

**NEWS RELEASE**

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**Freehold 2002 Income Tax Information**

**CALGARY, Alberta/February 10, 2003/CCN/** - Freehold Royalty Trust (“Freehold”) announces that cash distributions to Unitholders in 2002 were 58% taxable (“other income”) and 42% tax deferred (“return of capital”).

The following information is intended to assist individual Canadian Unitholders of Freehold Royalty Trust in the preparation of their 2002 T1 Income Tax Return. This summary is directed to a Unitholder who, for the purposes of the Income Tax Act (Canada) is a resident of Canada and, holds the Trust Units as capital property. **This is not to be considered specific tax advice to any particular person and is for general information only. Unitholders are advised to consult their tax advisors with respect to their particular circumstances.**

**Trust Units held within an RRSP, RRIF, DPSP or RESP**

If you hold your Freehold Trust Units in a registered plan – such as a Registered Retirement Savings Plan (“RRSP”), Registered Retirement Income Fund (“RRIF”), Deferred Profit Sharing Plan (“DPSP”) or Registered Educational Savings Plan (“RESP”) – no amount should be reported on the 2002 T1 Income Tax Return. Your investments are completely tax-sheltered until you de-register them.

**Trust Units held outside of an RRSP, RRIF, DPSP or RESP**

For cash distributions received by a Canadian resident outside of an RRSP, RRIF, DPSP, or RESP, 58% of 2002 cash distributions are taxable, with the remaining 42% being tax deferred and deemed a return of capital as outlined in the following schedule. The amount reported in Box 26 on the T3 slip should be reported on your T1 Income Tax Return as “Other Income”.

<b>Record Date</b>	<b>Payment Date</b>	<b>Taxable Amount Box 26 (Other Income)</b>	<b>Tax Deferred Amount (Return of Capital)</b>	<b>Total Cash Distribution Paid</b>
December 31, 2001	January 15, 2002	\$0.0580	\$0.0420	\$0.10
January 31, 2002	February 15, 2002	\$0.0464	\$0.0336	\$0.08
February 28, 2002	March 15, 2002	\$0.0464	\$0.0336	\$0.08
March 31, 2002	April 15, 2002	\$0.0464	\$0.0336	\$0.08
April 30, 2002	May 15, 2002	\$0.0464	\$0.0336	\$0.08
May 31, 2002	June 15, 2002	\$0.0812	\$0.0588	\$0.14
June 30, 2002	July 15, 2002	\$0.0580	\$0.0420	\$0.10
July 31, 2002	August 15, 2002	\$0.0580	\$0.0420	\$0.10
August 31, 2002	September 15, 2002	\$0.0986	\$0.0714	\$0.17
September 30, 2002	October 15, 2002	\$0.0580	\$0.0420	\$0.10
October 31, 2002	November 15, 2002	\$0.0580	\$0.0420	\$0.10
November 30, 2002	December 15, 2002	\$0.1044	\$0.0756	\$0.18
<b>Total paid during the 2002 Taxation Year</b>		<b>\$0.7598</b>	<b>\$0.5502</b>	<b>\$1.31</b>

- Registered Unitholders who received cash distributions during the taxation year 2002 from the transfer agent, Computershare Trust Company of Canada (and not from a broker or intermediary), will receive a “T3 Supplementary” slip directly from Computershare.
- Non-Registered Unitholders who received cash distributions during the taxation year 2002 from a broker or other intermediary, will receive a “T3 Supplementary” slip directly from their broker or intermediary, not from the transfer agent or Freehold.
- The deadline for mailing all T3 Supplementary information slips as required by Canada Customs and Revenue Agency is March 31, 2003.

### **Adjusted Cost Base for Capital Gains Purposes**

The Adjusted Cost Base (“ACB”) of the Trust Units is required in calculating a capital gain or loss upon the disposition of Trust Units if the owner holds the Trust Units as capital property. The ACB is the original cost of the Trust Unit paid by the Unitholder (including purchase commissions), less any tax deferred (return of capital) distributions received by the Unitholder. Unitholders should maintain a record of all distributions that are classified as partially or entirely a return of capital distribution while holding Freehold Royalty Trust Units.

For Freehold investors in the \$10.00 per Trust Unit initial public offering in November 1996, the Adjusted Cost Base of Trust Units still held as at December 31, 2002 is \$4.6026 per Trust Unit, taking into account the return of capital of \$5.3974 (\$0.98 in 1997, \$0.85 in 1998, \$0.76 in 1999, \$1.29 in 2000, \$0.9672 in 2001, and \$0.5502 in 2002).

For more information please contact:

Karen Taylor  
Manager, Investor Relations  
Freehold Royalty Trust  
Phone: (403) 221-0891  
Toll-free: 1-888-257-1873  
Email: [ir@freeholdtrust.com](mailto:ir@freeholdtrust.com)  
Website: [www.freeholdtrust.com](http://www.freeholdtrust.com)