

AVENIR DIVERSIFIED INCOME TRUST

For Immediate Release: February 27, 2006

AVENIR DIVERSIFIED INCOME TRUST RELEASES US TAX INFORMATION

Calgary, Alberta – Avenir Diversified Income Trust (“Avenir” or the “Trust”) (TSX: AVF.UN) today released information necessary for 2005 United States (“U.S.”) tax reporting.

After consultation with its U.S. tax advisors, the Trust’s believes that for U.S. federal income tax purposes, the units of the Trust will more likely than not be properly classified as equity in a corporation, rather than as debt, and that dividends paid to its individual U.S. unitholders should therefore be treated as qualified dividends. As such, the portion of the distributions made during 2005 that are considered dividends should qualify for the reduced rate of tax applicable to certain capital gains.

The portion of the Trust’s distributions that is considered a dividend for U.S. income tax purposes is determined based upon the greater of Avenir’s current or accumulated earnings and profits as determined in accordance with U.S. income tax principles.

With respect to cash distributions paid in 2005 to U.S. individual unitholders, the percentage reported as non-taxable return of capital and the percent to be reported for qualified dividends will be available before the end of March 2006. Another press release will also be made at that time and the income tax information will be available on the Trust’s website at www.avenirtrust.com.

Canadian resident taxpayers should note that the above information has no impact on the Canadian tax information and that the Trust will have a taxable/non-taxable breakdown for Canadian residents regarding their distributions for 2005 prior to the end of March 2006 as well.

For further information please contact:

Avenir Diversified Income Trust
Suite 300, 808 – 1st Street S.W.
Calgary, Alberta
T2P 1M9

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

Telephone: (403) 237-9949

Facsimile: (403) 237-0903

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

Forward-Looking Statements: *Certain information set forth in this press release, including a discussion of 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 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, 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. Actual results, performance or achievement could differ materially from those expressed in or implied by these forward-looking statements.*