Freehold Royalties Ltd

Bought Deal Treasury Offering of Common Shares

Term Sheet December 10, 2024

A final base shelf prospectus dated November 13, 2023 (the "Base Shelf Prospectus"), containing important information relating to the securities described in this document has been filed with the securities regulatory authorities in each of the provinces and territories of Canada. The Base Shelf Prospectus, any applicable shelf prospectus supplement and any amendment to the documents are, or will be, accessible through SEDAR+. Copies of the documents may be obtained from RBC Dominion Securities Inc., Attention: Distribution Centre, 180 Wellington Street West, 8th Floor, Toronto, ON M5J 0C2 and by email at Distribution.RBCDS@rbccm.com, or from CIBC Capital Markets, 161 Bay Street, 5th Floor, Toronto, ON M5J 2S8 or by telephone at 1-416-956-6378 or by email at mailbox.canadianprospectus@cibc.com, or from TD Securities Inc., Attention Symcor, NPM, 1625 Tech Avenue, Mississauga ON L4W 5P5 and by email at sdcconfirms@td.com.

This document does not provide full disclosure of all material facts relating to the securities offered. Investors should read the Base Shelf Prospectus, any applicable shelf prospectus supplement and any amendments to the documents for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.

The Common Shares (as defined below) have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or under the securities laws of any state of the United States (as defined in Regulation S under the U.S. Securities Act). Accordingly, such securities may not be offered, sold or delivered, directly or indirectly, within the United States, except pursuant to an exemption from the registration requirements of the U.S. Securities Act and in compliance with any applicable state securities laws. This term sheet does not constitute an offer to sell, or a solicitation of an offer to buy, any of these securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

Issuer:	Freehold Royalties Ltd. ("Freehold" or the "Company").
Offering:	Treasury offering (the "Offering") of 11,540,000 common shares ("Common Shares") of the Company.
Offering Price:	$13.00 per Common Share (the "Offering Price").
Amount:	$150,020,000 ($172,523,000 to the extent the over-allotment option is exercised in full).
Over-Allotment Option:	The Underwriters have been granted an over-allotment option exercisable in whole or in part, until 30 days following the closing of the Offering (the "Closing") to purchase up to 1,731,000 additional Common Shares on the same terms as the Common Shares sold under the Offering.
Acquisition:	Freehold has entered into a purchase and sale agreement to acquire certain mineral title and royalty interests in the United States for a purchase price of US$154 million, with an option to acquire additional interests for a total of US$200.2 million, to be paid in cash (the "Acquisition").
Use of Proceeds:	Freehold intends to use the net proceeds from the Offering to pay a portion of the cash consideration payable by Freehold upon closing of the Acquisition with the remainder of such cash consideration funded from Freehold's credit facilities.
Dividends:	Dividends are payable on a monthly basis on or about the 15th day of each month. The first dividend for which purchasers of the Common Shares offered hereunder are anticipated to be eligible to receive is the dividend anticipated to be paid on or about January 15, 2025, to holders of record on or about December 31, 2024.
Offering Basis:	Public offering in all provinces of Canada, other than Québec, by way of a prospectus supplement to the Base Shelf Prospectus. Private placement in the United States to "qualified institutional buyers" in reliance upon Rule 144A under the U.S. Securities Act. Copies of the Base Shelf Prospectus and of the prospectus supplement and any amendments thereto will be available on www.sedarplus.ca.
Underwriting Basis:	"Bought Deal" subject to conventional bought deal termination provisions.
Standstill:	Freehold will enter into a customary standstill agreement with regard to the issuance of equity securities agreement for a period of 90 days after the Closing Date, subject to certain exceptions.

Listing:	The existing Common Shares are listed on the Toronto Stock Exchange (the "TSX") under the symbol "FRU". An application will be made to list the Common Shares issuable under the Offering on the TSX.
Eligibility:	Eligible for RRSPs, RESPs, RDSPs, RRIFs, TFSAs, DPSPs and FHSAs.
Joint Bookrunners:	RBC Capital Markets, CIBC Capital Markets and TD Securities Inc.
Underwriting Fee:	4.00%
Closing:	December 13, 2024.