

NEWS RELEASE

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Freehold Royalty Trust Announces 2007 Third Quarter Results

CALGARY, ALBERTA, (CCNMatthews – November 7, 2007) – Freehold Royalty Trust (Freehold or the Trust) (TSX:FRU.UN) today announced third quarter results for the period ended September 30, 2007.

THIRD QUARTER HIGHLIGHTS

- Revenue was \$37 million, down 3% from the third quarter of 2006.
- Production averaged 8,219 barrels of oil equivalent (boe) per day, down 1% quarter over quarter.
- Price realizations averaged \$48.28 per boe, 1% lower than the third quarter a year ago.
- Operating netback was \$43.65 per boe, down 3% from last year.
- Funds generated from operations decreased 6% to \$30 million (\$0.61 per Trust Unit).
- Distributions declared in the third quarter amounted to \$0.45 per Trust Unit, down 17% quarter over quarter.
- Completed two previously announced acquisitions of royalty interests for \$90 million net of adjustments.

The next regular monthly distribution of \$0.15 per Trust Unit will be paid on December 15, 2007, to Unitholders of record on November 30, 2007 (ex-distribution date November 28, 2007). In addition, the Board of Directors has declared an additional payment of \$0.12 per Trust Unit to be paid on December 15, 2007, to Unitholders of record on November 30, 2007 (ex-distribution date November 28, 2007). The additional payment is based on expected excess cash in 2007 due to high commodity prices and higher production volumes as a result of recently completed acquisitions. The \$0.12 payment will be made concurrently with the regular \$0.15 monthly distribution payable to Unitholders on December 15, 2007. Including the December 15, 2007 payments, 12-month trailing cash distributions total \$1.92 per Trust Unit.

Results at a Glance	Three Months Ended			Nine Months Ended		
	September 30			September 30		
	2007	2006	Change	2007	2006	Change
Financial (\$000s, except as noted)						
Gross revenue	36,931	37,994	-3%	111,951	110,853	1%
Operating income	33,005	34,439	-4%	98,384	101,421	-3%
Net income (loss)	12,487	12,728	-2%	(20,259)	35,636	-157%
Per Trust Unit, basic and diluted (\$)	0.25	0.26	-4%	(0.41)	0.73	-156%
Funds generated from operations	29,907	31,692	-6%	88,417	92,455	-4%
Per Trust Unit (\$)	0.61	0.65	-6%	1.80	1.88	-4%
Capital expenditures	1,960	4,649	-58%	8,266	7,680	8%
Distributions declared	22,165	26,521	-16%	66,449	79,506	-16%
Per Trust Unit (\$) ⁽¹⁾	0.45	0.54	-17%	1.35	1.62	-17%
Long-term debt, period end	179,000	98,000	83%	179,000	98,000	83%
Unitholders' equity, period end	259,562	357,963	-27%	259,562	357,963	-27%
Trust Units (000s) ⁽²⁾	49,246	49,103	—	49,211	49,068	—
Operating						
Average daily production (boe/d)	8,219	8,335	-1%	8,448	8,445	—
Average price realizations (\$/boe)	48.28	48.95	-1%	47.96	47.61	1%
Operating netback (\$/boe)	43.65	44.92	-3%	42.66	43.99	-3%

(1) Based on the number of Trust Units issued and outstanding at each record date.

(2) Weighted average number of Trust Units outstanding during the period, basic.

Freehold is pleased to report its operating and financial results for the third quarter and first nine months of 2007. Although overall industry drilling declined 4% in the third quarter, the number of wells drilled on our royalty lands rose 5%. Operating netbacks remained strong, at \$43.65 per boe, despite lower natural gas prices, higher heavy oil differentials, and a stronger Canadian dollar.

Net income for the third quarter was down 2% to \$12.5 million. For the first nine months of the year, net income was reduced to a loss of \$20.3 million (\$0.41 per Trust Unit) with the recording of a non-cash future income tax expense in the second quarter related to the substantive enactment of the trust taxation legislation. With the passing of Bill C-52 by the Senate in June 2007, the Canadian trust taxation legislation has now become law. While Freehold will not be subject to the tax until 2011, we have recorded an additional future income tax expense of \$53.4 million for the year. This provision is a non-cash expense relating to temporary differences between accounting versus tax depreciation rates: it is an accounting entry and has no current impact on our cash flows or our cash available for distribution.

ROYALTY ACQUISITIONS

We continue to pursue acquisition opportunities that support our strategy of acquiring royalty interests. During the third quarter, we completed two royalty acquisitions that will increase production in the fourth quarter by about 9%. This production receives high netbacks as there are no associated operating and capital costs or third party royalty expenses. The acquisitions totalled \$90 million net of adjustments and were funded through Freehold's credit facilities, which have been increased to \$210 million. As a result, our long-term debt at the end of the third quarter was \$179 million, equal to 1.4 times our cash flow for the last twelve months. While this ratio is below average for our peer group, we believe that having a strong balance sheet provides maximum flexibility for future transactions. Therefore, we plan to reduce debt as we are able with cash available after funding monthly distributions, reclamation fund contributions, and capital expenditures.

REVIEW OF ALBERTA ROYALTY AND TAX REGIME

On October 25, 2007, the Government of Alberta announced its "New Royalty Framework" for Crown oil and gas royalty policy. The new royalty regime, which takes effect January 1, 2009, will be a sliding scale formula based on both commodity prices and well productivity. Overall, the government accepted many of the changes proposed by the Alberta Royalty Review Panel on September 18, 2007, for conventional assets, with some modifications to consider the maturity of conventional reserves and to reflect the growing importance of unconventional oil and gas resources. The government did not accept the recommendation to increase the freehold mineral tax, but did announce it will review the freehold mineral rights tax to ensure it is fulfilling its intended objective; that is, to cover the province's costs of administering the regulatory system.

The royalty rate changes will see the oil and gas industry paying higher Alberta Crown royalties beginning in 2009, which will have a negative impact on producers' future cash flows generated after the new regime takes effect. However, we expect to see little impact on Freehold's current producing wells, given the mature nature of most of our producing assets. As well, the new royalty rates will only apply to our working interest production on Alberta Crown lands, which is about 900 boe per day or 11% of our total production. Our royalty interest production in Alberta is not affected.

INCOME TRUST TAXATION

Just over one year ago, the federal government unexpectedly announced its plan to impose a tax on distributions from publicly-traded income trusts beginning January 1, 2011. We continue to analyze the various alternative structures available to us although further clarification of the implementation of new rules is still needed. As such, we have no plans to convert from our current structure at this time. We continue to see value for our Unitholders over the next three years, during which time cash distributions will remain protected from taxes at the corporate level. Instead, we intend to focus on the successful execution of our business strategy. We remain committed to maximizing sustainable cash distributions over the long term by actively managing our large portfolio oil and gas royalty interests, successfully developing our working interest properties to sustain production and extend reserve life, and acquiring appropriate assets to provide long-term growth in the value of the Trust.

OUTLOOK

With our recent acquisitions contributing to our results in the fourth quarter, production should average 8,550 boe per day (8,450 boe per day for the year) while we expect production in 2008 to average 8,200 boe per day due to natural production declines. Additional opportunities on our working interest properties has led us to increase our capital budget for 2007 by \$2.5 million to \$12.0 million – the largest capital program in our history. The 26% increase is due to partner activity, primarily in Southeast Saskatchewan, where recent drilling successes have identified additional infill opportunities. Consequently, our capital spending in the fourth quarter will be approximately \$3.7 million. In 2008, capital expenditures on our working interest properties are anticipated to be \$10.6 million.

To date in the fourth quarter, WTI crude oil prices have reached record highs with supply struggling to keep pace with demand growth. At the same time, the Canadian dollar has moved past parity with the U.S. dollar, reducing Canadian dollar realizations. Mild weather has moderated natural gas demand, and the markets have been kept well supplied by liquefied natural gas imports and an active land drilling program in the United States. As a result, natural gas storage levels are above the five year average as the winter heating season begins.

While the regular monthly distribution remains fixed at \$0.15 per Trust Unit, distributions for 2007 are expected to total \$1.92 per Trust Unit. This includes an additional payment of \$0.12 per Trust Unit to be paid on December 15, 2007. The additional payment is based on expected excess cash in 2007 due to high commodity prices and higher production volumes in the fourth quarter as a result of recently completed acquisitions.

Looking ahead to 2008, we anticipate that geopolitical uncertainty and strong global demand growth will keep crude oil prices high, while storage levels and weather will be the key demand factors for natural gas prices.

In western Canada, drilling activity is anticipated to decline further in response to weak natural gas markets, high operating costs, and the strength of the Canadian dollar. As well, the new Alberta Crown royalty structure could significantly change the economics of future exploration and development activities in the Province of Alberta. A dramatic reduction in industry drilling would likely be reflected on our royalty lands, but it is too early to say what the potential impact might be on Freehold's future production and reserves. There are currently 98 (11.1 equivalent net) licensed drilling locations on our royalty lands, compared with 88 (6.7 equivalent net) locations at this time last year. Considering the current industry slowdown, we are very encouraged by this evidence of ongoing development potential on our royalty lands.

AVAILABILITY ON SEDAR

Freehold's third quarter report, including unaudited financial statements and Management's Discussion & Analysis, is being filed today with Canadian securities regulators and will be available on SEDAR at www.sedar.com or on our website.

FORWARD-LOOKING STATEMENTS

This news release offers our assessment of Freehold's future plans and operations as at November 7, 2007, and contains forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond our control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, taxation, royalties, regulation, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility, and our ability to access sufficient capital from internal and external sources. Risks are described in more detail in our Annual Information Form, which is available on our website. You are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Our actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements. We can give no assurance that any of the events anticipated will transpire or occur, or if any of them do, what benefits we will derive from them. Except as required by law, we do not undertake to update these forward-looking statements.

CONVERSION OF NATURAL GAS TO OIL EQUIVALENT

To provide a single unit of production for analytical purposes, natural gas production and reserves volumes are converted mathematically to equivalent barrels of oil (boe). We use the international standard conversion of six thousand cubic feet of natural gas to one barrel of oil (6 Mcf = 1 bbl). The 6:1 boe ratio approximates an equivalent energy value at the burner tip and does not represent a value equivalency at the wellhead. While it is useful for comparative measures, it may not accurately reflect individual product values and may be misleading if used in isolation.

NON-GAAP MEASURES

Within this news release, references are made to terms commonly used in the oil and gas industry as key performance indicators. We believe that operating income, netback, and funds generated from operations are useful supplemental measures to analyze operating performance, leverage and liquidity. However, these terms do not have any standardized meanings prescribed by GAAP and therefore may not be comparable with the calculations of similar measures for other entities.

Operating income, which is gross revenue less royalty expense and operating expense, represents the results of operations before general and administrative, interest, taxes and depletion, accretion and management fees. Operating netback, which is calculated as average unit sales price less royalties and operating expenses; and investor netback, which deducts administrative and interest expense and income and capital taxes, represent the cash margin for product sold, calculated on a per boe basis. Funds generated from operations is a key measure of our ability to generate cash, finance operations, and pay monthly distributions. Funds generated from operations as presented is not intended to represent operating cash flow or operating profits for the period nor should it be viewed as an alternative to cash provided by operating activities, net income or other measures of financial performance calculated in accordance with Canadian GAAP. All references to funds generated from operations throughout this report are based on cash provided by operating activities before changes in non-cash working capital as per the Statement of Cash Flows. Funds generated from operations per Trust Unit is calculated based on the weighted average number of Trust Units outstanding consistent with the calculation of net income per Trust Unit.

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