



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 that ended March 31, 2024. Through the first quarter of the calendar year, the Fund generated a return of -1.70% (after fees) compared to the most relevant benchmark, the FTSE/EPRA NAREIT Global ex US Index¹ (the "Index"), which returned -2.43% for the same period. Over the past year, the Fund generated a return of +8.59% (after fees) versus +4.49% (before fees) for the Index.

PERFORMANCE AND EXCESS RETURN

As of March 31, 2024

	Annualized					
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Inception*
Third Ave Int'l Real Estate Value Fund (REIFX)	-1.70%	8.59%	2.00%	4.25%	5.07%	5.05%
FTSE EPRA/NAREIT Global ex US Index	-2.43%	4.49%	-6.61%	-3.84%	1.20%	1.38%
Third Ave Int'l Real Estate Value Fund Excess Return ²	0.73%	4.10%	8.61%	8.09%	3.87%	3.67%

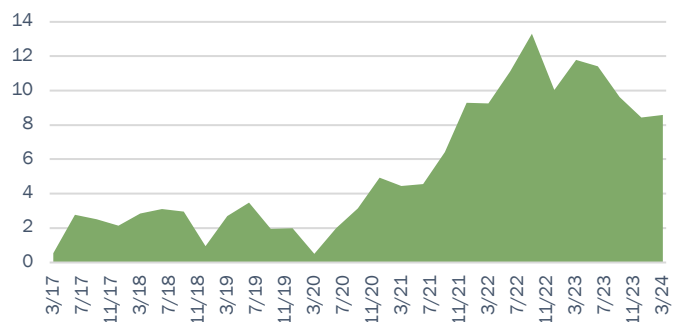
*Inception Date 3/19/2014. Source: Third Avenue Management, Company Reports, Bloomberg.

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.

Over the past three years, the Fund, on average, has outperformed the Index by 8.5% per year, as highlighted in the chart below, which shows the rolling three-year excess return.

3-YEAR ROLLING EXCESS RETURN

Through 3/31/2024



ACTIVITY AND OBSERVATIONS

During the quarter, Fund Management attended various conferences and met with senior executives from almost half of the Fund's holdings. These updates generally supported our investment underwriting, reiterating our belief that the Fund owns the best-positioned listed international real estate entities for the current environment. Specifically, some of the Fund's key investment themes of (i) nearshoring growth, (ii) undersupplied residential markets in Western regions, and (iii) emerging self-storage platforms appear to remain firmly intact.

Some of the more critical takeaways from this recent due diligence included:

Nearshoring Growth

- In Mexico, nearshoring tenant demand exceeds new supply, with broad speculative new development restricted by infrastructure constraints and high financing costs. The public companies held by the Fund are in an advantageous



- position to benefit from high rental growth (rents +22% in 2023)³ and attractive profits on new development.
- Despite high interest rates, industrial cap rates (i.e., the “initial yield on a real estate investment”) are compressing, and values are increasing, given the increased institutional demand for assets. Public industrial REIT Terrafina (not held by the Fund) is considering six expressions of interest for its privatization or merger.⁴
- A budding risk is the number of Chinese companies setting up in Mexico and a potential US attempt at curtailment for political reasons.
- The US's artificial intelligence (“AI”) data center boom is a positive for nearshoring demand in Mexico; for example, Taiwanese company Foxconn is making significant investments in AI server manufacturing.
- To a lesser extent, similar nearshoring trends are playing out in Central and Eastern Europe. The Fund’s investment, CTPNV (“CTP”), a Netherlands-listed industrial owner and developer, has been signing rents 18% ahead of 2022 levels per its most recent year-end financial results.
- Further, construction costs in Central and Eastern Europe have declined from peak levels, helping to underwrite development profits on CTP’s substantial pipeline.

Undersupplied Residential Markets in Western Regions

- The supply-demand imbalance benefitting residential rents and home values in Western regions (Australia, Canada, Ireland, the UK, and Spain) is becoming politically problematic.
- With high levels of migration and subdued construction, housing demand is outstripping supply in Western regions, resulting in rent growth of 8-10% over the last year, with attractive rent growth expected to continue.
- In markets like Alberta, Canada, landlords have been careful to subdue annual rent growth to maintain low turnover, limit friction with tenants, and reduce the risk of rental regulation. This likely means an elongated rental growth profile for the Fund’s investment in Boardwalk REIT over the coming years.
- In Spain, despite higher interest rates, the new home construction market benefits from affordable home prices, as home prices never fully recovered to pre-global financial crisis levels. This is a positive development for fund-holding Aedas Homes, unlocking significant value in its landbank by bringing new supply to the market.

- In the UK, the nascent institutional multifamily sector has a long growth pathway. The Fund’s investment in Grainger targets a doubling of earnings in the next three years as its multifamily development pipeline is completed. This coincides with the accelerated exit by individual investors from the UK’s buy-and-let housing market as tax changes have restricted the deductibility of interest expense. As a result, the reduced pool of available property “to let” will likely benefit institutional landlords such as Grainger.

Emerging Self-Storage Platforms

- Self-storage real estate outside the US remains immature, with low supply and potential for increased demand from higher penetration. For example, industry awareness surveys in the UK revealed that 44% of the population either have never heard of self-storage or have heard of it but know nothing about the service offered.
- Improving efficiency through contactless leasing (via mobile phone), automated security access, and AI deployment at call centers is improving operating margins. Larger platforms, mainly the Fund’s investments in National Storage REIT (Australia), Big Yellow Group PLC (UK), Storage Vault (Canada), and pan European/UK Shurgard Self Storage Ltd. (“Shurgard”) are increasingly benefiting from economies of scale, notably when including advertising spending via a search engine, where small operators struggle to compete.
- Such economies of scale and platform synergies will likely benefit Shurgard’s takeover agreement to acquire Lok N Store which was announced post quarter end. The proposed acquisition of UK based Lok N Store in a US\$766 million deal (total transaction cost), sees Shurgard targeting a stabilized 8% yield on cost post integration, lease up and development completions.
- In the UK, Western Europe, Australia, and Canada, attractive yields on new self-storage development will create value for the Fund’s investments. Private developers struggle to access capital at reasonable rates to make development feasible.

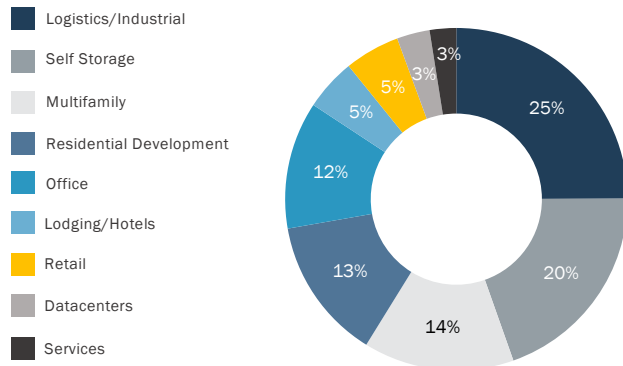
POSITIONING

As highlighted on the next page, industrial/logistics, residential, and self-storage real estate asset types continue to make up the majority (72%) of the Fund’s exposure.



CURRENT ASSET TYPES

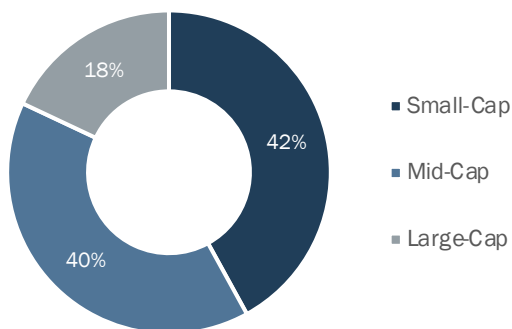
As of March 31, 2024 | Source: Company Reports, Bloomberg



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 WEIGHTINGS⁶

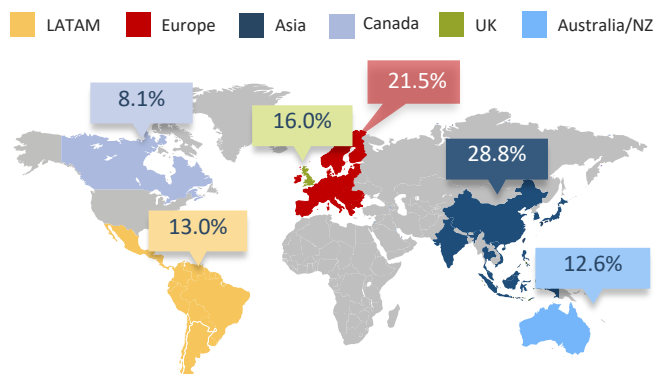
As of March 31, 2024 | Source: Factset, Company Reports



The Fund's exposure to geographic regions remained somewhat consistent with the prior quarter, as shown below.

DIVERSE REGIONAL EXPOSURE*

As of March 31, 2024 | Source: Bloomberg, TAM



*Third Avenue International Real Estate Value Geographic exposure at 3/31/2024 Regional exposure reflects where the company is listed.

FUND COMMENTARY

In addition to the nearshoring, Western residential, and self-storage portfolio investment themes, the Fund has meaningful exposure to high-quality, deeply discounted Asian property companies.

Japan represents an essential piece of the Fund's Asian exposure through entities structured as Real Estate Operating Companies ("REOCs"), differing from the Fund's Index, which has significant Japanese exposure through entities structured as Real Estate Investment Trusts ("REITs").

The Fund has tended to avoid investing in Japanese REITs given several shortcomings; namely, they are highly regulated and forced to adopt an external management structure, where all substantive activities of the REIT are entrusted to third parties, and alignment between management and shareholders is often weak. While the REIT's Board of Directors is responsible for monitoring the external asset manager's activities, incentives are primarily linked to the growth in the REIT's assets rather than more shareholder-supportive incentives like growing net asset value or free cash flow per share. The REIT's external advisors often own very little, if any, shares in the REIT. Furthermore, as Japanese REITs must be structured as passive vehicles, the ability to develop or redevelop assets is restricted. At the same time, this regulation might reduce some risk, but it also robs the REITs of the ability to create value.

JAPAN REIT SECTOR IMPLIED CAP RATE⁸ (%)

As of March 31, 2024 | Source: Company materials, Bloomberg; compiled by Daiwa



Implied cap rate = real estate net operating income / enterprise value implied from share price



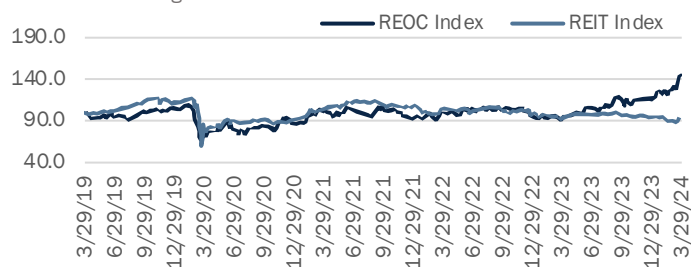
Since 2010, the Japanese REITs have benefited from the government and Bank of Japan's ("BOJ") stimulus, which was initially known as "Abenomics," after former Japanese Prime Minister Shinzō Abe. Since then, the BOJ has been a significant net buyer of Japanese REITs, with the BOJ's ownership in many of the largest REITs increasing to nearly 10% of outstanding shares. With the recent announcement of an end to the BOJ's direct stimulus measures, this tailwind for REIT fund flows has now ended and could create a headwind if the BOJ decides to unwind its holdings.

In Fund Management's view, BOJ ownership is a hidden risk for passive index exposure to international real estate and a strong argument for our active management instead. Furthermore, the REITs are more sensitive to changes in interest rates given their combination of passive earnings streams, high multiples (lower earnings yields), elevated balance sheet leverage, and often being regarded as an equity "bond proxy." With the BOJ signaling a 'normalization' in monetary policy, there is likely to be a headwind to the performance of the Japanese REIT sector, to which the Fund is not exposed.

In contrast, Fund Management is much more constructive on Japanese REOCs representing 10% of Fund holdings. Japanese REOCs often own higher quality assets and can actively manage their real estate to create value, in addition to a more diverse set of growth drivers than passive REITs. Part of the current opportunity is due to several instances where governance, alignment of management incentives, and return on capital have been a drag on past performance for the REOCs. However, those limitations may improve with the Tokyo Stock Exchange's ("TSE") campaign to improve Japanese corporate governance and returns on equity, which could help unlock significant value in many of the listed Japanese REOCs. With that in mind, it was positive to see activist US-based investor Elliot Management reportedly⁵ propose shareholder-friendly measures at large-cap Japanese REOC Mitsui Fudosan (not a Fund holding), including selling non-core assets and buying back shares. With a combination of activism, growing TSE pressure, and fund flows from China into Japan; the Japanese REOCs have performed well and, during the quarter, were by far the best share price-performing sector in developed markets.

JAPAN REOC⁹ INDEX VERSUS REIT INDEX¹⁰ PERFORMANCE

Source: Bloomberg



Both indices are indexed to 100 end Q1 2019.

The Fund's investment in Tosei Corp. ("Tosei") exemplifies Fund Management's preference for highly active real estate managers that can create shareholder value over time. Tosei has several business lines focused on the Tokyo real estate market. This includes the 'revitalization' business focusing on value creation by buying, revitalizing, and selling smaller office, logistics, and residential rental buildings. Often, these revitalizations include a dramatic improvement in environmental standards. With greater Tokyo's large inventory of older small buildings, combined with increased tenant demand and regulation of sustainability requirements, Tosei is in an excellent position to continue to create significant value over time, in Fund Management's view.

In addition, Tosei is Japan's largest independent property manager, with US\$16 billion of real estate assets under management, about half of which are managed for Western investors such as Blackstone and Allianz. Impressively, assets under management have grown at 28% per year since 2020, and with increasing international interest in Japanese real estate, we believe Tosei is well-positioned to continue this growth.

Since initiating a position in Tosei in 4Q of 2021, Tosei has generated the Fund a 25% annualized total return per year in US dollars. Despite this impressive performance, Tosei continues to trade at substantially discounted valuation levels, with a price-to-earnings multiple of only ten times this year's expected earnings and an estimated 80% upside if shares were to trade at the company's net asset value ("NAV") estimate. Fund Management feels aligned with Tosei's management, given that the CEO's ownership stake is 26% of the outstanding shares.

Like Tosei, the Fund's position in Nomura Real Estate Holdings ("Nomura Real Estate") is also actively engaged in shareholder value creation. Nomura Real Estate is regarded as already having one of the best corporate governance profiles among the Japanese REOCs, which is a factor that has helped the company create a track record of cash flow and book value growth since its 2006 initial public offering. Despite this, shares at Nomura Real Estate also trade at an undemanding valuation of 11x earnings and attractive upside potential if the shares were to trade at Fund Management's estimate of NAV. Importantly, Nomura Real Estate's management is committed to returning roughly half of the annual cash flow to shareholders through a combination of dividends and share buybacks.

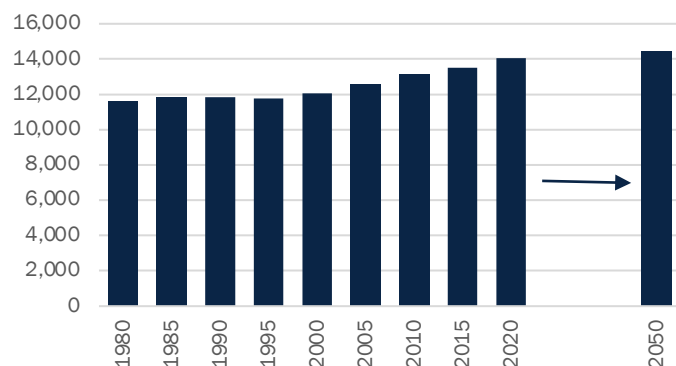


Something to also consider is that the Japanese financial services group Nomura Holdings has a 36% controlling stake in Nomura Real Estate. With increased pressure in corporate Japan to simplify, reduce cross-shareholdings, and increase shareholder returns, subsidiary shareholdings could be divested. If Nomura Holdings were to sell its stake in Nomura Real Estate Holdings, seeing interest from a private equity buyer would not be inconceivable.

Most of Tosei and Nomura Real Estate's focus is on the Tokyo real estate market. With a low birth rate and an aging population, Japan's demographic headwinds are well known. By 2050, the population of Japan is expected to have declined by 17% to 104.7 million people⁷. However, the Tokyo prefecture¹¹ is expected to grow by 2.5% to 14.4 million people without factoring in any benefits from more lenient immigration policies. So, while demographics present broad macroeconomic challenges for Japan, Tokyo's real estate owners and operators, such as Tosei and Nomura Real Estate, should remain relatively well positioned.

TOKYO PREFECTURE POPULATION BY CENSUS YEAR

Source: Statistics Bureau Japan



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 or comments at realestate@thirdave.com.

Sincerely, The Third Avenue Real Estate Value Team

Quentin Velleley, CFA Portfolio Manager



FUND PERFORMANCE

	3Mo	1Yr	Annualized			Inception	Inception Date
			3Yr	5Yr	10Yr		
Third Ave International Real Estate Value Fund (Institutional Class)	-1.70%	8.59%	2.00%	4.25%	5.07%	5.05%	3/19/2014
Third Ave International Real Estate Value Fund (Z Class)	1.65%	8.68%	1.99%	4.26%	N/A	4.15%	4/20/2018

As of March 1, 2024 REIFX Gross/Net Expense Ratio: 1.62%/1.00%, REIZX Gross/Net Expense Ratio: 1.54%/1.00%

The Advisor has contractually agreed, for a period of one year from the date of the Prospectus, dated March 1, 2024, to waive advisory fees and/or reimburse Fund expenses in order to limit Net Annual Fund Operating Expenses (exclusive of taxes, interest, brokerage commissions, acquired fund fees and expenses, dividend and interest expense on short sales and extraordinary expenses) to 1.00% of the average daily net assets of the Institutional Class and Z Class (the "Expense Limitation Agreement"). The Expense Limitation Agreement may be terminated only by the Board of Trustees of Third Avenue Trust. 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

CTP NV	6.2%	Corp. Inmobiliaria Vesta SAB de CV	5.2%
Glenveagh Properties PLC	5.9%	Big Yellow Group PLC	4.6%
Ingenia Communities Group	5.8%	Shurgard Self Storage, Ltd.	4.4%
National Storage REIT	5.3%	StorageVault Canada, Inc.	4.2%
Tosei Corp.	5.3%	Nomura Real Estate Holdings, Inc.	4.2%
		TOTAL	51.1%

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:



THIRD AVENUE
MANAGEMENT

Third Avenue Management
675 Third Avenue, Suite 2900-05
New York, New York 10017
www.thirdave.com

E: clientservice@thirdave.com
P: 212.906.1160

/third-ave-management



IMPORTANT INFORMATION

This publication does not constitute an offer or solicitation of any transaction in any securities. Any recommendation contained herein may not be suitable for all investors. Information contained in this publication has been obtained from sources we believe to be reliable, but cannot be guaranteed.

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 March 31, 2024 (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: April 15, 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 **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.

² **Excess Return**, Excess return refers to the return from an investment above the benchmark. Source: Investopedia

³ Source CBRE Research 2024

⁴ Source Bradesco Research Report

⁵ Source Financial Times

⁶ Small Cap is Equity Market Cap up to US\$2bn, Mid Cap US\$2bn-US\$10bn, Large Cap >US\$10bn.

⁷ Source Japan National Institute of Population and Social Security Research

⁸ **Implied Cap Rate:** The implied cap rate is calculated by dividing the (NOI) net operating income by the quantity of a REIT's equity market capitalization and the full amount of outstanding debt. It can be used as a benchmark for an investment decision.

⁹ The TOPIX Real Estate Index is a capitalization-weighted index designed to measure the performance of the real estate sector of the TOPIX Index (TPX). The benchmark was developed with a base value of 100 as of January 4, 1968.

¹⁰ The Tokyo Stock Exchange REIT Index is a capitalization-weighted index of all Real Estate Investment Trusts listed on the Tokyo Stock Exchange, and is calculated using the same methodology as the TOPIX. The index was developed with a base index value of 1000 as of March 31, 2003. This is a price return index. *New free float weight methodology has been applied as of 1/31/2017

¹¹ **Prefecture:** Prefectures are regional authorities comprising municipalities, and are in charge of broader regional administration. Japan is made up of 47 prefectures and Tokyo is one of these regional authorities.