of approximately \$1.3 million in the initial five year terms.

The first portfolio contains eleven (11) Kentucky Fried Chicken ("KFC") franchise locations situated in North Central Alberta and British Columbia ("BC") and the second portfolio consists of fifteen (15) Landmark Theatre locations throughout Western Canada, primarily in Alberta and BC. The purchase represents a long-term, stable cash flow for the Trust as the KFC leases are 10 year terms (leases are also cross-collateralized across locations) and the Landmark Theatre leases are for 20 year terms (also cross-collateralized across locations). The Trust has a further option on three additional locations currently under development within the portfolios.

Avenir will continue to focus on unique opportunities with respect to real estate acquisition strategies offering stable cash flow. The Trust portfolio now consists of 31 separate properties with a total area of approximately 625,000 square feet located primarily throughout Western Canada.

Oil and Gas:

The Trust is also pleased to announce the acquisition of oil and gas assets in its East Central and Southern Alberta core areas. The two acquisitions, which total approximately \$11.4 million, including fees and normal industry adjustments, consist of both working interest and overriding royalty production. The working interest production consists of 250 BOE per day (approximately 432 Mboe total proved reserves and 527 Mboe of proved plus probable reserves) and the royalty production consists of 25 BOE per day (60 Mboe total proved reserves and 69 Mboe proved plus probable reserves).

On a reserve BOE basis the combined acquisition cost, less land value of \$545,000, is \$22.13 per BOE (total proved) and \$18.27 per BOE (proved plus probable). On a cash flow and production basis, the transaction represents approximately 4.0 times annualized cash flow and \$39,593 per producing BOE. Combined, the 275 BOE per day consists of approximately 27% oil and 73% natural gas, and brings the Trust's current production to approximately 3,625 BOE per day.

The oil and gas transaction was funded through available credit facilities.

