

NEWS RELEASE

TSX: FRU.UN

Freehold Royalty Trust Announces Unitholder and Court Approvals for its Previously Announced Conversion to a Corporation and Declares Final Distributions of the Trust

CALGARY, Alberta, December 10, 2010 – Freehold Royalty Trust ("Freehold" or the "Trust") is pleased to announce that today Freehold received Unitholder and court approvals for the previously announced plan of arrangement (the "Arrangement") pursuant to which Freehold will convert, effective December 31, 2010, to a dividend paying corporation to be named "Freehold Royalties Ltd.". Freehold's Unitholders voted 99.89% in favour of the Arrangement. Upon completion of the Arrangement, the Common Shares of Freehold Royalties Ltd. will be listed for trading on the Toronto Stock Exchange (the "TSX") under the trading symbol "FRU", subject to satisfying certain listing conditions of the TSX.

Freehold is also announcing that the Board of Directors has declared a cash distribution of Cdn. \$0.14 per Trust Unit payable to Unitholders of record on December 31, 2010 (ex-distribution date December 29, 2010) which will be paid to Unitholders on January 17, 2011. This distribution will be the final cash distribution of the Trust and will be paid pursuant to the Arrangement or if the Arrangement is not completed for any reason paid in the normal course. Including the January 17, 2011 payment, the twelve-month trailing cash distributions total Cdn. \$1.68 per Trust Unit. As previously announced, following the Arrangement it is expected that Freehold Royalties Ltd. will adopt a monthly dividend policy with an initial dividend rate of \$0.14 per common share commencing in January 2011 with the first dividend anticipated to be paid on February 15, 2011.

In addition, pursuant to the terms of the Arrangement the Trust is required to declare payable to Unitholders of record at the effective time a distribution per Trust Unit equal to any remaining taxable income of the Trust divided by the total number of Trust Units then outstanding payable in Trust Units with a value equal to such distribution. Management of Freehold does not currently anticipate that there will be any remaining taxable income in the Trust at the effective time and as a result the Board of Directors has declared a nil distribution for Unitholders of record on December 31, 2010 (ex-distribution date December 29, 2010). If the Board of Directors determines that there is taxable income in the Trust as of December 31, 2010 the amount of this distribution will be adjusted; however, regardless of whether any amount is distributed pursuant to this distribution Unitholders will not receive any cash or Trust Units pursuant to this distribution as immediately following such distribution the number of Trust Units will be consolidated such that each Unitholder will hold after the consolidation the same number of Trust Units as the Unitholder held before the distribution of Trust Units.

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

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Forward-Looking Statements – Certain information set forth in this news release contains forward-looking statements. Forward-looking statements include Freehold's expectations for the following:

- expected conversion to a corporation, including the proposed structure and the timing relating to the amount of the final distributions of the Trust; and
- the proposed dividend policy of Freehold Royalties Ltd. including the amount of dividend proposed to be paid and our ability to sustain that dividend.

With respect to forward-looking statements contained in this news release, we have made assumptions regarding, among other things, future oil and natural gas prices, future capital expenditure levels, future production levels, future exchange rates, future tax rates, future participation rates in the DRIP and use of cash preserved through the DRIP, our ability to complete the Arrangement in the manner and timeframe expected, future legislation, the cost of developing and producing our assets, our ability and the ability of our lessees to obtain equipment in a timely manner to carry out development activities, our ability to market our oil and natural gas successfully to current and new customers, our expectation for the consumption of crude oil and natural gas, our expectation for industry drilling levels, our ability to obtain financing on acceptable terms, and our ability to add production and reserves through development and acquisition activities.

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. 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. The forward-looking information contained in this news release is expressly qualified by this cautionary statement. Our policy for updating forward-looking statements is to update our key operating assumptions quarterly and, except as required by law, we do not undertake to update any other forward-looking statements.