

NEWS RELEASE

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Freehold Royalty Trust Announces 2008 First Quarter Results

CALGARY, ALBERTA, (Marketwire – May 7, 2008) – Freehold Royalty Trust (Freehold or the Trust) (TSX:FRU.UN) today announced first quarter results for the period ended March 31, 2008.

First Quarter Highlights

- Revenues were \$48.6 million, up 31% from the first quarter of 2007.
- Net income increased 142% to \$23.6 million (\$0.48 per Trust Unit) including a \$3.3 million future income tax recovery.
- Funds generated from operations increased 38% to \$39.2 million (\$0.79 per Trust Unit).
- Distributions declared in the first quarter amounted to \$0.45 per Trust Unit.
- Production averaged 8,152 barrels of oil equivalent (boe) per day, down 5% from the first quarter of 2007.
- Price realizations averaged \$64.16 per boe, 35% higher than the first quarter of 2007.
- Operating netback increased to \$59.18 per boe, 41% higher than the first quarter of 2007.

On April 21, 2008, Freehold announced a 20% increase in the distribution rate to \$0.18 per Trust Unit effective with the April distribution (payable May 15 to Unitholders of record on April 30, 2008). The May distribution of \$0.18 per Trust Unit will be paid on June 15, 2008 to Unitholders of record on May 31, 2008 (ex-distribution date May 28, 2008). Including the June 15, 2008 payment, Freehold's 12-month trailing cash distributions total \$1.98 per Trust Unit.

RESULTS AT A GLANCE

Financial (\$000s, except as noted)	Three Months Ended		
	March 31		
	2008	2007	Change
Gross revenue	48,574	37,005	31%
Net income	23,647	9,787	142%
Per Trust Unit, basic and diluted (\$)	0.48	0.20	140%
Funds generated from operations	39,182	28,297	38%
Per Trust Unit (\$)	0.79	0.58	36%
Capital expenditures	2,202	3,476	-37%
Property and royalty acquisitions (net)	-	-	-
Distributions declared	22,198	22,133	-
Per Trust Unit (\$) ⁽¹⁾	0.45	0.45	-
Long-term debt, period end	169,000	99,000	71%
Unitholders' equity, period end	253,395	332,836	-24%
Trust Units (000s) ⁽²⁾	49,317	49,175	-
Operating			
Average daily production (boe/d)	8,152	8,564	-5%
Average price realizations (\$/boe)	64.16	47.40	35%
Operating netback (\$/boe)	59.18	42.06	41%

(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 achieved record first quarter cash flow and earnings as our oil-weighted production base benefited from high oil prices. Although the economic benefit was somewhat muted by a stronger Canadian dollar, our operating netback was \$59.18 per boe reflecting both our high percentage of royalty production (which has no associated royalty or operating expenses) and our strategy of not hedging commodity prices.

Production of 8,152 barrels of oil equivalent (boe) per day was slightly lower than anticipated, in large part because we have not yet seen the full impact of production additions from successful drilling in 2007. About 70% of the activity on our royalty lands last year occurred in the last half of the year. In addition, a net profits interest (NPI) was adjusted due to low natural gas prices, which reduced volumes by about 185 boe per day. We also experienced production curtailments at four of our working interest oil properties during the first quarter of 2008. The properties were returned to normal production in April. Overall, we anticipate 2008 production will average about 8,200 boe per day, bolstered by successful development on our lands in 2007 and 2008.

As was widely anticipated, industry drilling declined in the first quarter with 24% fewer wells drilled in western Canada. The slowdown serves as a reminder that commodity prices – and in particular natural gas prices – are a key driver for our industry because natural gas drilling accounts for more than two-thirds of the activity in western Canada. Due to the recent rebound in natural gas prices, industry forecasters are suggesting that the drilling slowdown may not be as dramatic or as prolonged as they had previously predicted. Drilling activity on our royalty lands was up 12% overall (on an equivalent net basis) although there are currently fewer licensed drilling locations on our royalty lands than at this time last year.

We will commence our 2008 development program at Hayter, Alberta, in the second quarter and plan to drill eight (1.9 net) wells. The second quarter will also see a continuation of our development program in Southeast Saskatchewan. Nine (1.3 net) wells were drilled on the Bakken trend last year and a similar program is planned for 2008.

On April 21, 2008, we announced a 20% distribution increase to \$0.18 per Trust Unit effective with the April distribution. Oil prices continue to set new records and natural gas prices have risen steadily through the first four months of 2008 with colder winter weather helping to draw down natural gas inventories. At the same time, imports of liquefied natural gas (LNG) to North America were significantly lower than last year because of strong demand for LNG in European and Asian markets. With storage levels currently in line with the five year average, weather will be a key factor in determining natural gas demand over the next several months. We have chosen to take a conservative view of natural gas prices until we see further evidence of a strengthening in natural gas fundamentals.

Joe Holowisky, Vice-President, Finance and Administration and CFO, has indicated his intention to retire at the end of this year following more than 26 years with Rife Resources, the Manager of the Trust. We appreciate Joe's significant contributions toward the success of Freehold as Chief Financial Officer of the Trust since 1996. Our Board is working with the Manager on the succession planning process to provide for a smooth transition.

On January 31, 2008, Tullio Cedraschi retired as President and CEO of the CN Investment Division. His successor, Russell J. Hiscock, will become one of the two Manager-appointed directors of Freehold at our annual meeting later today. We look forward to welcoming Mr. Hiscock as a director. We are also pleased that Mr. Cedraschi has agreed to stand for election as an independent director.

AVAILABILITY ON SEDAR

Freehold's first 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 May 7, 2008, 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 AIF, 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 BARREL OF OIL EQUIVALENT (BOE)

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 the boe ratio is useful for comparative measures and observing trends, 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 as key performance indicators in the oil and gas industry. We believe that operating 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 netback, which is calculated as average unit sales price less royalties and operating expenses, represents 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.

In addition, we refer to various per boe figures, such as revenues and costs, which are also considered non-GAAP measures but provide meaningful information on our operational performance. We derive per boe figures by dividing the relevant revenue or cost figure by the total volume of oil and gas production during the period, with natural gas converted to equivalent barrels of oil as described above.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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