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Dear Partner,

Welcome to the performance update for Far View Partners L.P. for the quarter ended June 30, 2012.

Portfolio Performance

For the quarter, Far View Partners generated a return of -3.55% net of all fees and expenses. Since its inception on July 1, 2011, the Partnership has generated a total net return of +6.40%. In Q2 2012, global equity markets fell as investors became increasingly concerned about the finances of the peripheral countries in Europe as well as the global impact of a potential slowdown in China. The Partnership suffered from its European exposure with especially weak returns coming from its two largest positions that declined along with local markets. On a positive note, Far View Partners took advantage of this market turmoil to establish new positions in securities with promising risk-rewards and add to existing portfolio investments trading at attractive prices.

One abnormal factor did impact the Partnership's performance during the quarter. As previously noted in the Q4 2011 letter, Far View Partners had some cash trapped when its currency futures broker MF Global declared bankruptcy. The Partnership chose to mark these stranded assets at zero during Q4 2011 due to their uncertain recovery. During Q2 2012, the Partnership sold its claim on the MF Global estate to the highest bidder from multiple offers received, recovering just below 70% of its stranded assets and bringing the total Partnership recovery on MF Global assets to over 90%. This sale improved Far View Partner's performance roughly 0.20% during the Q2 2012.

Portfolio Investment: Delclima

Delclima (DLC) is an Italian climate control manufacturer spun-out of the Italian appliance manufacturer De'Longhi (DLG) at the beginning of 2012. As a small spin-off with a very limited float, DLC faced material selling pressure from the institutional shareholders of DLG, causing the security to trade at an apparently inexpensive valuation. Furthermore, due to its small size and lack of independent history, most investors and sell-side analysts did not have much interest in researching DLC, creating the potential for a greater mispricing.

To better understand this opportunity, the Partnership undertook an intensive due diligence process including multiple interviews of top management (including travelling to meet the CEO face to face) as well as conversations with senior employees at customers, distributors and major competitors of DLC. This investigation discovered that DLC's core Climaveneta division was an extremely valuable asset with strong technology, a highly-regarded management team and a top-notch brand that was well positioned for profitable, long-term growth. Despite this valuable business, DLC was trading at a very inexpensive valuation on an absolute basis and relative to its public market peers and private market transactions. The De'Longhi family appeared to share this view as they purchased over 1 million shares in the open market soon after the spin-off. Because DLC appeared to be priced at a small fraction of its estimated intrinsic value, Far View Partners purchased a large position in the stock during Q1 2012.

During the Q2 2012, DLC's share price plunged as the Italian market collapsed over 25% from its mid-March peak to its June trough. The decline in DLC's share price drove over 100% of the Partnership's negative return in the quarter. After further research for either new developments or problems with the existing thesis, Far View Partners took advantage of DLC's discounted share price to materially add to the position and the company represents one of the Partnership's most attractive risk-rewards.

The Partnership

I am proud of the foundation that has been laid for Far View Partners during its first year. By consistently applying a thorough process to source and research investments, the Partnership has been able to uncover attractive opportunities with forced, panicked, or otherwise price-insensitive sellers. Far View Partners has taken advantage of its flexible investment mandate and small size to invest in attractive securities ranging from micro-cap to large-cap companies in various industries and many different countries.

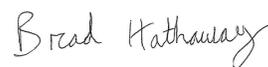
I am also very pleased with the Partnership's focus on risk management during its first year. For potential ideas, Far View Partners has rigorously applied its checklist-driven due diligence process to uncover a security's potential risks. At the portfolio level, the Partnership has also consistently employed a checklist scrutinizing its exposures to various factors including geography, industry and liquidity to avoid being exposed to unintended risks. Far View Partners has also been willing to hold material amounts of cash in the absence of attractive investment opportunities.

Of course, Far View Partners has not been perfect during its first year. Among other missteps, I misestimated the plans of management teams, the likelihood of turnarounds and the impact of economic turmoil on the trading prices of securities. I also neglected to make investments in seemingly attractive situations due to a combination of either overly cautious views on the price paid or a desire for an increased amount of certainty in the thesis. Going forward, my main goal remains to minimize the mistakes made in securities purchased while understanding that my cautious investment approach will sometimes prevent the Partnership from participating in some opportunities.

While I strongly believe that results should only be considered over a longer time period, I am pleased Far View Partners protected capital during difficult markets in its first year. For example Far View Partners' European investments provided a negative contribution of less than 1% to the fund's overall performance, despite representing the majority of the Partnership's deployed capital and facing collapsing local equity markets. As capital preservation is my primary goal, I am pleased to see that the Partnership's cautious approach has paid off to date.

As always, it is my goal to work with limited partners who understand and support the firm's investment process and goals. Please feel free to contact me with any questions or thoughts that you have about Far View Partners. I remain the largest investor in Far View Partners and am very excited for its long-term prospects. Thank you very much for your trust and support.

Sincerely,



Brad Hathaway
Managing Partner

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