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NEWS RELEASE

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Freehold Royalty Trust 2004 Income Tax Information

CALGARY, Alberta / February 18, 2005 /CCN/ - Freehold Royalty Trust ("Freehold") announces that for Canadian tax purposes, cash distributions paid to Unitholders in the 2004 taxation year were 68% taxable (other income) and 32% tax deferred (return of capital). A total of $1.71 per Trust Unit was distributed to Unitholders during the 2004 taxation year (January to December 2004).

The information contained herein is based on Freehold's 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 2004 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.

The tax-deferred portion of the distributions paid by Freehold is deemed a return **of** capital (i.e. a repayment of a portion of the initial investment) and the remainder is considered a return **on** capital (i.e. income). The calculation of return of capital and return on capital for the purposes of the Income Tax Act (Canada) does not represent an economic calculation of return of capital and return on capital. The allocation between these two streams is dependent upon the tax deductions that Freehold is entitled to claim against the income it earns from royalty income received from Freehold Resources Ltd. (the operating company) and income Freehold earns directly. The level of these tax deductions is primarily driven by COGPE (Canadian Oil and Gas Property Expense) representing the cost of acquiring the royalty from the operating company or Freehold's direct investment in revenue-producing property.

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 received distributions in that taxation year. The T3 slip will report only the other income component in Box 26. This income is taxed as ordinary income. The portion deemed return of capital reduces the Unitholder's adjusted cost base in the Units and should be included in the computation of capital gain (or loss) at the time of disposition (see "Adjusted Cost Base Calculation for Capital Gains Purposes").

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

Freehold Trust Units are qualified investments for registered plans such as a Registered Retirement Savings Plan (RRSP), Registered Retirement Income Fund (RRIF), Deferred Profit Sharing Plan (DPSP) or Registered Educational Savings Plan (RESP). Trust Units held inside such registered plans are completely tax-sheltered and no amounts are required to be reported on the 2004 T1 Income Tax Return.

Trust Units held outside of a Registered Plan

For cash distributions received by a Canadian resident outside of an RRSP, RRIF, DPSP, or RESP, 68% of 2004 cash distributions are taxable (other income). The amount reported in Box 26 on the T3 slip should be reported on the 2004 T1 Income Tax Return as "Other Income". The remaining 32% is tax deferred and deemed a return of capital as outlined in the following schedule.

2004 TAX INFORMATION

Record Date	Payment Date	Taxable Amount Box 26 (Other Income)	Tax-Deferred Amount (Return of Capital)	Total Cash Distribution Paid CDN $
December 31, 2003	January 15, 2004	$0.0680	$0.0320	$0.10
January 31, 2004	February 15, 2004	$0.0680	$0.0320	$0.10
February 29, 2004	March 15, 2004	$0.1156	$0.0544	$0.17
March 31, 2004	April 15, 2004	$0.0680	$0.0320	$0.10
April 30, 2004	May 15, 2004	$0.0680	$0.0320	$0.10
May 31, 2004	June 15, 2004	$0.1360	$0.0640	$0.20
June 30, 2004	July 15, 2004	$0.0680	$0.0320	$0.10
July 31, 2004	August 15, 2004	$0.0680	$0.0320	$0.10
August 31, 2004	September 15, 2004	$0.1700	$0.0800	$0.25
September 30, 2004	October 15, 2004	$0.0816	$0.0384	$0.12
October 31, 2004	November 15, 2004	$0.0816	$0.0384	$0.12
November 30, 2004	December 15, 2004	$0.1700	$0.0800	$0.25
Total paid during the 2004 Taxation Year		**$1.1628**	**$0.5472**	**$1.71**

The December 31, 2004 distribution was paid on January 15, 2005 (2005 taxation year) and is therefore not included in the 2004 T3 amounts.

The deadline for mailing all T3 Supplementary information slips as required by Canada Revenue Agency is March 31, 2005.

- Registered Unitholders who received cash distributions during the 2004 taxation year 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 received cash distributions during the taxation year 2004 from a brokerage firm or other intermediary will receive a "T3 Supplementary" slip directly from the brokerage firm or other intermediary, not from the Transfer Agent or Freehold.

Adjusted Cost Base Calculation for Capital Gains Purposes

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 (the tax-deferred portion of distributions received). **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, 2004 is $3.5284 per Trust Unit, taking into account the cumulative return of capital of $6.4716 as provided in the following table:

HISTORICAL TAX INFORMATION

Payment Period[1]	Taxable Amount (Other Income) Per Unit[2]	Tax Deferred Amount (Return of Capital) Per Unit[3]	Taxable Percentage	Tax Deferred Percentage	Total Cash Distribution for Tax Purposes Per Unit
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	0.0000	1.2900	0%	100%	1.29
1999	0.0000	0.7600	0%	100%	0.76
1998	0.0000	0.8500	0%	100%	0.85
1997	0.0000	0.9800	0%	100%	0.98
TOTAL	**$3.6884**	**$6.4716**			**$10.16**

1 For income tax purposes, only cash payments received in each calendar year are subject to Canadian income tax.
2 As at December 31, 2004, the Trust has the benefit of $161 million of income tax accounts to reduce the taxable portion of future distributions.
3 The tax-deferred amount reduces the adjusted cost base of a Unitholder's investment in the Trust.

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 for the tax treatment of distributions.

NR4 Summary and Slips

For the purposes of preparing the NR4 Return the amount of the distribution considered taxable for Canadian purposes 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

Monthly income distributions payable to non-residents of Canada are normally subject 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%.

Refund of Excess Part XIII Tax Withheld
The non-resident Unitholder will have been subject to tax withholdings in excess of that required based on the taxable portion of their distribution for Canadian purposes. A non-resident can apply for a refund of this excess tax paid by completing Form NR7-R, *Application of Refund of Non-Resident Tax Withheld*. This form has to be received by the Canada Revenue Agency ("CRA") no later than two years from the end of the calendar year in which the tax was remitted.

UNITED STATES TAX INFORMATION
FOR UNITHOLDERS RESIDENT IN THE UNITED STATES

For U.S. purposes only, Freehold is considered a corporation and therefore the full amount of the distribution is considered a dividend and 100% taxable under U.S. tax law.

U.S. tax rules state that no portion of the distribution will be considered a tax-deferred return of capital unless the trust computes its current and accumulated earnings and profits in accordance with U.S. income tax principles. **Because a current and accumulated earnings and profits calculation is not performed by Freehold at this time, distributions are 100% taxable to U.S. residents as a dividend. However, such dividends may be eligible for the lower U.S. tax rate allowed on dividends from certain foreign corporations. Please consult your U.S. tax advisor.**

The U.S. Jobs and Growth Tax Relief Reconciliation Act of 2003 (the "Act") was signed into law on May 28, 2003. The Act effectively reduces the U.S. federal income tax rate on qualified dividend income, received January 1, 2003 through December 31, 2008, to a maximum of 15%. Qualified dividend income is defined as dividends received during the taxation year from domestic U.S. corporations and "qualified foreign corporations". The term "qualified foreign corporation" excludes, among other things, a passive foreign investment company ("PFIC"). Therefore, dividends from a PFIC are not eligible for the above-noted lower rate of tax. Based on legal and tax advice obtained by Freehold, as the majority of Freehold's revenue is derived from non-operated royalty interests, Freehold may be considered a PFIC for U.S. tax purposes and therefore may not be a qualified foreign corporation for U.S. federal income tax purposes under the Act. As such, our distributions may not be eligible for the lower U.S. tax rate outlined above.

In the case of the Tax Treaty between Canada and the U.S., the withholding tax for U.S. residents is prescribed at 15%. U.S. taxpayers may be eligible for a foreign tax credit with respect to the Canadian withholding taxes paid. U.S. investors should seek a refund of Canadian withholding tax related to amounts withheld on non-taxable distributions (from a Canadian tax perspective) from Canada Revenue Agency by filing Form NR7-R, Application for Refund of Non-Resident Tax Withheld. Under this circumstance, these taxes should not be claimed as a credit against any U.S. tax liability.

2004 DISTRIBUTIONS IN US DOLLARS				
Record Date	**Payment Date**	**Total Distribution Paid in CDN$**	**US Exchange Rate**	**Total Distribution Paid in US$**
December 31, 2003	January 15, 2004	$0.10	1.2924	$0.077375
January 31, 2004	February 15, 2004	$0.10	1.3264	$0.075392
February 29, 2004	March 15, 2004	$0.17	1.3401	$0.126856
March 31, 2004	April 15, 2004	$0.10	1.3105	$0.076307
April 30, 2004	May 15, 2004	$0.10	1.3707	$0.072955
May 31, 2004	June 15, 2004	$0.20	1.3634	$0.146692
June 30, 2004	July 15, 2004	$0.10	1.3404	$0.074605
July 31, 2004	August 15, 2004	$0.10	1.3292	$0.075233
August 31, 2004	September 15, 2004	$0.25	1.3167	$0.189869
September 30, 2004	October 15, 2004	$0.12	1.2639	$0.094944
October 31, 2004	November 15, 2004	$0.12	1.2207	$0.098304
November 30, 2004	December 15, 2004	$0.25	1.1904	$0.210013
Total paid during the 2004 Taxation Year		**$1.71**		**$1.318546**

The December 31, 2004 distribution was paid on January 15, 2005 (2005 taxation year) and is therefore not included in the 2004 NR4 amounts.

- Distributions are considered a dividend for tax reporting purposes.
- Registered Unitholders will receive a form NR4 from the Transfer Agent, Computershare Trust Company of Canada.
- Non-registered Unitholders (units held by a brokerage firm or other intermediary) will receive a form NR4 from the brokerage firm or other intermediary.

For more information on taxation please contact:

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