Portfolio Manager Commentary

INTERNATIONAL REAL ESTATE VALUE FUND

Quentin Velleley, CFA

Joined Third Avenue in 2020
24 yrs investment experience

Dear Fellow Shareholders,

We are pleased to provide you with the Third Avenue International Real Estate Value Fund's (the "Fund") report for the quarter and year ended December 31, 2023. Through calendar year 2023, the Fund generated a return of +13.86% (after fees) compared to the most relevant benchmark, the FTSE/EPRA NAREIT Global ex US Index[1] (the "Index"), which returned +5.31% for the same period. The Fund returned +13.86% during the quarter, slightly ahead of the Index which returned +13.30%.

PERFORMANCE AND EXCESS RETURN

As of December 31, 2023

			Annualized		
	3 Mo	1 Yr	3 Yr	5 Yr	Inception*
Third Ave Int'l Real Estate Value Fund (REIFX)	13.86%	13.86%	3.41%	7.11%	5.37%
FTSE EPRA/NAREIT Global ex US Index	13.30%	5.31%	-5.01%	-0.77%	1.67%
Third Ave Int'l Real Estate Value Fund Excess Return[2]	0.56%	8.55%	8.42%	7.89%	3.70%

*Inception Date 3/19/2014. Source: Third Avenue Management, Company Reports, Bloomberg.

The drivers of the Fund's outperformance during the year included: (i) investments in residential real estate businesses with strong ties to cities experiencing high immigration alongside limited new supply (UK, Australia, Canada, and Europe); (ii) significant investment positions in industrial real estate owners and developers exposed to 'nearshoring', particularly in Mexico and Central/Eastern Europe, and (iii) select investments in small and mid-cap Japanese real estate operating companies.

During the year, overall returns were negatively impacted by weakness in the Asia Pacific (ex-Japan) portion of the Fund, with subdued returns in Australia and Singapore, and poor returns in Hong Kong-listed investments. The exposure to Asia Pacific (ex-Japan) represents about one-third of the Fund's investments and offers the best potential for high total returns in the near term, given increasingly attractive valuations relative to long-term growth potential, in our view.

Activity

During the quarter, the Fund took advantage of share price weakness to invest in small-cap UK office company Helical plc ("Helical"). Helical is structured as a Real Estate Investment Trust ("REIT") and specializes in the re/development, refurbishment, and management of high-quality 'sustainable' London office properties. With a history of recycling capital, the current Helical portfolio consists of eight properties totaling just under 900k square feet and three development site joint ventures with Transport for London ("TfL") located in prime positions at central London tube (subway) stations.

Since the beginning of COVID, Fund Management has been cautious about investing in office real estate given the uncertain outlook surrounding a structural shift to work from home or hybrid working. At the advent of COVID restrictions, Fund Management reduced the Fund's exposure to office real estate from 26% of assets down to 10%, with the

Past performance is no guarantee of future results; returns include reinvestment of all distributions. Past performance and current performance may be lower or higher than performance quoted above. Investment return and principal value fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. For the most recent month-end performance, please visit the Fund's website at www.thirdave.com.

remaining exposure mostly in Asia through diversified real estate companies. Along those lines, it is important to note that Helical is a niche operator focused on a London office market where fundamentals are better than most office markets globally.

The investment in Helical is in fact premised on five key drivers: (i) London office fundamentals in smaller, high-quality, environmentally rated buildings are favorable, with CBRE predicting 5.1% rent growth per year over the next five years[3], (ii) the City of London's regulatory requirements on green buildings means developers like Helical are in an advantageous position to create value as assets are upgraded, (iii) Helical shares are deeply discounted, trading at a 46% discount to net asset value (book value) and an implied 10% real estate cap rate[4], (iv) Helical is in the process of leasing up a recently completed new property with leasing deals a potential catalyst, together with value creation from the TfL joint ventures, and, (v) Helical is a resource conversion candidate through a possible merger or privatization.

As part of Third Avenue's investment approach[5], one of the four general ways corporations can create wealth is by surfacing the private-market value of their enterprises through resource conversions such as mergers and acquisitions ("M&A"), from which the Fund has a track record of benefitting. This is especially the case in the UK, where numerous M&A deals in the listed real estate sector have occurred over recent years. UK Investment bank, Peel Hunt, outlines 18 M&A deals since 2019 at an average 31% premium to the prior day's share price close[6], at a marginal discount to net asset value (or "NAV"). If shares continue to trade at significant discounts, Helical's board, owners, and managers should be incentivized to surface value given that the founder controls 8.5% of the company and is no longer involved in the "day-to-day" per se, and senior management and an employee profit plan owns about 5.4%.

Concerning other resource conversion opportunities, it was positive to see the Fund's investment in Swire Pacific ("Swire"), a Hong Kong/China diversified company with about 80% of its assets in a high-quality retail and office portfolio in Hong Kong and China, announce another meaningful wealth creating transaction. The Fund's investment position in Swire has benefitted from many transactions over the past few years, including divesting non-core beverages assets, selling non-core office assets, divesting its legacy marine services business, and buying back shares at deep discounts. Combined, these actions helped Swire generate a total shareholder return of 22% in 2023 despite the broad Hong Kong market (Hang Seng Index) being in a protracted bear market.

In November, Swire's property subsidiary announced the sale of 12 floors of its premium office asset, One Island East (on Hong Kong Island), to the tenant occupying the space. This US$700m transaction was reportedly conducted at a low 3.3% cap rate, reflecting a high value for the office given the current office market weakness. Shortly thereafter, Swire announced another large-scale share buyback, representing about 9% of the company (by equity value) which is currently underway. Importantly, this buyback will again be conducted at extraordinary discounts to book value, with shares traded at just 25% of book value at the time of announcement. Hence, the buyback should provide meaningful value accretion to remaining shareholders.

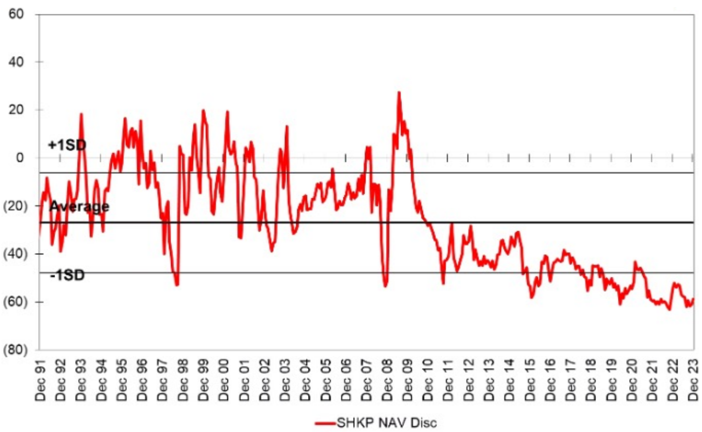
When combining this share buyback with the previous repurchase activity announced in 2022, special dividend in 2023, and ordinary dividends, Swire will have returned about 40% to shareholders over the last year and a half with little change to book value per share[7]. Fund Management has been very pleased with management's capital allocation decisions of late and is happy to retain an investment in an increasingly simplified real estate entity that owns, operates, and develops some of the best real estate in Asia.

Staying on yet more resource conversions, it was also positive to see luxury hotel owner and manager Mandarin Oriental ("Mandarin") sign an option to sell its Paris Hotel for US$225mn while retaining a long-term property management contract. Part of the proceeds will be used toward leveraging the company's luxury hotel management platform into 27 new hotels under various stages of construction. These properties will not be owned but managed, ensuring high returns on invested capital. The Paris Hotel sale represents US$1,700,000 per room, highlighting the significant disconnect between public and private market value in Asian listed property companies; Mandarin shares currently trade at an implied value of less than US$200,000 per room.

This market disconnect in Asian property companies is not only apparent in small market-cap companies like Mandarin. As such, during the quarter, the Fund initiated a position in large-cap real estate operating company Sun Hung Kai Properties Ltd ("Sun Hung Kai"). Sun Hung Kai owns and develops premium commercial and residential property portfolios in Hong Kong (80% of property revenue) and, to a lesser extent, mainland China (20%). The company's portfolio includes 126 million square feet of high-quality retail, office, hotel, and data center assets and developments. With an 'A+ S&P' rated balance sheet, Sun Hung Kai is well known for owning some of the best investment properties in Hong Kong and consistently developing some of the best residential condoproducts since the company was founded in the 1970s.

Sun Hung Kai shares trade at a 63% discount to net asset value, which is a distressed level not even seen in over 30 years, including the Global Financial Crisis (2008/2009) and the Asian financial crisis (1997/98), as shown in the following chart. The implied valuation also represents 9 times trailing earnings or 6 times peak earnings, which is also around cyclical lows only seen previously at crisis points. Rarely do such high-quality companies trade at such wide discounts; with the share price factoring in overly pessimistic assumptions on real estate fundamentals and geopolitical risk, Sun Hung Kai offers a compelling long-term investment opportunity, in our view.

SUN HUNG KAI NAV DISCOUNT



Source: DataCentral, Citi Research estimates

Consistent with Third Avenue's investment approach, corporations can create wealth by having attractive access to capital markets—particularly if the control group can take advantage of such a moment to enhance the quality and quantity of resources within the entity. In this regard, it has been favorable to see several of the Fund's holdings recently issue new shares to expand their real estate portfolios into new opportunities with attractive return potential, especially at a time when many public and private real estate entities have limited access to both equity and debt capital. The Fund's investments that have recently issued equity include UK storage REIT, Big Yellow plc, to fund its development pipeline which they anticipate will generate ~9% yields, Mexican industrial owner/developer, Vesta, to fund nearshoring industrial developments that Vesta projects to produce >10% yields, and Alberta Canada-based multifamily REIT, Boardwalk, to fund an acquisition and pay down debt.

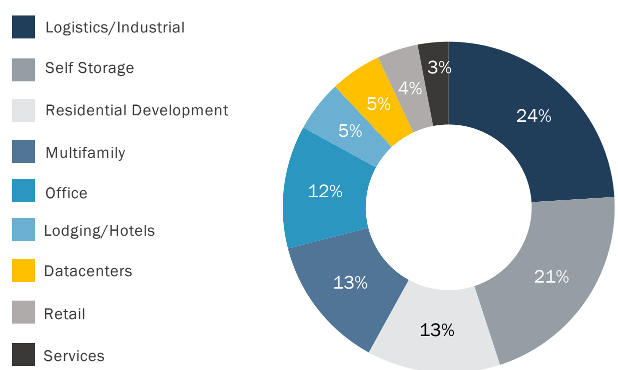
During the quarter, the Fund's European self-storage investment, Shurgard Self Storage Ltd ("Shurgard"), also issued shares to finance an acceleration in its self-storage portfolio growth, which Shurgard projects to yield around 8-9%. While shares were issued at a modest discount to our estimate of net asset value, the use of proceeds should create meaningful shareholder value over time with high yields and growth potential given the immaturity of the self-storage market across Europe. Following the equity raise, Shurgard's balance sheet is conservatively levered and well-positioned to fund its targeted development and acquisition growth.

Positioning

Following the aforementioned investment activity, industrial/logistics and self-storage remain the largest Fund exposures, with almost half the Fund's assets invested in these two property types. The Fund's exposure to residential real estate (multifamily rental and development) totals 26%, mainly in the UK, Australia, Canada, and Ireland. While the special situation investment in Helical increased office exposure, it only accounts for 12% of the Fund's exposure. In contrast, Fund Management estimates that the Fund's benchmark has a 25% exposure to office real estate.

CURRENT ASSET TYPES

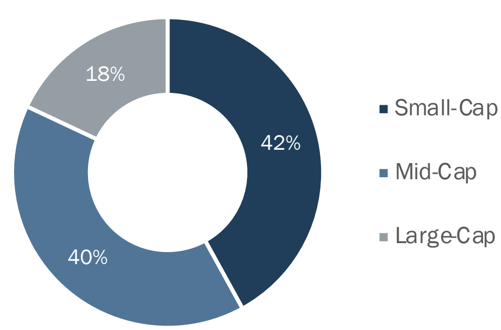
As of December 31, 2023 | Source: Company Reports, Bloomberg



Many of the Fund's holdings focus on an individual property asset type in a focused geographic footprint. As such, they tend to have smaller portfolios of assets and are often small- and mid-market-cap companies, as shown below.

CURRENT MARKET CAP WEIGHTINGS[8]

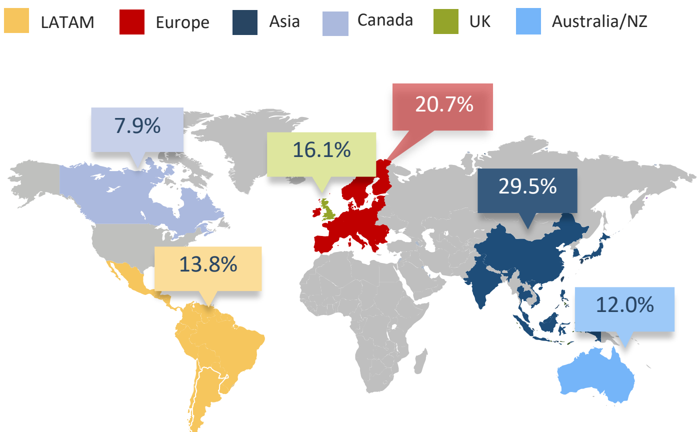
As of December 31, 2023 | Source: Factset, Company Reports



During the quarter the Fund's exposure to geographic regions remained somewhat consistent with the prior quarter, with reduced exposure to Hong Kong and China, in favor of the UK and Europe.

DIVERSE REGIONAL EXPOSURE*

As of December 31, 2023 | Source: Bloomberg, TAM



*Third Avenue International Real Estate Value Geographic exposure at 12/31/2023 Regional exposure reflects where the company is listed.

Commentary

With a long-term orientation to investing in listed real estate, many of the Fund's investment theses can take years to unfold. For example, the Fund first invested in Mexican industrial real estate owner and developer Vesta back in early 2015; after a due diligence trip, Fund Management returned with the view that Mexico's inexpensive, technically trained workforce and proximity to the U.S. would drive positive industrial market fundamentals for many years. This was long before the mainstream positive consensus on 'nearshoring' of supply chains recently took hold, resulting in high returns for investments like Vesta. Generating an annual return of over 15%[10] for the Fund, Vesta remains a top-five holding as the high growth nearshoring trend continues to play out.

While the timing might be uncertain, Fund Management has confidence in three themes that should prove positive for the Fund's return outlook:

i. International and U.S. valuations have decoupled. We expect the valuation discount to close resulting in upside for international real estate as it returns to the mean.

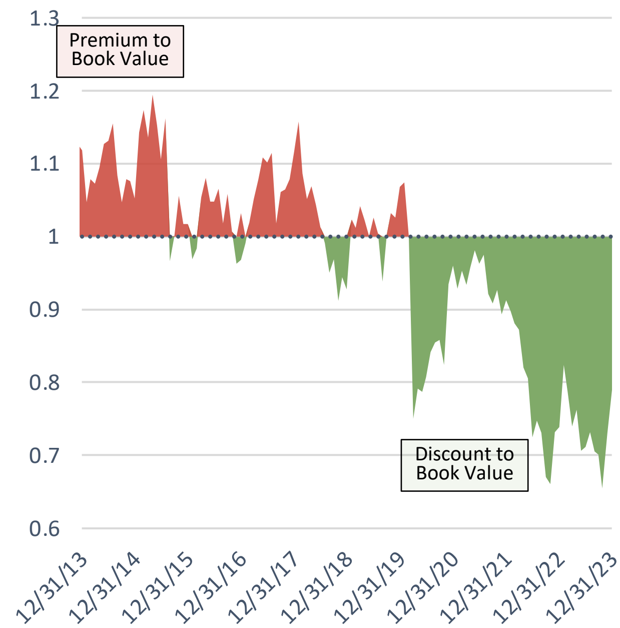
ii. Persistent international discounts increase the likelihood of resource conversions, such as M&A, to surface value for shareholders.

iii. Investing in real estate markets with unique demand drivers and constrained supply offers the best total return potential.

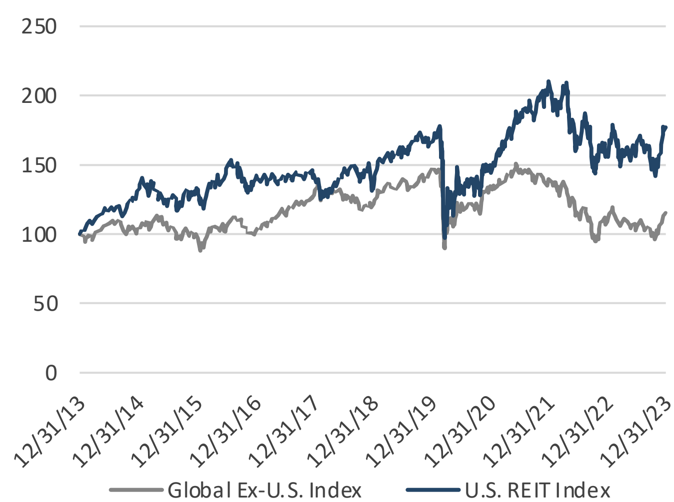
A return to the mean

For the international real estate index to revert to its pre-COVID average of 1.05x book value, it would need to increase by almost 33%. Under this scenario, the Fund's concentrated portfolio of best ideas has the potential to provide higher returns[9]. This is best shown in the following chart, highlighting the attractive valuations.

INTERNATIONAL REAL ESTATE INDEX ATTRACTIVE VALUATION



INTERNATIONAL REAL ESTATE INDEX V. U.S. REIT INDEX



International Real Estate Index referenced in the above charts is the FTSE EPRA/NAREIT Developed ex U.S. Index.

U.S. REIT Index referenced above is the MSCI US REIT Gross Total Return Index.[11]

Similar to the broad equity market performance, over the past 10 years, the international real estate index has underperformed the U.S. equivalent, resulting in more attractive valuations and total return potential in international markets. Following December's share price rally, the U.S. REIT sector trades at about 108%[12] of estimated net asset value, suggesting international markets offer much better value. Peaking interest rates in several markets (and even declining in some countries) should provide a positive tailwind for international real estate securities, with the prospect of a weaker U.S. dollar enhancing returns in many cases.

Increased likelihood of resource conversion

As management teams become increasingly frustrated with low share prices, the prospects for "resource conversion," such as asset sales, M&A, share buybacks, and potentially special dividends, are increasing. Despite Fund holdings benefitting from transactions at Swire and Mandarin, there has been a global lull in commercial real estate transactions as interest rates have increased. With interest rates declining in some markets and stabilizing in others more recently, transaction activity may likely increase soon. Third Avenue's fundamental investment process has resulted in many of the Fund's investments benefiting from both public and private M&A over the life of the Fund.

Unique demand drivers with constrained supply

About 70% of the Fund's investments focus on local real estate markets with unique long-term demand drivers and constrained new supply. The positive real estate fundamentals offer outsized opportunity for growth which is not yet priced into the share price:

i. <u>Residential markets</u> in Australia, Canada, the UK, and Ireland have constrained supply, such that a sustained increase in immigration is pushing rents higher and holding up home prices despite a higher interest rate environment,

ii. <u>Self-storage platforms</u> in Canada, Australia, the UK, and Europe offer a long growth pathway through rent growth, occupancy improvement, acquisitions, and developments. Additionally, improved housing market activity as interest rates stabilize and decline will drive increased self-storage demand,

iii. <u>Industrial real estate</u> in Mexico, Central/Eastern Europe, and South-East Asia where supply chains are adapting to geopolitical and post-pandemic realities, resulting in high demand, rent growth and high development margins.

We thank you for your continued support and look forward to writing to you again next quarter. In the meantime, please don't hesitate to contact us with any questions, comments, or ideas at **realestate@thirdave.com.**

Sincerely, The Third Avenue Real Estate Value Team

Quentin Velleley, CFA Portfolio Manager

FUND PERFORMANCE

			Annualized			
	3Mo	1Yr	3Yr	5Yr	Inception	Inception Date
Third Ave International Real Estate Value Fund (Institutional Class)	13.86%	13.86%	3.41%	7.12%	5.37%	3/19/2014
Third Ave International Real Estate Value Fund (Z Class)	13.88%	13.88%	3.41%	7.11%	4.64%	4/20/2018

As of March 1, 2023 REIFX Gross/Net Expense Ratio: 1.59%/1.00%, REIZX Gross/Net Expense Ratio: 1.52%/1.00%

The Adviser has contractually agreed to waive its fees and reimburse expenses so that the annual fund operating expenses for the Fund do not exceed 1.00% of the Fund's average daily net assets until March 1, 2024. This limit does not apply to distribution fees pursuant to Rule 12b-1 Plans, brokerage commissions, taxes, interest, short-sale dividends, acquired fund fees and expenses, other expenditures capitalized in accordance with generally accepted accounting principles or other extraordinary expenses not incurred in the ordinary course of business. If fee waivers had not been made, returns would have been lower than reported.

Past performance is no guarantee of future results; returns include reinvestment of all distributions. The chart represents past performance and current performance may be lower or higher than performance quoted above. Investment return and principal value fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. For the most recent month-end performance, please call 1-800-673-0550.

TOP TEN HOLDINGS

Glenveagh Properties PLC	5.9%
CTP NV	5.8%
Big Yellow Group PLC	5.4%
Corp Inmobiliaria Vesta SAB de CV	5.3%
National Storage REIT	5.3%
Ingenia Communities Group	5.2%
Shurgard Self Storage Ltd.	4.8%
Tosei Corp.	4.7%
Swire Pacific Ltd.	4.6%
Storagevault Canada Inc.	4.4%
TOTAL	**51.4%**

Allocations are subject to change without notice

The fund's investment objectives, risks, charges, and expenses must be considered carefully before investing. The prospectus contains this and other important information about the investment company, and it may be obtained by calling 800-443-1021 or visiting www.thirdave.com. Read it carefully before investing.

Distributor of Third Avenue Funds: Foreside Fund Services, LLC.

Third Avenue offers multiple investment solutions with unique exposures and return profiles. Our core strategies are currently available through '40Act mutual funds and customized accounts. If you would like further information, please contact a Relationship Manager at:

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The information in this portfolio manager letter represents the opinions of the portfolio manager(s) and is not intended to be a forecast of future events, a guarantee of future results or investment advice. Views expressed are those of the portfolio manager(s) and may differ from those of other portfolio managers or of the firm as a whole. Also, please note that any discussion of the Fund's holdings, the Fund's performance, and the portfolio manager(s) views are as of December 31, 2023 (except as otherwise stated), and are subject to change without notice. Certain information contained in this letter constitutes "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "project," "estimate," "intend," "continue" or "believe," or the negatives thereof (such as "may not," "should not," "are not expected to," etc.) or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results or the actual performance of any fund may differ materially from those reflected or contemplated in any such forward-looking statement. Current performance results may be lower or higher than performance numbers quoted in certain letters to shareholders.

Date of first use of portfolio manager commentary: January 19, 2024

FUND RISKS: In addition to general market conditions, the value of the Fund will be affected by the strength of the real estate markets. Factors that could affect the value of the Fund's holdings include the following: overbuilding and increased competition, increases in property taxes and operating expenses, declines in the value of real estate, lack of availability of equity and debt financing to refinance maturing debt, vacancies due to economic conditions and tenant bankruptcies, losses due to costs resulting from environmental contamination and its related clean-up, changes in interest rates, changes in zoning laws, casualty or condemnation losses, variations in rental income, changes in neighborhood values, and functional obsolescence and appeal of properties to tenants. The Fund will concentrate its investments in real estate companies and other publicly traded companies whose asset base is primarily real estate. As such, the Fund will be subject to risks similar to those associated with the direct ownership of real estate including those noted above under "Real Estate Risk." Foreign securities from a particular country or region may be subject to currency fluctuations and controls, or adverse political, social, economic or other developments that are unique to that particular country or region. Therefore, the prices of foreign securities in particular countries or regions may, at times, move in a different direction than those of U.S. securities. Emerging market countries can generally have economic structures that are less diverse and mature, and political systems that are less stable, than those of developed countries, and, as a result, the securities markets of emerging markets countries can be more volatile than more developed markets may be. Recent statements by U.S. securities and accounting regulatory agencies have expressed concern regarding information access and audit quality regarding issuers in China and other emerging market countries, which could present heightened risks associated with investments in these markets. The Adviser's use of its ESG framework could cause it to perform differently compared to funds that do not have such a policy. The criteria related to this ESG framework may result in the Fund's forgoing opportunities to buy certain securities when it might otherwise be advantageous to do so, or selling securities for ESG reasons when it might be otherwise disadvantageous for it to do so. For a full disclosure of principal investment risks, please refer to the Fund's Prospectus.

[1] **Excess Return**, Excess return refers to the return from an investment above the benchmark. Source: Investopedia

[2] **FTSE EPRA Nareit Global ex US Index** is designed to track the performance of listed real estate companies and REITS in both developed and emerging markets. By making the index constituents free-float adjusted, liquidity, size and revenue screened, the series is suitable for use as the basis for investment products, such as derivatives and Exchange Traded Funds (ETFs). It is not possible to invest directly in an index.

[3] Source: Company reports, 2023-2028 5-year annualized growth rate forecast CBRE London City

[4] The implied yield is the property cap rate implied from the current share price, assuming book value for developments and lease-up of vacant space at market rents.

[5] Source: dear fellow shareholders M. J. Whitman 2016

[6] Source Peel Hunt, Sector Outlook Real Estate, M&A: more to come, 25 September 2023

[7] Swire sold the U.S. operations of its beverages business for US$3.9bn, at 4x book value with the transaction at a 22x earnings multiple. The One Island East office sale occurs close to book value, though the estimated 30x multiple has limited earnings impact.

[8] Small Cap is Equity Market Cap up to US$2bn, Mid Cap US$2bn-US$10bn, Large Cap >US$10bn.

[9] The Fund's arithmetic average up market return has been 121% of the Fund's benchmark returns over the last five years measured monthly.

[10] Investment Rate of Return

[11] The MSCI US REIT Index is a free float-adjusted market capitalization weighted index that is comprised of equity Real Estate Investment Trusts (REITs). Source MSCI

[12] Source Citi