

## NEWS RELEASE

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### Freehold Royalty Trust Income Tax Information for U.S. Residents

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**CALGARY, Alberta / August 11, 2004 /CCN/** - Freehold Royalty Trust announces income tax information for U.S. residents.

A recent analysis of our Unitholders indicates that U.S. residents are beneficial owners of approximately 18% of our issued and outstanding Trust Units.

The following information is provided for general information only. Unitholders should consult their own legal and tax advisors regarding their individual tax consequences.

As reported in our February 13, 2004 press release, Freehold has not made an election to be treated as a partnership and should therefore be deemed to be a corporation for U.S. federal income 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. tax principles. Because a current and accumulated earnings and profits calculation has not been performed by Freehold at this time, distributions are 100% taxable to U.S. residents as a dividend.

As non-residents of Canada, U.S. residents are generally subject to a 15% Canadian withholding tax on trust distributions and may be eligible for a foreign tax credit for this amount against their U.S. federal income tax liability.

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 recent 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 would not be a qualified foreign corporation for U.S. federal income tax purposes. As such, our distributions would not be eligible for the lower U.S. tax rate outlined above.

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  
Fax: (403) 221-0888  
Email: [ir@freeholdtrust.com](mailto:ir@freeholdtrust.com)  
Website: [www.freeholdtrust.com](http://www.freeholdtrust.com)