

March 22, 2010

Freehold Royalty Trust 2009 Income Tax Information for U.S. Investors

Freehold's 2009 Income Tax Information for U.S. Investors is filed on Freehold's website at www.freeholdtrust.com. For Trust Units held outside a qualified retirement plan, 100% of the distributions should be reported as ordinary dividends unless the Unitholder elects to treat Freehold as a Qualified Electing Fund (see below), in which case the Unitholder's share of income should be reported as ordinary income.

U.S. Income Tax Information

This information is being provided to assist U.S. individual unitholders ("Unitholders") of Freehold Royalty Trust ("Freehold") in reporting distributions received from Freehold during 2009 on their Internal Revenue Service ("IRS") Form 1040, *U.S. Individual Income Tax Return* ("Form 1040") and IRS Form 8621, *Return by a Shareholder of a Passive Foreign Investment Company of Qualified Electing Fund* ("Form 8621").

This summary is of a general nature only and is not intended to be legal or tax advice to any particular Unitholder or potential Unitholder of Freehold Trust Units. Unitholders or potential Unitholders of Freehold Trust Units are strongly advised to consult their own legal and tax advisors as to their particular tax consequences of holding Freehold Trust Units.

Freehold has not received an IRS letter ruling or a tax opinion from its tax advisors on these matters.

Passive Foreign Investment Company

In consultation with its U.S. tax advisors, Freehold believes that it should be classified as a passive foreign investment company ("PFIC") under U.S. federal income tax principles. As such, distributions made during 2009 are subject to the provisions of U.S. federal income taxation applicable to PFICs.

Qualified dividend income, received through December 31, 2010, is subject to a maximum tax rate 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. As the majority of Freehold's revenue is derived from non-operated royalty interests, Freehold should be considered a PFIC for U.S. tax purposes and therefore would not be a qualified foreign corporation for U.S. federal income tax purposes. As such, our distributions are not eligible for the lower U.S. tax rate outlined above.

Qualified Electing Fund Regime

Freehold, in order to allow Unitholders the ability to make a QEF election, posts annually a PFIC Annual Information Statement on its website at www.freeholdtrust.com. Unitholders should contact their own tax advisors for information on correctly completing Form 8621. This information is not available from Freehold.

Form 1099-DIV “Dividends and Distributions”

U.S. individual Unitholders who hold their Freehold Trust Units through a stockbroker or other intermediary should receive tax reporting information from their stockbroker or other intermediary. We expect that the stockbroker or other intermediary will issue a Form 1099-DIV, “Dividends and Distributions” or a substitute form developed by the stockbroker or other intermediary. Freehold is not required to furnish such Unitholders with Form 1099-DIV. Information on the Forms 1099-DIV issued by the brokers or other intermediaries may not accurately reflect the information in Freehold’s summary for a variety of reasons. Investors should consult their brokers and tax advisors to ensure that the information presented here is accurately reflected on their tax returns. Brokers and/or intermediaries may not be required to issue amended Forms 1099-DIV.

For more information on taxation please contact:

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