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NEWS RELEASE

TSX: FRU

Freehold Royalties Ltd. Enters into Agreement to Acquire a U.S. Multi-Basin Royalty Package for US$58 million and Announces Equity Financing

CALGARY, Alberta, November 24, 2020 – Freehold Royalties Ltd. (Freehold) (TSX:FRU) has entered into a definitive agreement with a private seller to acquire a diversified, high quality, U.S. royalty package (the Acquired Assets) for US$58 million (the U.S. Royalty Transaction). The Acquired Assets will play a key role in strengthening the resiliency of our portfolio in a volatile oil price environment, enhancing the near-term and long-term sustainability of Freehold's dividend and providing option value to return capital to our shareholders through multiple years of free cash flow growth. The U.S. Royalty Transaction is in-line with our strategy to be a premier royalty company, be positioned in high quality development areas across North America and deliver growth and low risk attractive returns for our shareholders.

The U.S. Royalty Transaction will be funded through a combination of $43 million bought deal treasury offering of subscription receipts (the Public Offering) led by RBC Capital Markets and TD Securities Inc. on behalf of a syndicate of underwriters, a concurrent $13.4 million private placement of subscription receipts to CN Pension Trust Funds (as defined below) (the Private Placement) and utilization of Freehold's existing credit facility.

Transaction Highlights

- 400,000 gross acres of mineral title and overriding royalty interest across 12 basins in eight states; predominantly weighted towards high quality, commodity price resilient areas of the Permian and Eagle Ford basins which continue to see active drilling and development
- 2021 forecast estimated royalty production from the Acquired Assets of 1,150 boe/d (62% liquids), projected to grow to 1,450 boe/d by 2022. Approximately 70% of this near-term development is underpinned by drilled but uncompleted wells (DUCs)
- The Acquired Assets are expected to generate funds from operations of $12 million in 2021
- Diversified portfolio of 100+ well capitalized U.S. royalty payors and exposure to over 1,800 producing wells
- The Acquired Assets attracted approximately 1.2% of all lower 48 U.S. onshore E&P spending over the past five years. Currently, there are five active rigs and 31 gross wells were drilled on the lands from April to September, similar to drilling activity levels on Freehold's entire Canadian portfolio during the same period
- Over 2,400 development locations with 70% of the portfolio providing economic returns for the producer at West Texas Intermediate (WTI) oil prices of US$40/bbl; over 90% of development locations economic at US$45/bbl WTI
- Significantly enhances Freehold's existing portfolio and is accretive to production per share, operating netback, liquids weighting and growth profile. The U.S. Royalty Transaction is accretive to funds from operations per share by approximately 5% based on actual results for the first nine months of 2020. Funds from operations per share accretion for 2021 is expected to be similar

Strategic Rationale

The transaction is in-line with Freehold's objective to continually enhance and position its royalty portfolio into the most economic and active development plays in North America, part of which includes expanding our U.S. footprint. After closing the U.S. Royalty Transaction, production and funds from operations from the Acquired Assets will represent approximately 11% and 16% of the portfolio, respectively. In addition, after closing the U.S. Royalty Transaction, Freehold is forecasting production volumes to average between 10,000-10,500 boe/d for 2021.

The Acquired Assets enhance our near-term growth profile and further position Freehold "ahead of the drill bit" with royalty acres that we believe will attract capital at or below the current WTI price environment. The U.S. Royalty Transaction further enhances the sustainability of Freehold's dividend while maintaining the core aspects of Freehold's strategy including its 60-80% dividend payout and maintaining conservative leverage ratios of less than 1.5x debt to funds from operations. The U.S. Royalty Transaction complements our ESG approach of aligning with competent and reputable payors in jurisdictions that support growth and responsible development.

Acquisition Financing

Freehold has entered into an agreement with RBC Capital Markets and TD Securities Inc., on behalf of a syndicate of underwriters (the Underwriters) to issue, on a bought deal basis, 8,960,000 subscription receipts (Subscription Receipts) at a price of $4.80 per Subscription Receipt (the Issue Price) for gross proceeds of approximately $43 million pursuant to the Public Offering. Each Subscription Receipt will entitle the holder thereof to receive one common share of Freehold upon closing of the U.S. Royalty Transaction. The Underwriters have been granted an over-allotment option exercisable in whole or in part, until 30 days following the closing of the Public Offering to purchase up to 896,000 additional Subscription Receipts on the same terms as the Public Offering.

Concurrent with the closing of the Public Offering, Freehold will also complete a non-brokered private placement of 2,800,000 subscription receipts to the pension trust funds for employees of Canadian National Railway Company (CN Pension Trust Funds) at a price per Subscription Receipt equal to the Issue Price, for proceeds of approximately $13.4 million pursuant to the Private Placement. After closing the U.S. Royalty Transaction, CN Pension Trust Funds will maintain their previous ownership level in Freehold at approximately 22%.

The gross proceeds from the sale of Subscription Receipts pursuant to the Public Offering and Private Placement will be held in escrow pending the completion of the U.S. Royalty Transaction. If all outstanding conditions to the completion of the U.S. Royalty Transaction (other than funding) are met on or before March 1, 2021, the net proceeds from the sale of the Subscription Receipts will be released from escrow to Freehold or as otherwise directed by Freehold. Upon release of the escrowed funds to Freehold, the holders of Subscription Receipts (without any action or payment of any additional consideration on the part of the holder) will receive one common share of Freehold for each Subscription Receipt held.

Holders of the Subscription Receipts will be entitled to receive payments per Subscription Receipt equal to the cash dividends paid on Freehold's common shares (the Dividend Equivalent Payments), if any, actually paid or payable to holders of such common shares in respect of all record dates for such dividends occurring from the closing date of the Public Offering and Private Placement to, but excluding, the last day on which the Subscription Receipts remain outstanding, to be paid to holders of Subscription Receipts concurrently with the payment date of each such dividend. The Dividend Equivalent Payments will be made regardless of whether the U.S Royalty Transaction is completed or not. If the U.S. Royalty Transaction is not completed at or before 5:00 p.m. (Calgary time) on March 1, 2021, then the subscription price for the Subscription Receipts will be returned to holders of Subscription Receipts, together with any unpaid Dividend Equivalent Payments.

Upon release of the escrowed funds to Freehold such funds are anticipated to be used to pay a portion of the purchase price for the Acquired Assets with the remainder of the purchase price funded by drawing on our existing credit facilities. Completion of the Public Offering and Private Placement are subject to certain conditions including normal regulatory and Toronto Stock Exchange approvals. The Subscription Receipts will be offered via short form prospectus in each of the provinces of Canada, other than Québec, and to Qualified Institutional Buyers in the United States pursuant to the registration exemptions provided by Rule 144A of the Securities Act of 1933, and internationally as permitted. Closing of the Public Offering and Private Placement is expected to occur on or about December 9, 2020. Closing of the U.S. Royalty Transaction is subject to customary confirmatory due diligence and closing is expected to occur on or about January 5, 2021.

This press release is not an offer of the securities for sale in the United States. The securities may not be offered or sold in the United States absent registration or an available exemption from the registration requirements of the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") and applicable U.S. state securities laws. Freehold will not make any public offering of the securities in the United States. This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor

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shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Forward-Looking Statements

This news release offers our assessment of Freehold's future plans and operations as at November 24, 2020 and contains forward-looking information including, without limitation, forward-looking information with regards to the expected terms and conditions of the U.S. Royalty Transaction; the expected timing for closing of the U.S. Royalty Transaction; the expected attributes and benefits to be derived by Freehold pursuant to the U.S. Royalty Transaction; the expectation that the U.S. Royalty Transaction will enhance the long-term sustainability of Freehold's dividend and provide option value to return capital to Freehold's shareholders through multi-years of free cash flow growth; Freehold's intent to deliver growth and low risk attractive returns for our shareholders; expected 2021 and 2022 average net daily production (including the liquids weighting of such production) and 2021 funds from operations from the U.S. Royalty Transaction; the number of potential drilling locations associated with the Acquired Assets including how many are economic at different commodity price levels; the expectation that U.S. Royalty Transaction will be accretive to production per share, netback, liquids weighting and growth profile; the expectation that 2021 funds from operations accretion from the Acquired Assets will be similar to accretion in 2020; the percentage of production and funds flow from operations that the Acquired Assets are expected to account for relative to Freehold's aggregate production and funds flow from operations; the expected 2021 average net daily production for Freehold; the expectation that the Acquired Assets will enhance our near-term growth profile and further position with royalty acres we believe will attract capital at or below the current WTI price environment; the expectation that the U.S. Royalty Transaction will further enhance the sustainability of Freehold's dividend while maintaining Freehold's strategy including its 60-80% dividend payout and maintaining conservative leverage ratios of less than 1.5x debt to funds from operations; the expected terms of the Public Offering and Private Placement; the expected terms of the Subscription Receipts; the expected use of proceeds from the Public Offering and Private Placement, and the expected timing of closing the Public Offering and Private Placement.

This forward-looking information is provided to allow readers to better understand our business and prospects and may not be suitable for other purposes. By its nature, forward-looking information is subject to numerous risks and uncertainties, some of which are beyond our control, including the impact of the COVID-19 pandemic on economic activity and demand for oil and natural gas, general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, royalties, environmental risks, taxation, regulation, changes in tax or other legislation, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility, our ability to access sufficient capital from internal and external sources. The closing of the Transaction, Public Offering and Private Placement could be delayed if Freehold or the other parties are not able to obtain the necessary regulatory and stock exchange approvals on the timelines anticipated. The U.S. Royalty Transaction, Public Offering and Private Placement may not be completed if these approvals are not obtained or some other condition to the closing of the U.S. Royalty Transaction is not satisfied. Accordingly, there is a risk that the U.S. Royalty Transaction, Public Offering and Private Placement will not be completed within the anticipated time or at all. Risks are described in more detail in Freehold's annual information form for the year ended December 31, 2019 which is available under Freehold's profile on SEDAR at www.sedar.com.

With respect to forward looking information contained in this press release including relating to the 2021 and 2022 forecast production and 2021 forecast funds from operations from the Acquired Assets, we have made assumptions regarding, among other things; future oil and natural gas prices (for the purposes of the estimates in this press release we have assumed a West Texas Intermediate price of US$43/barrel of oil and a NYMEX natural gas price of US$3.00/MMbtu); future exchange rates (for the purposes of the estimates in this press release we have assumed an exchange rate of US$0.77 for every CDN$1.00); that DUCs will be completed in the short term and brought on production; that wells that have been permitted will be drilling and completed within a customary timeframe; expectations as to additional wells to be permitted, drilled, completed and brought on production in 2021 and 2022 based on Freehold's review of the geology and economics of the plays associated with the Acquired Assets; expected production performance of wells to be drilled and/or brought on production in 2021 and 2022; the ability of our royalty payors to obtain equipment in a timely manner to carry out development activities; the ability and willingness of royalty payors to fund development activities relating to the Acquired Assets; and such other assumptions as are identified herein.

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 information. 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 herein is expressly qualified by this cautionary statement. To the extent any guidance or forward looking statements herein constitute a financial outlook, they are included herein to provide readers with an understanding of management's plans and assumptions for budgeting purposes and readers are cautioned that the information may not be appropriate for other purposes. 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.

You are further cautioned that the preparation of financial statements in accordance with International Financial Reporting Standards requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues, and expenses. These estimates may change, having either a positive or negative effect on net income, as further information becomes available and as the economic environment changes.

Drilling Locations

This press release discloses anticipated future drilling or development locations associated with the Acquired Assets, all of which are currently considered unbooked locations. Unbooked locations are generated by internal estimates of Freehold management based on prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources. Unbooked locations have been identified by management as an estimation of the multi-year drilling activities on the Acquired Assets based on evaluation of applicable geologic, seismic, engineering, historic drilling, production, commodity price assumptions and reserves information. There is no certainty that all unbooked drilling locations will be drilled and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. Freehold has no control on whether any wells will be actually drilled in respect of such unbooked locations. The drilling locations on which wells are actually drilled will ultimately depend upon the capital allocation decisions of royalty payors who have working interests in respect of such drilling locations and a number of other factors including, without limitation, availability of capital, regulatory approvals, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the unbooked drilling locations have been de-risked by drilling existing wells in relative close proximity to such unbooked drilling locations, other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production. Upon purchase of the Acquired Assets, Freehold will have the reserves associated with the Acquired Assets evaluated by an independent qualified reserves evaluator in accordance with the requirements of National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* and it will be determined at such time whether any of the unbooked drilling locations disclosed herein are booked for the purposes of such evaluation with associated proved or probable reserves.

Production

All production disclosed herein is considered net production for the purposes of National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*, which includes Freehold's working interest (operating and non-operating) share after deduction of royalty obligations, plus our royalty interests. Since Freehold has minimal working interest production, net production is substantially equivalent to Freehold's royalty interest production. In 2021 net production from the Acquired Assets is expected to consist of approximately 535 bbls/d of light and medium oil, 180 bbls/d of natural gas liquids and 2,600 mcf/d of natural gas and in 2022 net production from the Acquired Assets is expected to consist of approximately 650 bbls/d of light and medium oil, 290 bbls/d of natural gas liquids and 3,100 mcf/d of natural gas. In 2021 Freehold's aggregate net production is expected to consist of approximately 5,000 bbls/d of light and medium oil, 630 bbls/d of natural gas liquids and 26,000 mcf/d of natural gas.

Conversion of Natural Gas to Barrels 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 industry-accepted standard conversion of six thousand cubic feet of natural gas to one barrel of oil (6 Mcf = 1 bbl). The 6:1 boe ratio is based on an energy equivalency conversion method primarily applicable at the burner tip. It does not represent a value equivalency at the wellhead and is not based on either energy content or current prices. While the boe ratio is useful for comparative measures and observing trends, it does not accurately reflect individual product values and might be misleading, particularly if used in isolation. As well, given that the value ratio, based on the current price of crude oil to natural gas, is significantly different from the 6:1 energy equivalency ratio, using a 6:1 conversion ratio may be misleading as an indication of value.

Non-GAAP Financial 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, payout ratio and free cash flow are useful supplemental measures for management and investors to analyze operating performance, financial leverage, liquidity and sustainability of our dividend, and we use these terms to facilitate the understanding and comparability of our results of operations and financial position. 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 royalty and operating expenses, represents the cash margin for product sold, calculated on a per boe basis. Payout ratios are often used for dividend paying companies in the oil and gas industry to identify its dividend levels in relation to the funds it receives and uses in its capital and operational activities. Freehold's payout ratio is calculated as dividends paid as a percentage of funds from operations. Free cash flow is calculated by subtracting capital expenditures from funds from operations. In periods where Freehold has no capital expenditures, this figure is interchangeable with funds from operations. Free cash flow is a measure often used by dividend paying companies to determine cash available for the payment of dividends, reducing debt or available for investment. We refer to various per boe figures which provide meaningful information on our operational performance. We derive per boe figures by dividing the relevant revenue or cost figures by the total volume of oil, NGL and natural gas production during the period, with natural gas converted to equivalent barrels of oil as described above. For further information related to these non-GAAP terms, including reconciliations to the most directly comparable GAAP terms, see our most recent management's discussion and analysis, which is available on SEDAR at www.sedar.com.

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