Freehold
ROYALTY TRUST

400, 144 – 4TH AVENUE S.W.
CALGARY, ALBERTA T2P 3N4
TELEPHONE: 403 . 221 . 0802
FAX: 403 . 221 . 0888

NEWS RELEASE

TSX: FRU.UN
CUSIP: 355904103

Freehold Royalty Trust Announces 2006 Fourth Quarter and Year End Results and 2006 Year End Reserves

CALGARY, ALBERTA, (CCNMatthews – February 28, 2007) – Freehold Royalty Trust (Freehold or the Trust) (TSX:FRU.UN) today announced fourth quarter and full year results for the period ended December 31, 2006.

FOURTH QUARTER HIGHLIGHTS

- Production averaged 8,313 barrels of oil equivalent (boe) per day, down 5% from the fourth quarter of 2005.
- Price realizations averaged $41.44 per boe, 25% lower than a year ago.
- Operating netback averaged $38.57 per boe, down 25% from the same period last year.
- Funds generated from operations were $0.56 per Trust Unit, down 29% from the fourth quarter of 2005.
- Distributions declared in the fourth quarter totalled $0.48 per Trust Unit, 25% lower than last year.
- Proved plus probable net reserves declined 8% to 28.0 million boe at December 31, 2006.
- Reserve additions of 1.5 million boe replaced 49% of annual production at an average cost of $9.38 per boe.
- At forecast 2007 production levels, our reserve life index is 9.6 years.

The regular monthly distribution remains fixed at $0.15 per Trust Unit until further notice. Production levels, operating costs and other expenses remain in line with our expectations and the Trust's financial condition is healthy.

Results at a Glance	Three Months Ended December 31			Twelve Months Ended December 31		
	2006	2005	Change	**2006**	2005	Change
Financial ($000s, except as noted)						
Gross revenue	**32,214**	44,555	-28%	**143,067**	136,914	4%
Operating income	**29,506**	41,452	-29%	**130,927**	126,793	3%
Net income	**9,545**	18,747	-49%	**45,181**	58,346	-23%
Per Trust Unit, basic and diluted ($)	**0.19**	0.38	-50%	**0.92**	1.36	-32%
Funds generated from operations	**27,394**	38,694	-29%	**119,849**	118,034	2%
Per Trust Unit ($)	**0.56**	0.79	-29%	**2.44**	2.76	-12%
Property and royalty acquisitions	—	—	—	**5,382**	351,705	-98%
Development expenditures (1)	**3,766**	1,631	131%	**11,446**	7,982	43%
Distributions declared	**23,594**	31,366	-25%	**103,100**	84,810	22%
Per Trust Unit ($) (2)	**0.48**	0.64	-25%	**2.10**	1.92	9%
Long-term debt	**100,000**	107,000	-7%	**100,000**	107,000	-7%
Unitholders' equity	**344,448**	399,471	-14%	**344,448**	399,471	-14%
Operating						
Average daily production (boe/d)	**8,313**	8,739	-5%	**8,412**	7,636	10%
Average price realizations ($/boe)	**41.44**	54.95	-25%	**46.07**	48.53	-5%
Operating netback ($/boe)	**38.57**	51.56	-25%	**42.64**	45.49	-6%

(1) Capital expended relates to working interest properties.
(2) Based on the number of Trust Units issued and outstanding at each record date.

In the fourth quarter of 2006, Freehold declared distributions of $23.6 million, or $0.48 per Trust Unit, representing 86% of funds generated from operations. Distributions for the full year reached a record $2.10 per Trust Unit; however, fourth quarter distributions were down 25%, mainly due to a 25% decline in realized prices compared with the fourth quarter of 2005.

COMMODITY PRICES

While West Texas Intermediate oil prices were flat quarter-over-quarter, natural gas prices were 46% lower than the fourth quarter of 2005. In 2005, prices spiked in the fourth quarter with the temporary loss of supply following hurricanes Katrina and Rita in the Gulf of Mexico. Since the beginning of 2006, however, natural gas prices have weakened from the record highs of 2005 and gas storage levels remain above the five year average. Longer-term, industry fundamentals remain positive; however, ample inventories, a mild winter, and a slowing U.S. economy could further depress commodity prices in the near-term. Of particular relevance for Freehold are the markets for heavy oil and prices for the benchmark Bow River/Hardisty stream, which is a close proxy for our average oil realizations. In March 2006, new pipeline access expanded the market for Alberta heavy oil, and we benefited from a significant narrowing of the price spread in 2006.

The commodity price fluctuations we have witnessed throughout 2006 serve to reinforce that our cash flows, and thus our distributions, are largely dependent on supply and demand factors that are beyond our control. Due to the unpredictable nature of commodity markets, we continue to believe our ‘no hedging’ policy is the right strategy for Freehold.

RESERVES AND LAND VALUES

Our 2006 capital program was successful in adding low-cost reserves. We spent $16.8 million on development activities and acquisitions, adding 1.5 million boe of net proved plus probable reserves at an average cost of $9.38 per boe. While these activities replaced only 49% of our 2006 production, they produced a very profitable recycle ratio of 4.5, contributing to a three-year average recycle ratio of 1.8. Our oil and gas reserves were independently evaluated as at December 31, 2006, with reserves assigned to 20,488 wells. Net proved plus probable reserves declined 8% year-over-year. Technical revisions reduced proved plus probable reserves by 1.0 million boe. These revisions resulted from changes in the producing characteristics of a large number of properties. Two thirds of the affected properties were oil, the majority of which were in heavy oil areas of Alberta and Saskatchewan. Our calculated reserve life index is 9.6 years, compared with 9.9 years at the end of 2005.

At December 31, 2006, our land holdings encompassed 2.1 million gross acres. Our undeveloped land, totalling 598,235 gross acres, was independently valued at $19.4 million. The present value of our net proved plus probable oil and gas reserves, discounted at 10%, was $636.3 million, contributing to a net asset value of $11.74 per Trust Unit.

DRILLING ACTIVITY

Industry wide, just over 22,000 wells were completed in western Canada during 2006, up 1% from 2005. We anticipate that lower commodity prices will reduce drilling activity in 2007, particularly in natural gas regions. Drilling has already shifted to more oil-weighted targets as lower natural gas prices have made the economics of shallow gas and coal bed methane activity less attractive for producers. Nonetheless, industry activity in western Canada, particularly in the oil sands, remains robust and the demand for people and oilfield services is unprecedented. The oil and gas industry continues to experience higher costs, as well as a severe shortage of experienced professionals and skilled tradespeople.

Drilling on Freehold’s lands was down from 2005’s record, although 2006 was still the second best year in our 10-year history with 851 gross (26.2 equivalent net) wells drilled on our lands. Of note, there are currently 119 (6.1 equivalent net) licensed drilling locations on our royalty lands, up from 92 (4.6 equivalent net) locations at this time last year. The higher number of drilling licences is evidence of the ongoing development potential of our royalty lands.

DISTRIBUTION GUIDANCE

Our distribution guidance for 2007 remains unchanged at $1.80 per Trust Unit based on monthly distributions of $0.15 per Trust Unit. We will continue to monitor prices and activity levels closely, and our guidance will be reviewed and updated quarterly.

PROPOSED FEDERAL TAX CHANGES

On October 31, 2006, the Minister of Finance surprised the market by announcing the federal government's intention to impose a tax on the cash distributions of income trusts by 2011. The announcement reflects a fundamental shift in the tax system and departs from the government's earlier commitment to leave the tax rules for income trusts unchanged.

In the days after the announcement, nearly $35 billion of Canadians' wealth was destroyed. We believe there was absolutely no need to penalize existing trusts to prevent future conversions. Freehold Royalty Trust is a member of the Canadian Association of Income Funds (www.caif.ca) and part of the Coalition of Canadian Energy Trusts (www.canadianenergrytrusts.ca). Through these organizations, we are continuing to express our concerns and objections to the federal government regarding the proposed income trust tax changes in order to realize a better solution than what is currently being proposed.

Income trusts comprise a significant portion of the public issuers in Canada, and trusts provide an important income stream for individuals, especially retirees and those planning retirement. We urge our Unitholders to contact the Canadian government to ensure that their voices are also heard in this important issue. We also encourage our Unitholders to become members of the Canadian Association of Income Trust Investors (www.caiti.info). This organization has been formed with a mission to preserve the ongoing viability and sustainability of the Canadian income trust market and is an effective vehicle through which individual investors can voice their opinions regarding trust taxation.

Assuming the proposed changes are enacted, the new tax will apply to our distributions starting in 2011, which is expected to result in adverse tax consequences to Freehold and certain Unitholders (including most particularly Unitholders that are tax deferred or non-residents of Canada). In the coming months, we will examine our strategy to determine what changes are required, if any, to continue to provide the best possible return for our Unitholders. However, greater clarity on the new rules is needed and a great deal of analysis is required within the legal and tax communities before we will make any decisions. In the meantime, we have been given a four-year grace period before the new tax will apply, and the fundamentals of our business remain strong. The proposed limits on cumulative increases in equity capital (40% in 2007 and 20% in each of the subsequent three years) will not significantly limit our near-term growth opportunities.

OUR TENTH ANNIVERSARY

We celebrated the tenth anniversary of the Trust on November 25, 2006. Over the past decade, we have funded 100% of our development expenditures, financed our minor acquisitions, and maintained a very conservative balance sheet by paying down debt. These results were accomplished even though we distributed 82% of cash flow to our Unitholders. To date, we have returned $14.30 per Trust Unit in cumulative distributions, yielding a total return (distributions reinvested) of 423%.

Our royalty interests have helped us to deliver this strong performance and, despite the uncertainty caused by the proposed tax changes, we look forward to continuing to provide our Unitholders with solid investment returns for many years to come.

SUMMARY OF RESERVES

Our oil and gas reserves were independently evaluated by Trimble Engineering Associates Ltd. as at December 31, 2006. The evaluation was conducted in accordance with National Instrument 51-101. Our Reserves Committee met with the reserve evaluators to review their findings and procedures and the reserve report has been accepted by the Board.

Under National Instrument 51-101, we report reserves on a net basis (our share of working interest properties minus royalties payable to others, plus royalties receivable on our royalty lands). As a result, Freehold's reserves may not be directly comparable. In the majority of cases, we lack specific operational knowledge of our royalty interest properties and rely primarily on decline analysis to estimate reserves. Under this method, changes in producing characteristics that are caused by access restrictions such as weather or competition for services may be reflected in a reduction to reserves.

In 2006, reserves were assigned to 20,488 wells. Net proved plus probable reserves totalled 28.0 million boe, down 8% from year-end 2005. Approximately 98.6% of our total proved reserves are producing, which is high by industry standards. Freehold's reserve life index is 9.6 years, compared with 9.9 years at the end of 2005.

Net Oil and Gas Reserves [1] as at December 31, 2006	Proved Developed Producing	Proved Developed Non-producing	Proved Undeveloped	Total Proved	Proved Plus Probable
Light and medium oil (Mbbls)	4,373	19	0	4,393	6,206
Heavy oil (Mbbls)	6,213	0	231	6,445	10,038
Natural gas (MMcf)	41,015	97	10	41,121	62,019
NGLs (Mbbls)	1,029	2	0	1,031	1,431
Total (Mboe)	18,452	37	233	18,722	28,012
Reserve life index (years) [2]	7.2	—	—	7.2	9.6

(1) Columns may not add due to rounding.

(2) Calculated by dividing Trimble Engineering Associates Ltd.'s forecast of 2007 net production into the remaining net reserves.

During 2006, development activities and acquisitions added 1.5 million boe of proved plus probable reserves. Of these additions, 0.8 million boe were on our royalty lands, 0.3 million boe were on our working interest properties, and 0.4 million boe were from acquisitions. Negative technical revisions of 1.0 million boe resulted primarily from changes in the producing characteristics of a large number of properties. Two thirds of the affected properties were oil, the majority of which were in heavy oil areas of Alberta and Saskatchewan.

Reconciliation of Net Oil and Gas Reserves [1]	Proved (Mboe)	Probable (Mboe)	Proved Plus Probable (Mboe)	Net Present Value [2] ($000s)
December 31, 2005	20,412	10,118	30,530	742,832
Production [3]	(3,017)	(58)	(3,074)	(69,912)
Development additions	651	496	1,146	37,163
Acquisitions [4]	256	119	376	5,123
Revisions:				
Operating Costs	—	—	—	(7,259)
Pricing	—	—	—	(24,503)
Royalties	—	—	—	(3,341)
Future capital, ARTC	—	—	—	(5,285)
Reserves	420	(1,385)	(966)	(38,551)
December 31, 2006	**18,722**	**9,290**	**28,012**	**636,267**
Change over prior year	(1,690)	(828)	(2,518)	(106,565)

(1) Columns may not add due to rounding.

(2) Net present value of proved plus probable reserves based on forecast prices and costs, discounted at 10% before tax. Based on the December 31, 2006 escalated oil and gas price forecasts by an independent qualified reserves evaluator.

(3) Estimated by Trimble Engineering Associates Ltd.

(4) Wildmere Unit interest acquired July 1, 2006.

ACQUISITION AND DEVELOPMENT COSTS

In 2006, we spent $16.8 million on development activities and acquisitions, adding 1.5 million boe of reserves at an average cost of $9.38 per boe. While these activities replaced only 49% of our 2006 production, they produced a very profitable recycle ratio of 4.5, contributing to a three-year average recycle ratio of 1.8.

Analysis of Development and Acquisition Costs	**2006**	2005	2004	Three-Year Results
Development expenditures ($000s)	11,446	7,982	5,823	25,251
Change in future development capital estimates ($000s)	(2,549)	235	(2,593)	(4,907)
Net reserve additions by development (Mboe)	1,146	945	817	2,908
Development costs ($/boe) (1)	7.76	8.70	3.95	7.00
Acquisition expenditures ($000s)	5,382	351,705	12,881	369,968
Net reserve additions by acquisition (Mboe)	376	12,889	434	13,699
Acquisition costs ($/boe)	14.33	27.29	29.68	27.01
Total expenditures ($000s)	16,828	359,687	18,704	395,219
Change in future development capital estimates ($000s)	(2,549)	235	(2,593)	(4,907)
Net reserve additions (Mboe)	1,522	13,834	1,251	16,607
Development and acquisition costs ($/boe)	9.38	26.02	12.88	23.50

(1) Development expenditures plus change in future capital, divided by reserves added.

Recycle Statistics ($ per boe, except as noted)	**2006**	2005	2004	Three-Year Results
Operating netback (1) (4)	42.64	45.49	34.05	41.43
Development and acquisition costs (2) (4)	9.38	26.02	12.88	23.50
Recycle ratio (times) (3)	4.5	1.7	2.6	1.8

(1) Total revenue, less operating costs and royalty expenses net of Alberta Royalty Credit.

(2) Development expenditures, plus change in future capital, plus acquisition costs, divided by net reserves added through development and acquisition activities.

(3) Operating netback divided by the average cost of acquiring and developing new reserves.

(4) Operating netback is based on gross production, while development and acquisition costs are based on net reserves.

SUMMARY OF LAND HOLDINGS

At December 31, 2006, our land holdings encompassed approximately 2.1 million gross acres, comprised mainly of mineral title and gross overriding royalties.

Summary of Land Holdings	December 31		
(gross acres) (1)	**2006**	2005	Change
Mineral title and gross overriding royalty land	**1,865,418**	1,808,704	3%
Working interest land	**203,952**	197,241	3%
Total	**2,069,370**	2,005,945	3%
Undeveloped land	**598,235**	555,171	8%

(1) Total number of acres in which we have an interest.

NET ASSET VALUE

At December 31, 2006, the present value of our net proved plus probable oil and gas reserves, discounted at 10%, before tax, was $636.3 million, down from $742.8 million one year ago. The reduction resulted from a higher operating cost forecast, increased inflation, reduced exchange rate, reduced pricing forecast, and the impact of the technical reserve changes. Our net asset value was $11.74 per Trust Unit, compared with $13.85 the prior year. In addition to the reduction in the value of reserves, the major changes year-over-year were a $7.2 million reduction in working capital, a $7.0 million reduction in bank debt, and a $5.3 million increase in the value of undeveloped land.

Net Asset Value as at December 31, 2006 [1]	Discounted at			
($000s, except unit data)	0%	5%	10%	15%
Present value of oil and gas reserves [2]	1,388,973	855,270	636,267	517,185
Present value of potash reserves [3]	43,665	18,347	10,530	7,360
Undeveloped land [4]	19,412	19,412	19,412	19,412
Reclamation fund	2,117	2,117	2,117	2,117
Working capital	9,050	9,050	9,050	9,050
Bank debt	(100,000)	(100,000)	(100,000)	(100,000)
Net asset value	1,363,217	804,196	577,376	455,124
Trust Units outstanding	49,174,197	49,174,197	49,174,197	49,174,197
Net asset value per Trust Unit	**27.72**	**16.35**	**11.74**	**9.26**

(1) Columns may not add due to rounding.
(2) Evaluated by Trimble Engineering Associates Ltd.
(3) Potash reserves, evaluated by Rife Resources Ltd., are not subject to NI 51-101.
(4) Evaluated by Seaton-Jordan & Associates Ltd., effective December 31, 2006.

AVAILABILITY ON SEDAR

Freehold's fourth 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 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, 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.

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. 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.

Operating income, netback, funds generated from operations, and funds generated from operations per Trust Unit do not have any standardized meanings prescribed by GAAP and therefore may not be comparable with the calculations of similar measures for other entities.

FOR FURTHER INFORMATION, PLEASE CONTACT:

David Sandmeyer, President and CEO (403) 221-0848
Joe Holowisky, Vice-President, Finance and CFO (403) 221-0855
Karen Taylor, Manager, Investor Relations (403) 221-0891

Freehold Royalty Trust
Phone: (403) 221-0802
Fax: (403) 221-0888
(Toll free in Canada/U.S. 1-888-257-1873)
E-mail: ir@freeholdtrust.com
Website: www.freeholdtrust.com