Portfolio Manager Commentary

REAL ESTATE VALUE FUND

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31 yrs investment experience

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21 yrs investment experience

Dear Fellow Shareholders,

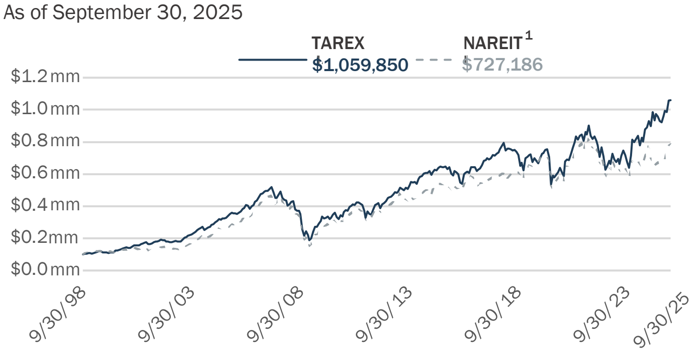
We are pleased to provide you with the Third Avenue Real Estate Value Fund's (the "Fund") report for the quarter ended September 30, 2025. For the first nine months of the calendar year, the Fund generated a return of +13.54% (after fees) versus +11.26% (before fees) for the Fund's most-relevant benchmark, the FTSE EPRA/NAREIT Developed Index[1].

The primary contributors to performance during the period included the Fund's investments in U.S.-based homebuilders (D.R. Horton, Pulte Group, and Lennar), the preferred equity of Fannie Mae and Freddie Mac (leading providers of mortgage financing in the U.S.), and several real estate services businesses (Brookfield Corp., CBRE Group, and JLL). Slightly offsetting these gains were the Fund's detractors, including investments in various U.K.-based property companies (Unite Group, Savills, and Berkeley Group) and holdings tied to the U.S. existing-home market (AMH and U-Haul Holdings). Further insights into these enterprises, portfolio positioning, and the Fund's recent additions (i.e., Champion Homes, Unite Group, and Accor) are included herein.

Recognizing that performance will fluctuate over shorter periods of time, Fund Management considers the Fund's long-term results as the most relevant scorecard. To that end, the Third Avenue Real Estate Value Fund has generated an annualized return of +9.12% (after fees) since its inception in 1998. As a result, this performance indicates that an initial investment of $100,000 in the Fund would have a market value exceeding $1,050,000 (assuming distributions had been reinvested)—more than the same $100,000 would be worth had it been placed into a passive mutual fund tracking the Fund's most-relevant benchmark over the same time-period.

VALUE OF $100,000 SINCE SEPTEMBER 1998

As of September 30, 2025



Hypothetical Investment since September 30, 1998 (Fund Inception Date September 17, 1998). Past performance does not guarantee future performance results.

Performance is shown for the Third Avenue Real Estate Value Fund (Institutional Class). 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.

The LSEG Lipper Fund Awards, granted annually, highlight funds and fund companies that have excelled in delivering consistently strong risk-adjusted performance relative to their peers. The LSEG Lipper Fund Awards are based on the Lipper Leader for Consistent Return rating, which is a risk-adjusted performance measure calculated over 36, 60 and 120 months. The fund with the highest Lipper Leader for Consistent Return (Effective Return) value in each eligible classification wins the LSEG Lipper Fund Award. The 2025 LSEG Lipper Fund Awards for the Best Global Real Estate Fund Over Three Years and Best Global Real Estate Fund Over Five Years were based upon on a review of 135 and 131 qualified shares classes that were eligible in the United States, respectively. For more information, see lipperfundawards.com. Although LSEG makes reasonable efforts to ensure the accuracy and reliability of the data contained herein, their accuracy is not guaranteed by LSEG Lipper.

ACTIVITY

In the 2024 version of *Any Happy Returns: Structural Changes and Super Cycles in Markets*, author Peter Oppenheimer (of Goldman Sachs) assesses long-term economic trends and financial market dynamics with three objectives. First, he aims to distinguish between traditional business cycles and broader structural trends—or what he refers to as "super cycles" that tend to have a "dominant impact on investor returns". Second, he analyzes the major forces behind these so-called super cycles over the past 80 years. Finally, Oppenheimer contemplates forthcoming structural shifts (e.g., a resurgence in the "old economy", a higher cost of capital, demographic changes, regionalization over globalization, etc.) and concludes that "bifurcation and selectivity will be key" for investors in the years ahead.

Fund Management concurs. In fact, the Third Avenue Real Estate group ("the team") can attest to such structural shifts being evident throughout most of the Fund's holdings, as well as the expanding list of prospective investments. Not only that, the team can confirm through its recent due diligence efforts that the degree of bifurcation throughout the real estate sector is increasing—with fundamental divergence not only evident by the individual property type (i.e., retail, office, multi-family, etc.), but increasingly by the individual companies and markets in which they operate.

For instance, Fund Management attended the Zelman Housing Summit in Boston during the quarter, where more than 500 industry professionals gathered to assess the "state of the housing market". With viewpoints from nearly all facets of the industry, the "tale of two markets" theme was prevalent throughout the conference. That is to say, not only has there been a stark divide between the new-home market and existing-home sales, but also key differences by region and price point for both single-family and multi-family fundamentals. Interestingly, there were also several structural changes contemplated to address affordability, including initiatives to support manufactured housing.

Alongside these developments, the Fund added to its position in **Champion Homes** ("Champion"). As outlined in greater detail in the Fund's Q2 '25 shareholder letter, Champion is one of the leading producers of "affordable housing" in North America, having delivered more than 26,000 manufactured (and modular) homes last year at an average price point of less than $100,000 per unit. The company also seems distinct, in Fund Management's opinion, with a super-strong financial position, significant excess production capacity, as well as prospects to capture incremental economics by further integrating ancillary activities (e.g., mortgage financing and captive retailing).

Despite these attributes, industry orders have been mixed more recently and have left Champion's common stock near five-year lows on most fundamental metrics. Such a level seems unwarranted, in our view, especially for a leading platform in a consolidated (and essential) industry. It is also a level that does not seem to factor in much probability for a recovery in industry volumes—which could be propelled by regulatory reform (i.e., the removal of HUD's chassis requirements) and incremental support in the lending markets (i.e., Fannie Mae extending conventional loans to "single-wides").

During the quarter, the team also participated in the Bank of America (BofA) Global Real Estate Conference in New York City, which now counts more than 135 publicly traded property companies from 15 countries as participants. Several real estate private equity firms were also in attendance. As a matter of fact, many of these investors not only share the Fund's global mandate but also observed that fundamental drivers for commercial real estate were more favorable in the Asia Pacific and European regions. That said, the dichotomy did not necessarily seem to be reflected in security prices. Case in point being the U.K., where an increase in interest rates has left property companies trading at more than 20% discounts to Net-Asset Value ("NAV") on average.

As a result of these expanding price-to-value discrepancies, the Fund has recently increased its allocation to the U.K., primarily by adding to the common stock of the **Unite Group plc** ("Unite")—a U.K.-based Real Estate Investment Trust ("REIT") that is the leading owner of purpose-built student housing in the country. Well-recognized by U.K. students, Unite's "student accommodation" portfolio is now comprised of more than 150 properties and 65,000 beds, which are more than 95% leased and centered on the U.K.'s top institutions (i.e., Russell Group universities). Not only that, but the company has modest levels of debt, as well as a long track record of engaging with universities in value-enhancing developments and recycling capital with institutional partners.

The past year has been one of transition for U.K. student housing though, due to evolving visa policies and more elevated levels of new supply. As a result, Unite's "lease up" for the current year fell below expectations. Notably, the company also caught the capital markets "off guard" when making a bid for its smaller peer Empiric Student Property, a REIT that controls a portfolio of 75 properties that tend to be "off campus" and "directly let" to graduate students. In combination, these developments have led to a sharp "de-rating" in Unite's stock, as well as a 15-year low price-to-book multiple and implied cap rate of 7.5%--a level that is likely to attract strategic interest if it persists over the medium-term, in Fund Management's opinion.

The team also participated in several meetings with management teams during the quarter. While every discussion was intriguing, a handful of discussions focused on a particularly compelling proposition: the prospects to further scale certain property types (or business models) abroad.

In most cases these opportunities related to niche property types that are more established in the U.S. yet remain in earlier stages of adoption across Asia and Europe due to regional differences (e.g., self-storage). Certain discussions focused on the evolving landscape for hospitality however, including independent owners increasingly entering into management or franchise agreements with one of the global platforms.

Within this framework, the Fund added to its investment in **Accor SA** ("Accor"). Based in France, Accor is a global hotel management and franchise platform that includes nearly 6,000 hotels (and 850,000 rooms) across more than 110 countries—the vast majority of which are in Europe, the Middle East, Asia Pacific, and South America. The regional exposures are especially notable, as not only does Accor have the leading position in each region by market share, but those areas are earlier in the transition of hotel owners entering into management and franchise agreements with the global platforms. Such arrangements have been quite beneficial historically, as the affiliation allows the property owner to side-step the Online Travel Agencies ("OTA's") for reservations, leading to higher margins and more repeat business given the well-established loyalty programs. In fact, it has become the standard structure in North America with more than 80% of hotels estimated to be affiliated with one of the various platforms, versus only 40% in most international markets.

Notwithstanding this opportunity, as well as having largely completed the transition to a "pure play" management and franchise company, Accor continues to trade at a significant discount to its global peers. Insofar as Fund Management can gather, this discount is largely attributable to the company (i) retaining stakes in certain legacy ventures (e.g., AccorInvest), (ii) generating a greater share of its earnings from management contracts versus franchise agreements, and (iii) being "underweight" in the luxury segment. However, it would not be inconceivable for the company to divest its AccorInvest stake, increase its franchise agreements under its Fairmont and Raffles brands, and utilize its strong financial position to repurchase shares over the medium term. Should such a path materialize and Accor common remain at 35-40% discount to its global peers, Fund Management would not be surprised to see the company move its listing to another market, or even engage in more comprehensive forms of resource conversion for individual business units (or the entire entity).

Apart from those additions, the Fund's activity was relatively modest in nature during the quarter. The other primary changes included the Fund reducing some positions (e.g., Fannie Mae, Freddie Mac, Weyerhaeuser, and Rayonier) and exiting certain holdings (Grainger plc and Millrose Properties). In addition, the Fund implemented hedges relating to the British Pound exposure and core-holding CBRE Group in the period.

POSITIONING

After incorporating this activity, the Fund had approximately 41.9% of its capital invested in U.S.-based companies focused on **Residential Real Estate**, including those involved with: Homebuilding (Lennar Corp., D.R. Horton, PulteGroup, and Champion Homes); Niche Rental Platforms (Sun Communities and AMH); Land and Timber (Five Point, Rayonier, and Weyerhaeuser); and Mortgage and Title Insurance (Fannie Mae, Freddie Mac, and FNF Group). In Fund Management's view, each one of these enterprises has a well-established position in the residential value chain with prospects to benefit from various fundamental drivers over time, including: (i) near record low levels of for-sale inventories, (ii) near record high demand for affordable product, and (iii) market dynamics seemingly favoring scaled players.

The Fund also had 27.5% of its capital invested in North American-based companies involved with **Commercial Real Estate**, including: Real Estate Services (CBRE Group and JLL); Asset Management (Brookfield Corp.); Industrial and Logistics (Prologis, First Industrial, and Wesco); and Self-Storage (U-Haul Holdings). In Fund Management's opinion, these holdings represent platforms that would be very difficult to reassemble. They also comprise some of the select pockets of commercial real estate that seem to favor long-term investors with (i) structural demand drivers, (ii) limited maintenance "capex", and (iii) prospects to "self-finance" accretive reinvestment.

An additional 25.6% of the Fund's capital is invested in **International Real Estate** companies. These businesses are largely focused on the same types of activities outlined above, simply with leading platforms in their respective regions. At the end of the quarter, these investments included companies involved with: Commercial Real Estate (Big Yellow, CK Asset, National Storage, Jardine Matheson, Wharf, and Segro); Residential Real Estate (Berkeley, Unite Group, and Ingenia); and Real Estate Services (Savills and Accor). The holdings are also listed in developed markets where Fund Management believes there are (i) adequate disclosures and securities laws and (ii) ample opportunities for change of control transactions (i.e., the U.K., Australia, France, Hong Kong, and Singapore).

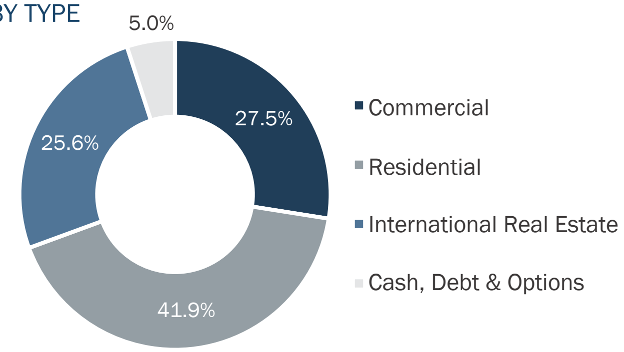
The remaining 5.0% of the Fund's capital is in **Cash, Debt & Options**. These holdings include U.S.-Dollar based cash and equivalents, short-term U.S. Treasuries, and hedges relating to certain exposures (Hong Kong Dollar and British Pound) and key holdings (CBRE Group).

The Fund's allocations across these various segments (and geographies) are outlined below. In addition, the holdings continue to represent "strategic real estate at value prices" in Fund Management's opinion. That is to say, the equity holdings are very well capitalized (in our view) with an average loan-to-value ratio of less than 15% at the end of the period. Further, the discount to NAV for the Fund's holdings remained above its long-term average at nearly 20% at quarter-end, when viewed in the aggregate.

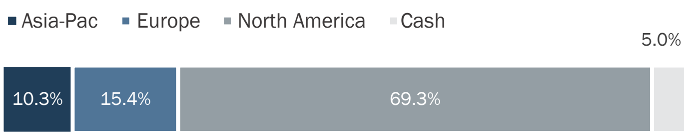
ASSET ALLOCATION

As of September 30, 2025 | Source: Company Reports, Bloomberg

BY TYPE



BY REGION



FUND COMMENTARY

In the past few months, Fund Management has participated in various forums to discuss the property markets, Third Avenue's distinct approach to investing in listed real estate, and several current opportunities (the recordings of which are available via the Firm's News & Media page). More "open forum" conversations such as these often present an excellent format to dive deeper into key positions, but they also frequently gravitate to topics such as inflation rates, interest rates, and public policy.

These "macro" items have never been the primary focus at Third Avenue. Instead, company specific fundamentals have always been paramount. That said, any significant shifts in those broader realms can have an impact on the prospects of an enterprise—which is certainly the case for capital-intensive sectors such as real estate. With that being the case, Fund Management covered some of the "macro" items that it has been tracking during these recent exchanges, including:

- ***Moderating Rates of Inflation:*** The U.S. Bureau of Labor Statistics ("BLS") most recently reported that the overall inflation rate as measured by the Consumer Price Index ("CPI") increased by +2.9% year-over-year. However, more than 35% of overall CPI is tied to "shelter"— which was reported to have increased by +3.6% year-over-year. In Third Avenue's opinion (as well as that of the Federal Reserve Bank of Cleveland), this rate is being reported with a lag. In fact, other notable sources report more moderate rates, including the Cotality Single Family Rental Index recording a +2.3% annual increase most recently, as well as RealPage reporting a -0.2% annual decline in multi-family rents nationally. Should the shelter component ultimately reflect the average of these two sources, CPI would be reported at a rate of +2.0% (all-else-equal).

- ***Steepening Yield Curve:*** To the extent that CPI does approach the 2.0% "target" in the U.S., the Federal Funds Rate would likely be viewed to be quite restrictive at 4.0-4.25% currently. As a result, it would not be inconceivable for the Federal Reserve to further reduce the benchmark rate over the next year. Despite that, the "longer end" of the yield curve (as measured by the 10-Year U.S. Treasury Note) seems unlikely to follow the "shorter end" in parity, especially when considering the "term-premium" that tends to persist after periods of significant interest rate volatility (such as 2022 and 2023) and is outlined in the study of *Economic Policy Uncertainty and Asset Price Volatility.*

- ***Anticipated Policy Changes:*** With recent legislation codifying "1031 Exchanges" and "Opportunity Zones", the most significant policies impacting U.S. commercial real estate have been addressed. Much more is in flux on the residential side though, particularly as it relates to mortgages. For instance, the Federal Reserve continues to engage in "quantitative tightening" by selling Mortgage-Backed Securities ("MBS") it purchased amid the pandemic. At the same time, Fund holdings Fannie Mae and Freddie Mac have rebuilt significant capital in recent years, but are generally limited in providing more significant liquidity to counterbalance these flows. As a result, the MBS market remains "pressured" with the spread between 30-Year Fixed-Rate Mortgages and 10-Year U.S. Treasury Notes well above historic levels. However, there seems to be an increasing focus on addressing this issue, with mortgage rates expected to drop to 6.0% (or below) should changes result in spreads normalizing, all-else-equal.

While the ramifications of such items were not contemplated in totality in these recent forums, they could nevertheless be quite important. In fact, Fund Management could foresee such shifts enhancing the fundamental trajectory for certain segments of the U.S. real estate markets, as well as improving the cost of capital for the broader real estate sector (i.e., implied multiples), when factoring in the following items:

- ***Improving activity in the Residential Markets:*** Should the rate for 30-Year Mortgages decline to 6.0% or below (a level that has not been reached since 2022), an "uptick" in activity within the new-home market seems plausible, as well as a more significant increase in activity within the existing-home market. The latter of which could have a meaningful "knock on effect" for the broader economy. To wit, the U.S. residential markets are estimated to account for more than 15% of Gross Domestic Product ("GDP") through residential investment and housing services—which could also serve as a timely "offset" for recent cutbacks in federal spending and employment.

- ***Rising allocations to Real Estate:*** With nearly $8 trillion invested in Money Market Funds, any further reductions in the Federal Funds Rate could prompt capital to be redirected elsewhere. With the broader U.S. equity markets trading at historically high multiples (as measured by the S&P 500 Index) while "credit spreads" for corporate bond yields are near an all-time low, listed real estate seems to be a pocket that may garner incremental allocations given below-average multiples, competitive current yields, and inflation attributes. At the same time, commercial banks may be prompted to shift deposits back to commercial real estate loans to maintain their "net interest margins". Such a shift would be welcome as commercial banks are estimated to be lending significantly less to commercial real estate, with the current pace at less than half of the previous 10-year average, per Green Street Advisors.

Such developments might also seem warranted when bearing in mind that (i) U.S. existing home sales are around 60-year low levels on a per-capita basis and (ii) the U.S. real estate sector trades at more than a 20% discount to the S&P 500 Index on a price to earnings basis, per Goldman Sachs, a near record dispersion. That said, the timing, degree, and eventuality of such "macro" driven outcomes are far from certain. This is especially the case when weighing other cross currents, such as the rapid rise in utility costs, challenges within the private credit markets, and rising levels of unemployment.

Therefore, Fund Management will continue to track such items, contemplate their potential, but prioritize company-specific fundamentals, including: the strength of a company's balance sheet, the price-to-value proposition of its securities, and the prospects for that enterprise to further compound capital over time. While such a focus might not garner as many "sound bites" as a "top down" strategy per se, it is one that has served the Fund well through the various macro environments of the past twenty-five-plus years, whether anticipated or not.

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

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 September 30, 2025 (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: October 14, 2025

[1] The FTSE EPRA/NAREIT Developed Index was developed by the European Public Real Estate Association (EPRA), a common interest group aiming to promote, develop and represent the European public real estate sector, and the North American Association of Real Estate Investment Trusts (NAREIT), the representative voice of the US REIT industry. The index series is designed to reflect the stock performance of companies engaged in specific aspects of the North American, European and Asian Real Estate markets. The Index is capitalization-weighted. The index is not a security that can be purchased or sold.

For the Third Avenue Glossary please visit here.

FUND PERFORMANCE

			Annualized				
	3Mo	1Yr	3Yr	5Yr	10Yr	Inception	Inception Date
Third Ave Real Estate Value Fund (Inst. Class)	6.73%	14.07%	19.22%	11.59%	5.99%	9.12%	9/17/1998
Third Ave Real Estate Value Fund (Inv. Class)	6.68%	13.80%	18.92%	11.32%	5.73%	7.30%	12/31/2009
Third Ave Real Estate Value Fund (Z Class)	6.79%	14.17%	19.33%	11.70%	N/A	4.79%	3/1/2018

TOP TEN HOLDINGS

Fannie Mae Preferred	7.0%
Freddie Mac Preferred	6.9%
Brookfield Corp.	6.8%
CBRE Group, Inc.	6.3%
Five Point Holdings, LLC	5.0%
Lennar Corp.	4.6%
Prologis, Inc.	4.3%
Jones Lang Lasalle, Inc.	4.0%
D.R. Horton, Inc.	3.5%
U-Haul Holding Co.	3.4%
TOTAL	**51.8%**

Allocations are subject to change without notice

Past performance is no guarantee of future results; returns include reinvestment of all distributions. The above 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 visit the Fund's website at www.thirdave.com. The gross expense ratio for the Fund's Institutional, Investor and Z share classes is 1.17%, 1.50% and 1.10%, respectively, as of March 1, 2025.

Distributions and yields are subject to change and are not guaranteed.

Risks that could negatively impact returns include: overbuilding and increased competition, increases in property taxes and operating expenses, lack of financing, vacancies, environmental contamination and its related clean-up, changes in interest rates, casualty or condemnation losses, and variations in rental income.

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.

Current performance results may be lower or higher than performance numbers quoted in certain letters to shareholders.

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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MANAGEMENT

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