

NEWS RELEASE

TSX: FRU.UN

Freehold Royalty Trust Declares Distribution for February 15, 2009

CALGARY, Alberta, January 20, 2009 – Freehold Royalty Trust (Freehold) announces that the Board of Directors has declared a distribution for the month of January 2009 of Cdn \$0.10 per Trust Unit to be paid on February 15, 2009 to Unitholders of record on January 31, 2009 (ex-distribution date January 28, 2009). Including the February 15, 2009 payment, the twelve-month trailing cash distributions total Cdn \$2.86 per Trust Unit.

On December 16, 2008, Freehold established a distribution policy for 2009 of \$0.12 per Trust Unit per month. This policy was based, among other things, on an average WTI crude oil price of US\$50.00 per barrel and capital expenditures of \$16.7 million. In recent weeks, the continuing deterioration in the economic outlook has reduced expected petroleum consumption. Weakening demand has pushed oil prices lower: WTI averaged US\$41.92 per barrel in December and slipped below US\$35.00 per barrel recently. Freehold's February 15th distribution payment will be \$0.02 per Trust Unit lower than previously announced due to the oil price decline. As a result of lower commodity prices, some drilling plans have been deferred and we are lowering our capital budget for 2009 from \$16.7 million to \$12.0 million.

Given current volatility in the commodity markets, we have established a distribution policy for the first quarter of 2009 at \$0.10 per Trust Unit per month. We have also revised our Key Operating Assumptions for WTI oil price to US\$38.00 per barrel, Bow River Hardisty oil price to Cdn \$38.00 per barrel and AECO natural gas price to Cdn \$6.00 per Mcf for the first quarter. This policy is reviewed monthly and the actual distribution amount will be announced by news release on a monthly basis.

Freehold's primary focus is on acquiring and managing oil and gas royalties. A majority of Freehold's production comes from royalty assets (mineral title and gross overriding royalties). The Trust Units trade on the Toronto Stock Exchange in Canada under the symbol FRU.UN.

Forward-Looking Statements – Certain information set forth in this document contains forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond Freehold's control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, taxation, regulation, stock market volatility and ability to access sufficient capital from internal and external sources. Readers 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. Freehold's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements. No assurance can be given that any of the events anticipated will transpire or occur.

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