

February 19, 2008

## Freehold Royalty Trust Announces 2007 Income Tax Information for Canadian Investors

Canada Revenue Agency (CRA) Account Number: T16-5701-42  
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The information contained herein is based on Freehold Royalty Trust's (Freehold or the Trust) 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 2007 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.

#### 2007 Taxability Information

A total of \$1.92 per Trust Unit was paid or payable to Unitholders in respect of 2007.

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 was entitled to distributions for the year. The following table outlines the breakdown of cash distributions per Trust Unit paid or payable in respect of 2007.

CANADIAN TAX INFORMATION 2007		Taxable Amount		Total
Record Date	Payment Date	Box 26 Other Income (Cdn\$ per Unit)	Box 42 Return of Capital (Cdn\$ per Unit)	Distribution Paid/Payable (Cdn\$ per Unit)
January 31, 2007	February 15, 2007	\$0.1361	\$0.0139	\$0.1500
February 28, 2007	March 15, 2007	\$0.1361	\$0.0139	\$0.1500
March 31, 2007	April 15, 2007	\$0.1361	\$0.0139	\$0.1500
April 30, 2007	May 15, 2007	\$0.1361	\$0.0139	\$0.1500
May 31, 2007	June 15, 2007	\$0.1361	\$0.0139	\$0.1500
June 30, 2007	July 15, 2007	\$0.1361	\$0.0139	\$0.1500
July 31, 2007	August 15, 2007	\$0.1361	\$0.0139	\$0.1500
August 31, 2007	September 15, 2007	\$0.1361	\$0.0139	\$0.1500
September 30, 2007	October 15, 2007	\$0.1361	\$0.0139	\$0.1500
October 31, 2007	November 15, 2007	\$0.1361	\$0.0139	\$0.1500
November 30, 2007	December 15, 2007	\$0.2451	\$0.0249	\$0.2700 <sup>1</sup>
December 31, 2007	January 15, 2008	\$0.1361	\$0.0139	\$0.1500
<b>Total paid/payable for the 2007 taxation year</b>		<b>\$1.7426</b>	<b>\$0.1774</b>	<b>\$1.9200</b>

<sup>1</sup> Includes an additional \$0.12 representing excess funds in 2007.

### 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 2007 T1 Income Tax Return.

### Trust Units held outside of a Registered Plan

For Canadian residents who hold Trust Units outside of an RRSP, RRIF, DPSP or RESP, 91% of the amounts are taxable as income, with the remaining 9% being a return of capital.

The deadline for mailing all T3 Supplementary information slips as required by Canada Revenue Agency is March 31, 2008.

- Registered Unitholders who were entitled to distributions for 2007 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 were entitled to distributions for 2007 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. **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, 2007 is \$3.105 per Trust Unit, taking into account the cumulative return of capital of \$6.859 as provided in the following table:

#### HISTORICAL TAX INFORMATION

Year	Taxable Amount Other Income (Cdn\$ per Unit)	Return of Capital (Cdn\$ per Unit)	Taxable Percentage	Return of Capital Percentage	Distribution for Tax Purposes Per Unit
2007	\$1.7426	\$0.1774	91%	9%	\$1.92
2006	1.8900	0.2100	90%	10%	2.10
2005	2.0400	0.0000	100%	0%	2.04
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
<b>TOTAL</b>	<b>\$9.3610</b>	<b>\$6.8590</b>			<b>\$16.22</b>

## **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 is 91% taxable for Canadian purposes and 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**

Distributions paid or payable to non-residents of Canada are subject on the date of payment 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%.

The amount of Canadian tax withheld should be reported on Form 1116, "Foreign Tax Credit (individual, Estate, or Trust)". Information regarding the amount of Canadian tax withheld in 2007 should be determined from your own records and is not available from Freehold. Amounts over withheld, if any, from Canada should be claimed as a refund from the Canada Revenue Agency no later than two years after the calendar year in which the payment was paid.

## **CANADIAN TAX INFORMATION FOR UNITHOLDERS RESIDENT IN THE U.S.**

Based on the nature of our assets, our distributions are not "qualified dividends" for U.S. tax purposes. Freehold prepares an earnings and profit calculation to determine taxability for U.S. Unitholders. Please refer to Freehold's 2007 Income Tax Information for U.S. Investors and the Annual PFIC (Passive Foreign Investment Company) Statement. This information will be posted on Freehold's website at [www.freeholdtrust.com](http://www.freeholdtrust.com) or can be obtained by contacting Freehold's Investor Relations department.

For more information on taxation please contact:

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