

NEWS RELEASE

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Freehold Royalty Trust 2003 Income Tax Information

CALGARY, Alberta / February 13, 2004 /CCN/ - Freehold Royalty Trust (“Freehold”) announces that for Canadian tax purposes, cash distributions paid to Unitholders in the 2003 taxation year were 69% taxable (“other income”) and 31% tax deferred (“return of capital”).

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.

FOR CANADIAN TAXPAYERS

The following information is intended to assist individual Canadian Unitholders of Freehold in the preparation of their 2003 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.

Trust Units held outside of a Registered Plan

For cash distributions received by a Canadian resident outside of an RRSP, RRIF, DPSP, or RESP, 69% of 2003 cash distributions are taxable (“other income”). The amount reported in Box 26 on the T3 slip should be reported on the 2003 T1 Income Tax Return as “Other Income”. The remaining 31% is tax deferred and deemed a return of capital as outlined in the following schedule.

2003 TAX INFORMATION				
Record Date	Payment Date	Taxable Amount Box 26 (Other Income)	Tax-Deferred Amount (Return of Capital)	Total Cash Distribution Paid
December 31, 2002	January 15, 2003	\$0.0690	\$0.0310	\$0.10
January 31, 2003	February 15, 2003	\$0.0690	\$0.0310	\$0.10
February 28, 2003	March 15, 2003	\$0.1380	\$0.0620	\$0.20
March 31, 2003	April 15, 2003	\$0.0690	\$0.0310	\$0.10
April 30, 2003	May 15, 2003	\$0.0690	\$0.0310	\$0.10
May 31, 2003	June 15, 2003	\$0.2070	\$0.0930	\$0.30
June 30, 2003	July 15, 2003	\$0.0690	\$0.0310	\$0.10
July 31, 2003	August 15, 2003	\$0.0690	\$0.0310	\$0.10
August 31, 2003	September 15, 2003	\$0.1380	\$0.0620	\$0.20
September 30, 2003	October 15, 2003	\$0.0690	\$0.0310	\$0.10
October 31, 2003	November 15, 2003	\$0.0690	\$0.0310	\$0.10
November 30, 2003	December 15, 2003	\$0.1380	\$0.0620	\$0.20
Total paid during the 2003 Taxation Year		\$1.1730	\$0.5270	\$1.70

The deadline for mailing all T3 Supplementary information slips as required by Canada Revenue Agency is March 30, 2004.

- Registered Unitholders who received cash distributions during the 2003 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 2003 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, 2003 is \$4.0756 per Trust Unit, taking into account the cumulative return of capital of \$5.9244 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
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

1 For income tax purposes, only cash payments received in each calendar year are subject to Canadian income tax.

2 As at December 31, 2003, the Trust has the benefit of \$167 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. A more detailed list of historical distributions (showing record dates, payment dates and tax treatment) can be obtained from Freehold's Website, www.freeholdtrust.com, or by contacting Freehold directly.

FOR FOREIGN TAXPAYERS

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.

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.

Tax Considerations for U.S. Residents

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 may also 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.

Freehold has not made an election to be treated as a Partnership and is therefore deemed to be a Corporation for U.S. tax purposes.

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.**

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.

2003 DISTRIBUTIONS IN U.S. DOLLARS

RECORD DATE	PAYMENT DATE	Total Distribution Paid in CDN\$	U.S. Exchange Rate	Total Distribution Paid in US\$
December 31, 2002	January 15, 2003	\$0.10	1.5796	\$0.063307
January 31, 2003	February 15, 2003	\$0.10	1.5215	\$0.065725
February 28, 2003	March 15, 2003	\$0.20	1.4871	\$0.134490
March 31, 2003	April 15, 2003	\$0.10	1.4693	\$0.068060
April 30, 2003	May 15, 2003	\$0.10	1.4335	\$0.069759
May 31, 2003	June 15, 2003	\$0.30	1.3708	\$0.218850
June 30, 2003	July 15, 2003	\$0.10	1.3553	\$0.073784
July 31, 2003	August 15, 2003	\$0.10	1.4073	\$0.071058
August 31, 2003	September 15, 2003	\$0.20	1.3851	\$0.144394
September 30, 2003	October 15, 2003	\$0.10	1.3504	\$0.074052
October 31, 2003	November 15, 2003	\$0.10	1.3197	\$0.075775
November 30, 2003	December 15, 2003	\$0.20	1.2973	\$0.154166
Total paid during the 2003 Taxation Year		\$1.70		\$1.213421

For more information on taxation please contact:

Brian Brockman
 Manager, Tax and Financial Planning
 Freehold Royalty Trust
 Phone: (403) 221-0856
 Toll-free: 1-888-257-1873
 Email: ir@freeholdtrust.com
 Website: www.freeholdtrust.com