FORM 51-102F3
MATERIAL CHANGE REPORT

1. **Name and Address of Company**

   Freehold Royalties Ltd. ("**Freehold**" or the "**Corporation**")
   400, 144 - 4th Avenue S.W.
   Calgary, Alberta T2P 3N4

2. **Date of Material Change**

   April 14, 2015

3. **News Release**

   News releases disclosing in detail the information summarized in this material change report were issued by Freehold on April 14 and 15, 2015 and disseminated through the facilities of a recognized news service and would have been received by the securities commissions where Freehold is a reporting issuer in the normal course of its dissemination.

4. **Summary of Material Change**

   On April 14, 2015 Freehold announced it had entered into definitive agreements with Penn West Petroleum Ltd. and Penn West Petroleum (collectively, the "**Vendor**") to acquire two royalty packages totalling an expected 1,400 boe/d of 2015 average net production, for an aggregate purchase price of $321.2 million, prior to normal closing adjustments (together, the "**Penn West Transactions**").

   In connection with the Penn West Transactions, Freehold announced that it had entered into an agreement with a syndicate of underwriters co-led by RBC Dominion Securities Inc. and CIBC World Markets Inc. to sell, on a bought deal basis, 16,500,000 common shares of the Corporation (the "**Common Shares**") at a price of $18.00 per Common Share for gross proceeds of approximately $297 million (the "**Offering**"). Freehold also granted the underwriters an over–allotment option (the "**Over–Allotment Option**") to purchase up to an additional 2,475,000 Common Shares at the same offering price, exercisable in whole or in part for a period of 30 days following closing of the Offering.

   On April 15, 2015 Freehold announced that it had increased the number of Common Shares to be sold to the Underwriters to 18,000,000 Common Shares at a price of $18.00 per Common Share for gross proceeds of $324 million and increased the number of Common Shares under the Over-Allotment Option to 2,700,000 Common Shares.

   Concurrent with the closing of the Offering, the pension trust funds for employees of Canadian National Railway Company ("**CN Pension Trust Funds**") intends to purchase approximately 1,833,334 Common Shares at a price of $18.00 per Common Share for gross proceeds of approximately $33 million on a non-brokered private placement basis (the "**Concurrent Private Placement**").

5. Full Description of Material Change

5.1 Full Description of Material Change

The Transactions

On April 14, 2015 Freehold announced it had entered into definitive agreements with the Vendor to acquire two royalty packages totalling an expected 1,400 boe/d of 2015 average net production for total aggregate consideration of $321.2 million. The first package is an 8.5% gross overriding royalty covering 45,000 acres in the Vendor's Dodsland area of Saskatchewan prospective for the Viking formation with 2015 estimated annualized average new royalty production of 660 boe/d (93% liquids based on 2014 actuals). The second package is existing royalties and mineral title lands across a variety of plays within the Western Canadian Sedimentary Basin with 2015 estimated annualized average net production of 740 boe/d (74% liquids based on 2014 actuals). The effective date of the Penn West Transactions will be March 1, 2015 with closing expected to occur on or about May 6, 2015, subject to the receipt of regulatory approval and the satisfaction of customary closing conditions.

Concurrent with the signing of the definitive agreements, the Corporation paid a $10 million deposit in respect of the Penn West Transactions to the Vendor's counsel. If the Penn West Transactions are not completed as a result of a breach of the terms of the definitive agreements by Freehold the deposit will be forfeited to the Vendor and the Vendor may sue Freehold for damages provided such damages may not exceed $30 million, which amount includes the $10 million deposit.

The Penn West Transactions will add over 325,000 gross acres of royalty and mineral title lands, and 7.3 million boe of proved plus probable net reserves (4.7 million boe of proved net reserves).

Bought Deal Offering and Concurrent Private Placement

In connection with the Penn West Transactions, Freehold announced that it had entered into an agreement with a syndicate of underwriters co-led by RBC Dominion Securities Inc. and CIBC World Markets Inc. to sell, on a bought deal basis, 16,500,000 Common Shares at a price of $18.00 per Common Share for gross proceeds of approximately $297 million. Freehold also granted the underwriters the Over–Allotment Option to purchase up to an additional 2,475,000 Common Shares at the same offering price, exercisable in whole or in part for a period of 30 days following closing of the Offering.

On April 15, 2015 Freehold announced that it had increased the number of Common Shares to be sold, on a bought deal basis, to 18,000,000 Common Shares at a price of $18.00 per Common Share for gross proceeds of $324 million and increased the number of Common Shares under the Over-Allotment Option to 2,700,000 Common Shares.

Concurrent with the closing of the Offering, CN Pension Trust Funds intends to purchase approximately 1,833,334 Common Shares pursuant to the Concurrent Private Placement at a price of $18.00 per Common Share for gross proceeds of approximately $33 million on a non-brokered private placement basis.

Freehold expects to use the net proceeds from the Offering and Concurrent Private Placement to complete the Penn West Transactions and pay down a portion of its outstanding indebtedness with the remainder.

Completion of the Offering and Concurrent Private Placement is subject to certain conditions including normal regulatory and stock exchange approvals. In addition, the Offering will require that the Penn West Transactions close at or before the closing time of the Offering unless otherwise agreed to by the underwriters and Freehold. The closing of the Offering and the Concurrent Private Placement is expected to occur on or before May 6, 2015.

The Common Shares offered have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. This material change shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

5.2 Disclosure for Restructuring Transactions

Not applicable.

6. Reliance on Subsection 7.1(2) of National Instrument 51-102

Not applicable.

7. Omitted Information

Not applicable.

8. Executive Officer

For further information, contact Darren Gunderson, Vice President, Finance and Chief Financial Officer, by telephone at (403) 221-0811 or Toll Free: 1-888-257-1873.

9. Date of Report

April 24, 2015

Forward-Looking Statements

This document offers Freehold's assessment of Freehold's future plans and operations as at April 24, 2015 and contains forward-looking information including, as to the expected terms and conditions of the Penn West Transactions, the expected timing for closing of the Penn West Transactions, the expected attributes and benefits to be derived by Freehold pursuant to the Penn West Transactions, expected 2015 average net daily production from the Penn West Transactions, expected use of the net proceeds from the Offering and Concurrent Private Placement and the expected closing date of the Offering and Concurrent 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 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. The closing of the Penn West Transactions, Offering and Concurrent Private Placement could be delayed if Freehold or its aforementioned counterparties are not able to obtain the necessary regulatory and stock exchange approvals on the timelines it has planned. The Penn West Transactions, Offering and Concurrent

Private Placement will not be completed at all if these approvals are not obtained or some other condition to the closing is not satisfied. Accordingly, there is a risk that the Penn West Transactions, Offering and Concurrent Private Placement will not be completed within the anticipated time or at all. The intended use of the net proceeds of the Offering and Concurrent Private Placement by Freehold might change if the board of directors of Freehold determines that it would be in the best interests of Freehold to deploy the proceeds for some other purpose. Risks are described in more detail in Freehold's annual information form for the year ended December 31, 2014 as well as the preliminary prospectus dated April 20, 2015 filed with respect to the Offering which are available under Freehold's profile on SEDAR at www.sedar.com.

With respect to forward looking information contained in this document, we have made assumptions regarding, among other things, future oil and natural gas prices; future capital expenditure levels; future production levels; future exchange rates; the costs of developing and producing our assets; our ability and the ability of the lessees to obtain equipment in a timely manner to carry out development activities; our expectation for industry drilling levels; and our ability to obtain financing on acceptable terms.

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. Except as required by law, Freehold does not assume any obligation to publicly update or revise any forward-looking information to reflect new events or circumstances.

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.

Reserves Estimates

The reserves estimates presented herein were based on an evaluation prepared by Trimble Engineering Associates Ltd. effective as of December 31, 2014 utilizing forecast prices and costs and prepared in accordance with National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities and the Canadian Oil and Gas Evaluation Handbook. The price assumptions used for the estimates were the same price assumptions used for estimated Freehold's reserves as at December 31, 2014 as disclosed in Freehold's annual information form for the year ended December 31, 2014. The reserves estimates have been presented on a net basis which means Freehold's working interest (operating or non-operating) share after deduction of royalty obligations, plus its royalty interests in production or reserves.