FORM 51-102F3
MATERIAL CHANGE REPORT

1. **Name and Address of Company**

Freehold Royalties Ltd. ("**Freehold**" or the "**Corporation**")
1000, 517 – 10 Avenue S.W.
Calgary, Alberta T2R 0A8

2. **Date of Material Change**

December 9, 2024

3. **News Release**

News releases disclosing in detail the information summarized in this material change report were issued by Freehold on December 9, 2024 and December 10, 2024 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 December 9, 2024 Freehold Royalties (USA) Inc. ("**Freehold (USA)**") entered into a definitive agreement (the "**PSA**") with a private seller (the "**Vendor**") to pursuant to which Freehold will acquire certain mineral title and royalty interests in the core of the Midland Basin in Texas (the "**Acquired Assets**") for approximately $238 million (the "**Acquisition**"), (based on a US$169 million purchase price taking into account estimates for exchange rate, expenses and customary closing adjustments).

In connection with the Acquisition, Freehold announced that it had entered into an agreement with a syndicate of underwriters to purchase for resale to the public, on a bought deal basis, 11,540,000 common shares of the Corporation (the "**Common Shares**") at a price of $13.00 per Common Share for gross proceeds of approximately $150 million (the "**Offering**"). As announced, as a result of excess demand, size of the Offering was increased from $125.1 million to $150 million. Freehold also granted the underwriters an option to purchase up to an additional 15% of the Common Shares issued under the Offering at a price of $13.00 per Common Share to cover over-allotments and for market stabilization purposes in whole or in part at any time until 30 days after closing of the Offering (the "**Over-Allotment Option**").

5. **Full Description of Material Change**

The Transaction

On December 9, 2024, Freehold (USA) entered into a definitive agreement with a private seller to acquire certain mineral title and royalty interests in the Midland Basin of Texas (the "**Acquisition Agreement**"). On December 10, 2024 Freehold partially exercised its option under the Acquisition Agreement to acquire an additional $22 million of the mineral title and royalty interests, which will form part of the Acquired Assets on closing of the Acquisition. The Acquisition includes approximately 244,000 gross drilling acres located predominantly in the core of the Midland Basin. The aggregate purchase price is anticipated to be $238 million (based on a US$169 million purchase price taking into account estimates for exchange rate, expenses and customary closing adjustments).

A portion of the purchase price for the Acquired Assets will be funded by the net proceeds of the Offering with the remainder of the purchase price to be funded with availability under Freehold's credit facilities (the "**Credit Facilities**").

Concurrently with the execution of the PSA, Freehold has paid a deposit of approximately $11 million to be held in escrow until closing. If the Acquisition does not close as a result of a breach of the PSA by the Vendor, Freehold is entitled to recover the deposit in addition to a break fee from the Vendor. The Acquisition terms also contain customary representations, warranties, covenants and conditions. Closing is expected to occur on December 13, 2024.

Freehold has an option to acquire up to an additional $43 million of the mineral title and royalty interests on the same terms and conditions up until the closing of the Acquisition. If Over-Allotment Option is exercised prior to closing of the Acquisition, Freehold may exercise the option to acquire additional mineral title and royalty interests pursuant to the Acquisition using all or portion of the net proceeds from the Over-Allotment Option. The effective date of the Acquisition is December 1, 2024. A copy of the PSA is available on the Corporation's profile on SEDAR+ at www.sedarplus.ca.

Bought Deal Offering

In connection with the Acquisition, Freehold entered into an agreement with a syndicate of underwriters led by RBC Dominion Securities Inc. ("**RBC**"), CIBC Capital Markets Inc. ("**CIBC**") and TD Securities Inc. ("**TD**"), on their own behalf and on behalf of Peters & Co. Limited, ATB Securities Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., National Bank Financial Inc., Canaccord Genuity Corp., Desjardins Securities Inc. and Raymond James Ltd. (collectively with RBC, CIBC and TD the "**Underwriters**"), pursuant to which the Underwriters have agreed to purchase for resale to the public, on a bought deal basis, 11,540,000 Common Shares at a price of $13.00 per Common Shares for gross proceeds of approximately $150 million. As announced, as a result of excess demand, it was agreed with the syndicate of underwriters to increase the size of the Offering from $125.1 million to $150 million. Freehold also granted the Underwriters the Over-Allotment Option, which is exercisable at any time up until the date that is 30 days following closing of the Offering.

The net proceeds to the Corporation from the Offering is estimated to be approximately $143.4 million after deducting the fees of approximately $6 million payable to the Underwriters and the estimated expenses of the Offering of $0.6 million. If the Over-Allotment Option is exercised in full, the net proceeds from the sale of the Common Shares pursuant to the Offering is estimated to be approximately $165 million after deducting the fees of approximately $6.9 million payable to the Underwriters and the estimated expenses of the Offering of $0.6 million.

Completion of the Offering is subject to certain conditions including normal regulatory and Toronto Stock Exchange approvals. The Common Shares in respect of the Offering will be offered via a prospectus supplement to the short form base shelf prospectus dated November 13, 2023 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 *U.S. Securities Act of 1933*, as amended (the "**U.S. Securities Act**"), and internationally as permitted. Closing of the Offering is expected to occur on or about December 13, 2024 and is subject to customary confirmatory due diligence.

It is currently intended that the Acquisition will close promptly following the Offering, in which case the net proceeds of the Offering, will be applied to the cash consideration due at closing of the Acquisition. Freehold anticipates that an aggregate of approximately $94.7 million will be drawn under the Credit Facilities to fund the aggregate amount by which the net proceeds of the Offering are less than the total cash consideration payable pursuant to the Acquisition (based on an exchange rate of US$0.71 for every CDN$1.00) and transaction costs.

The Offering is not contingent upon the completion of the Acquisition. As such, in the event that the Acquisition is not completed, the Corporation will use the net proceeds from the Offering to fund general corporate purposes including repayment of amounts outstanding under the Company's credit facilities.

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

5.1 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 Todd McBride, Manager, Investor Relations, by telephone at 403.221.0833 or Toll Free: 1.888.257.1873.

9. Date of Report

December 10, 2024.

Cautionary Statement Regarding Forward-Looking Information

This material change report offers our assessment of Freehold's future plans and operations as of the date hereof and contains, without limitation, forward-looking statements pertaining to the following: the anticipated closing date of the Acquisition and the Offering; the anticipated use of the proceeds from the Offering; the total aggregate purchase price of the Acquisition and the use of the proceeds of the Offering and of the Credit Facilities to fund such purchase price; that if the Acquisition does not close, Freehold will be able to recover the deposit in addition to a break fee from the Vendor; Freehold's expectation that it will exercise its option under the Acquisition Agreement in the event the Over-Allotment Option is exercised; and Freehold's expectations with regard to the Acquired Assets.

With respect to forward-looking statements contained in this material change report, Freehold has made assumptions regarding, among other things, the Corporation's ability to close the Offering and the Acquisition on a timely basis and on the terms expected; fulfillment by the Underwriters of their obligations; and that all of the Acquired Assets will be acquired under the Acquisition.

Some of the risks that could affect the Corporation's future results and could cause actual results to differ materially from those expressed in the forward-looking statements include: any failure of either party to satisfy its obligations and covenants under the PSA; any failure to receive any necessary third party consents or approvals for the Acquisition; any failure to satisfy the conditions of closing of the Acquisition; that the Acquisition will not close and Freehold will be able to recover the deposit in addition to a break fee from the Vendor; any failure of the Underwriters to satisfy their obligations under the Offering; any event that triggers a termination event under the PSA or under the underwriting agreement with respect to the Offering; any failure for any reason to receive the funding under Freehold's Credit Facilities.

Readers are cautioned that the foregoing lists of factors are not exhaustive. 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 information. Freehold gives no assurance that any of the events anticipated will transpire or occur, or if any of them do, what benefits Freehold 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. The forward-looking statements contained in this material change report are expressly qualified by this cautionary statement. Except as required by law, Freehold undertakes no obligation to publicly update or revise any forward-looking statements and readers should also carefully consider the matters discussed under the heading "*Risk Factors*" in the prospectus supplement to the short form base prospectus dated November 13, 2023 in the annual information form of the Corporation for year ended December 31, 2023 dated February 28, 2024 which is available on SEDAR+ at www.sedarplus.com.