

February 16, 2010

Freehold Royalty Trust Announces 2009 Income Tax Information for Canadian Investors

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The information contained herein is based on Freehold Royalty Trust's (Freehold or the Trust) understanding of the *Income Tax Act* (Canada) and the regulations thereunder and is provided for general information only. Unitholders are advised to consult their personal tax advisors with respect to their particular circumstances.

CANADIAN TAX INFORMATION FOR UNITHOLDERS RESIDENT IN CANADA

The following information is intended to assist individual Canadian Unitholders of Freehold in the preparation of their 2009 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.

2009 Taxability Information

A total of \$1.40 per Trust Unit was paid or payable to Unitholders in respect of 2009.

For purposes of the *Income Tax Act* (Canada), Freehold is treated as a **mutual fund trust**. Each year, Freehold files a T3 income tax return with the taxable income allocated to and made taxable in the hands of Unitholders. This taxable income is allocated, on T3 supplementary forms, to each Unitholder who was entitled to distributions for the year. The following table outlines the breakdown of cash distributions per Trust Unit paid or payable in respect of 2009.

CANADIAN TAX INFORMATION 2009

Record Date	Payment Date	Taxable Amount Box 26 Other Income (Cdn\$ per Unit)	Box 42 Return of Capital (Cdn\$ per Unit)	Total Distribution Paid/Payable (Cdn\$ per Unit)
January 31, 2009	February 15, 2009	\$0.08213	\$0.01787	\$0.1000
February 28, 2009	March 15, 2009	\$0.08213	\$0.01787	\$0.1000
March 31, 2009	April 15, 2009	\$0.08213	\$0.01787	\$0.1000
April 30, 2009	May 15, 2009	\$0.08213	\$0.01787	\$0.1000
May 31, 2009	June 15, 2009	\$0.08213	\$0.01787	\$0.1000
June 30, 2009	July 15, 2009	\$0.08213	\$0.01787	\$0.1000
July 31, 2009	August 15, 2009	\$0.08213	\$0.01787	\$0.1000
August 31, 2009	September 15, 2009	\$0.09856	\$0.02144	\$0.1200
September 30, 2009	October 15, 2009	\$0.09856	\$0.02144	\$0.1200
October 31, 2009	November 15, 2009	\$0.09856	\$0.02144	\$0.1200
November 30, 2009	December 15, 2009	\$0.16426	\$0.03574	\$0.2000 ¹
December 31, 2009	January 15, 2010	\$0.11498	\$0.02502	\$0.1400
Total paid/payable for the 2009 taxation year		\$1.14985	\$0.25015	\$1.4000

¹ Includes an additional \$0.06 representing excess funds in 2009.

Trust Units held within Registered Plans

Freehold Trust Units are qualified investments for registered plans, including Registered Retirement Savings Plans (RRSP), Registered Retirement Income Funds (RRIF), Deferred Profit Sharing Plans

(DPSP), Registered Educational Savings Plans (RESP) and Tax Free Savings Accounts (TFSA). Trust Units held inside such registered plans are completely tax-sheltered and no amounts are required to be reported on the 2009 T1 Income Tax Return.

Trust Units held outside of Registered Plans

For Canadian residents who hold Trust Units outside of a registered plan, 82% of the distributions are taxable as income. The remaining 18% of distributions are classified as a return of capital.

The deadline for mailing all T3 Supplementary information slips as required by Canada Revenue Agency is March 31, 2010.

- Registered Unitholders who were entitled to distributions for 2009 and received payment from the Transfer Agent, Computershare Trust Company of Canada (and not from a brokerage firm or other intermediary) will receive a T3 Supplementary slip directly from Computershare.
- Non-Registered Unitholders who were entitled to distributions for 2009 and received payment or credit from a brokerage firm or other intermediary will receive a T3 Supplementary slip directly from that brokerage firm or other intermediary and not from the Transfer Agent or Freehold.

Adjusted Cost Base Calculation

Unitholders are required to reduce the adjusted cost base (ACB) of their Trust Units by the amount equal to any distributions received in the form of return of capital. **Unitholders should maintain a record of all distributions that are classified as partially or entirely a return of capital distribution while holding Freehold Trust Units.**

For Freehold investors in the \$10.00 per Trust Unit initial public offering in November 1996, the ACB of Trust Units still held as at December 31, 2009 is \$2.7604 per Trust Unit, taking into account the cumulative return of capital of \$7.2396 as provided in the following table:

HISTORICAL TAX INFORMATION

Year	Taxable Amount Other Income (Cdn\$ per Unit)	Return of Capital (Cdn\$ per Unit)	Taxable Percentage	Return of Capital Percentage	Distribution for Tax Purposes Per Unit
2009	\$1.1498	\$0.2502	82%	18%	\$1.40
2008	2.7795	0.1305	96%	4%	2.91
2007	1.7426	0.1774	91%	9%	1.92
2006	1.8900	0.2100	90%	10%	2.10
2005	2.0400	-	100%	0%	2.04
2004	1.1628	0.5472	68%	32%	1.71
2003	1.1730	0.5270	69%	31%	1.70
2002	0.7598	0.5502	58%	42%	1.31
2001	0.5928	0.9672	38%	62%	1.56
2000	-	1.2900	0%	100%	1.29
1999	-	0.7600	0%	100%	0.76
1998	-	0.8500	0%	100%	0.85
1997	-	0.9800	0%	100%	0.98
TOTAL	\$13.2904	\$7.2396			\$20.53

CANADIAN TAX INFORMATION FOR NON-RESIDENT UNITHOLDERS

The following information is provided for general information only. Unitholders who are not residents of Canada for income tax purposes are encouraged to seek advice from a qualified tax advisor in their country of residence regarding the tax treatment of distributions.

NR4 Summary and Slips

For the purposes of preparing Form NR4, Statement of Amounts Paid or Credited to Non-Residents of Canada, 2009 distributions are 82% taxable for Canadian purposes and this amount is included in the gross income reported in Box 16 of the NR4 slip. The full amount of the tax withheld is reported in Box 17 of the NR4 slip.

Non-Resident Withholding Tax

Distributions paid or payable to non-residents of Canada are subject, on the date of payment, to a withholding tax of 25%, as prescribed by the *Income Tax Act* (Canada). This withholding tax may be reduced in accordance with reciprocal tax treaties. In the case of the Tax Treaty between Canada and the U.S., the withholding tax for U.S. residents is prescribed at 15%.

The amount of Canadian tax withheld should be reported on Form 1116, Foreign Tax Credit (individual, Estate, or Trust). Information regarding the amount of Canadian tax withheld in 2009 should be determined from your own records and is not available from Freehold. Amounts over withheld, if any, from Canada should be claimed as a refund from the Canada Revenue Agency no later than two years after the calendar year in which the payment was paid.

**CANADIAN TAX INFORMATION
FOR UNITHOLDERS RESIDENT IN THE U.S.**

Based on the nature of our assets, our distributions are not “qualified dividends” for U.S. tax purposes. Freehold prepares an earnings and profit calculation to determine taxability for U.S. Unitholders. Please refer to Freehold’s 2009 Income Tax Information for U.S. Investors and the Annual PFIC (Passive Foreign Investment Company) Statement. This information will be posted on Freehold’s website at www.freeholdtrust.com or can be obtained by contacting Freehold’s Investor Relations department.

For more information on taxation please contact:

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