

FREEHOLD **R**OYALTY **T**RUST

NEWS RELEASE

TSE: FRU.UN
CUSIP: 355904103

Freehold 2001 Income Tax Information

CALGARY, Alberta/February 14, 2002/CCN/ - Freehold Royalty Trust (“Freehold”) announces that cash distributions to Unitholders in 2001 were 38% taxable (“other income”) and 62% tax deferred (“return of capital”).

The following information is intended to assist individual Unitholders of Trust Units of Freehold Royalty Trust in the preparation of their 2001 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 2001 Individual Income Tax Return (“T1”). 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 38% of 2001 payments are taxable, with the remaining 62% 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”.

Record Date	Payment Date	Taxable Amount (Other Income)	Tax Deferred Amount (Return of Capital)	Total Distribution Paid
December 31, 2000	January 15, 2001	\$0.0380	\$0.0620	\$0.10
January 31, 2001	February 15, 2001	\$0.0380	\$0.0620	\$0.10
February 28, 2001	March 15, 2001	\$0.0760	\$0.1240	\$0.20
March 31, 2001	April 15, 2001	\$0.0380	\$0.0620	\$0.10
April 30, 2001	May 15, 2001	\$0.0380	\$0.0620	\$0.10
May 31, 2001	June 15, 2001	\$0.0874	\$0.1426	\$0.23
June 30, 2001	July 15, 2001	\$0.0456	\$0.0744	\$0.12
July 31, 2001	August 15, 2001	\$0.0456	\$0.0744	\$0.12
August 31, 2001	September 15, 2001	\$0.0646	\$0.1054	\$0.17
September 30, 2001	October 15, 2001	\$0.0456	\$0.0744	\$0.12
October 31, 2001	November 15, 2001	\$0.0380	\$0.0620	\$0.10
November 30, 2001	December 15, 2001	\$0.0380	\$0.0620	\$0.10
Total paid during the 2001 Taxation Year		\$0.5928	\$0.9672	\$1.56

- Registered Unitholders who received cash distributions during the calendar year 2001 from the Transfer Agent (and not from a broker or intermediary), will receive a “T3 Supplementary” slip directly from the Transfer Agent.
- Non-Registered Unitholders who received cash distributions during the calendar year 2001 from a broker or other intermediary, will receive a “T3 Supplementary” slip directly from their broker or intermediary, not from the Trust or the Transfer Agent.
- The deadline for mailing all T3 Supplementary information slips as required by Canada Customs and Revenue Agency is March 31, 2002.

Adjusted Cost Base for Capital Gains Purposes

The Adjusted Cost Base (“ACB”) is used in calculating capital gains or losses on the disposition of Trust Units. The Adjusted Cost Base is the original cost of the Trust Unit paid by the Unitholder (including purchase commissions), less any tax deferred distributions received by the Unitholder. Should a Unitholder’s Adjusted Cost Base reach zero during a taxation year, all subsequent cash distributions are to be reported as a capital gain in the year the distributions are received. That capital gain must be reported on Schedule 3 of your T1 return.

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, 2001 is \$5.1528 per Trust Unit, taking into account the return of capital of \$0.98 in 1997, \$0.85 in 1998, \$0.76 in 1999, \$1.29 in 2000, and \$0.9672 in 2001.

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
Website: www.freeholdtrust.com