FAIRCOURT SPLIT TRUST

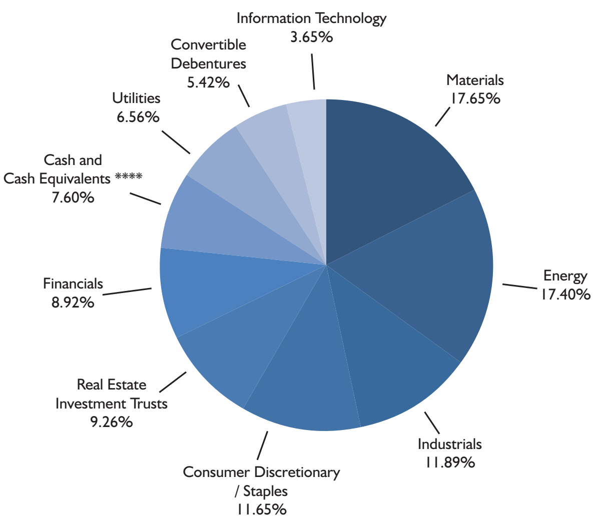
Fourth Quarter 2012

*⁎***Inception Date:** March 17, 2006
Fund Manager: Faircourt Asset Management Inc.
Portfolio Advisor: Faircourt Asset Management Inc.
TSX Symbols: FCS.UN & FCS.P.R.B

Faircourt Split Trust was created using a dual security structure, consisting of Trust Units and Preferred Securities, to provide investors with leveraged capital growth potential based on a portfolio of North American equity securities.

TOP TEN HOLDINGS as at December 31, 2012

- Black Diamond Group Ltd.
- Canadian Apartment Properties REIT
- Capital Power Corp.
- Cineplex Inc.
- Fairfax Financial Holdings Ltd.
- McDonald's Corp.
- Osisko Mining Corporation
- Philip Morris International Inc.
- Secure Energy Services Inc.
- Toronto-Dominion Bank (The)



PORTFOLIO ALLOCATION

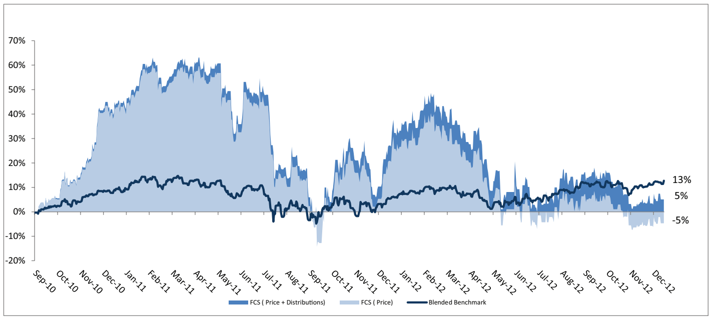
Investment Objectives

The investment objectives of the Trust are to achieve a balance between the objectives of the Preferred Securityholders and Unitholders, subject to the prior rights of Preferred Securityholders.

The investment objectives with respect to the Preferred Securities are (i) to provide Securityholders priority distributions of interest in the amount of $0.15625 per quarter ($0.625 per annum to yield per annum on the subscription price of $10.00); and (ii) to repay to Preferred Securityholders, on December 31, 2014 in priority to any return of the original subscription price to Unitholders, the original subscription price of the Preferred Securities.

The investment objectives with respect to the Trust Units are: (a) to provide Unitholders with a stable stream of tax efficient monthly cash distributions currently $0.02 per Trust Unit per month to yield 5.4% (market price as at December 31, 2012), a portion of which is tax-deferred; and (b) to return to Unitholders, on December 31, 2014 at least the original subscription price of the Units.

The following shows the returns since the merger for the trust units ending December 31, 2012. The annual return for the Benchmark as well as the individual components of the blended benchmark are also provided. The returns are calculated in Canadian dollars.



Source: Bloomberg. Data is based on price and includes distributions.

PAST PERFORMANCE

The Benchmark for the Fund is composed of the S&P TSX Composite Index (weight of 70%) and the S&P 500 in Cdn dollars (weight of 30%)

Past Performance:
In accordance with applicable securities laws, historical performance data prior to the Fund's merger with Faircourt Income & Growth Split Trust in September 2010, cannot be presented.

⁎ On September 30, 2010, Faircourt Split Trust originally launched March 17, 2006 merged with Faircourt Income & Growth Split Trust, so the effective Inception Date of FCS has become October 1, 2010."

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Management fees and expenses are associated with an investment in the fund. The performance data provided assumes reinvestment of distribution only and does not take into account redemption charges or income taxes payable by any security holder that would have reduced returns. An investment in the fund is not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer. There can be no assurance that the fund will be able to maintain its net asset value per security at a constant amount or that the full amount of your investment in the fund will be returned to you. Past performance may not be repeated.

FAIRCOURT

SPLIT

Faircourt Split Trust: December 2012 Update

The fourth quarter began with investors focused on the diminishing effects of stimulus measures announced in September; the prospects of solving Fiscal Cliff issues and the potential outcome of the US presidential election. After the election we witnessed an initial sell off in US. Equity markets. Concerns arose about the state of the negotiations in Congress about the expiry of the Bush era Tax cuts along with mandated spending cuts. Global macroeconomic concerns facing China and Europe also contributed to concerns of another recession.

Fiscal Cliff Resolution Prospects:

An initial agreement to resolve the Fiscal Cliff was reached during a "last minute" negotiating session at year-end. However, the deal is narrow and does not address the debt ceiling, an issue that Congress must approve one way or another. Market attention is now beginning to focus on this next issue. Current investor complacency, as witnessed by the historically low volatility index (VIX) is unlikely to last for long as concerns grow about the implications of a stalemate in these negotiations and the possibility of a downgrade of US debt.

The continuing challenge is that aggressive fiscal policy responses prove counterproductive to GDP growth. In the US, ending payroll tax cuts and hiking tax rates will have negative effects on US GDP and have ripple effects in the markets of its major trading partners. In our opinion, the US Federal Reserve will need to keep monetary easing going into 2014, and as a result, we anticipate upside in risk assets such as commodities and consumer cyclicals.

A bright spot for the US economy is the recovery in the housing sector. With record low interest rates and renewed optimism for the economy, consumer sentiment is turning positive in the new housing segment. As household leverage has been reduced over the last few years, and small business optimism increases, excess housing inventory is being reduced to below its long term trend line and the sector is now contributing positively to GDP. The S&P/Case-Shiller Home Price Indices revealed during the quarter that both its 10- and 20 city composites increased in October on a seasonally adjusted basis. The report also states that the 20-city composite Home Price Index has increased 4.3% year over year. Analysts suggest the housing/construction sector in 2013 can contribute as much as 1.5% of U.S. GDP.

As a result of the renewed enthusiasm in the housing sector, retail and consumer stocks were anticipating stronger results. However a report from MasterCard Advisors showed that U.S retailers witnessed a mere 0.7% increase in holiday sales, compared with the same period last year. U.S consumer spending accounts for nearly 70% of the economy and low retail sales in the otherwise promising holiday season shows lack of positive sentiment for the overall economy.

Canada

The economy showed signs of resilience during the quarter as the unemployment rate achieved its lowest level since the summer of 2009. The gradual trend through the quarter from 7.4% to 7.1% is very positive for the economy as the labour market continues to show signs of resisting the considerable headwinds from Europe, and political squabbling in Washington over the fiscal issues. The housing sector has showed some signs of easing in select markets across the country however the overall health of the housing market in key markets such as Toronto and Vancouver remains intact.

An area where we continue to see opportunity for investors is the Canadian equity markets, with the TSX composite trading at a lower PE than its historic average over 10 yrs, illustrating the lack of conviction on the part of investors for long term growth in the economy. Part of that concern exists from previous export market weakness and moderate demand for commodities. China, a key commodities export market for Canadian materials companies has shown stronger consumption patterns now that the transition of leadership has been completed, thus we expect demand growth to continue in base metals which will have positive ripple effects for the overall economy.

In reaction to foreign takeover attempts in the natural resource industry, the Government of Canada released revised guidelines on December 7, for investments by foreign state-owned enterprises (SOEs) that are subject to what the policy states as a net benefit review under the Investment Canada Act (ICA). The market reaction to the guidelines was swift as the shares of both Nexen and Progress rose sharply on the news. As Canada is a key supplier of base metals and energy to Asian markets, this new regime will be closely watched in the years to come.

Our portfolio approach, based on the noted macro economic backdrop is to focus on those leading companies that maintain a sound balance sheet, strong and growing cash flows, and leading products and services in expanding domestic and international markets. As a result, we maintain a diversified approach to North American equities, maintaining exposure in many of the sub-sectors within the S&PTSX and S&P 500.In order to generate additional returns and reduce risk, the Trust may write covered calls on securities held in the portfolio and cash secured put options on securities desired to be held in the portfolio. The Fund generated cash flow from option writing of approximately $1.92million, or $0.55 per weighted average number of Trust Units outstanding during the year ended December 31, 2012. Although volatility has returned to more normalized market levels, the Manager continues to believe that option writing can add incremental value going forward

The fund benefitted from a position in Cineplex, the premier theatre operator in Canada. Cineplex performed well during the year as a strong lineup of new releases including The Avengers, Skyfall, and The Hobbit drove solid box office results. The fund also entered a position in Disney in Q4 as we believed that market reaction to Disney's acquisition of Lucasfilm and near term earnings issues were overdone. We believe that Disney is uniquely qualified to continue to monetize the Star Wars brand and that the deal is positive for Disney in the medium and long term. . In addition, Disney maintains a leading position in its theme park business and has proven over the long term that this segment contributes positively to the bottom line in all economic environments.

The funds position in Secure Energy Services and Badger Daylighting also performed well during the year. Secure provides a range of waste disposal services for the energy sector and has been growing steadily since its IPO in 2010. Badger Daylighting is North America's largest provider of non-destructive excavating services. We believe both companies offer a compelling combination of growth and steady recurring revenue streams.

As a result of these market realities, the fund will continue to focus on holding a diversified portfolio of leading companies, many of which generate stable and growing distributions. The Fund will also employ its option writing program that provides income to the Fund while reducing the volatility of the portfolio. We believe that option writing can add incremental value going forward.

If a Unitholder wishes to retain its current percentage ownership in the Trust and assuming that all Warrants are exercised, such Unitholder should purchase all of the Units, and, if applicable, Preferred Securities and Series B Warrants, for which it may subscribe pursuant to the Warrants delivered under the Offering. If a Unitholder does not do so and other holders of Warrants exercise any of their Warrants, that Unitholder's current percentage ownership in the Trust will be diluted by the issue of Units under the Offering.