



THIRD AVENUE
MANAGEMENT

INTERNATIONAL REAL ESTATE VALUE FUND

AS OF MARCH 31, 2022

INSTITUTIONAL: REIFX | Z: REIZX

PORTFOLIO MANAGER COMMENTARY

QUENTIN VELLELEY, CFA

Dear Fellow Shareholders:

PERFORMANCE

We are pleased to provide you with the Third Avenue International Real Estate Value Fund's (the "Fund") report for the quarter ended March 31, 2022. During the quarter, the Fund returned -3.39%, compared to the most relevant benchmark, the FTSE/EPRA NAREIT Global ex-US Index (the "Index"), which returned -2.36% for the same period. Over the past year, the Fund generated a return of +12.02% (after fees) versus -0.78% (before fees) for the index.

PERFORMANCE AND ALPHA GENERATION

As of March 31, 2022

	3 mo	1 yr	Annualized		
			3 yr	5 yr	Inception*
Third Ave Int'l Real Estate Value Fund (REIFX)	-3.39%	12.02%	9.12%	9.99%	7.07%
FTSE EPRA/NAREIT Global ex US Index ¹	-2.36%	-0.78%	0.05%	4.73%	4.25%
MSCI ACWI Real Estate ex US Index ²	-2.64%	-0.73%	0.26%	4.57%	4.43%
MSCI US REIT Index ³	-4.06%	26.20%	11.13%	9.64%	10.06%
Third Ave Int'l Real Estate Alpha ⁴ v Benchmark	-1.03%	12.80%	9.07%	5.26%	2.82%

*Inception Date 5/8/2014. Source: TAM, Company Reports, Bloomberg.

The key positive contributors to the Fund's performance during the quarter included investments in Brazilian logistics owner/developer LOG Commercial Properties, Canadian multifamily REIT Boardwalk, and Australian self-storage REIT National Storage. Detractors to performance included the Fund's investment in UK self-storage REIT Big Yellow Group PLC, Australian real estate investment manager Centuria Capital Group, and European real estate manager Patrizia AG. These investments are well capitalized, run by aligned 'owner-operator' management teams, and all feature positive real estate catalysts that should emerge over coming periods.

FUND ACTIVITY

During the quarter, resource conversion activity continued in public real estate mostly in the form of privatizations of high-quality real estate portfolios whose value is underappreciated by the public markets. In this regard, the Fund's investment in German logistics/industrial real estate owner and developer VIB Vermogen ("VIB") received a tender offer at an attractive premium to the Fund's average cost basis. The tender offer for control of VIB came from rival German public real estate company DIC Asset, and valued VIB at a 4.4% real estate cap rate and a multiple of 25x trailing earnings. The offer reflects strong

demand for investment grade logistics real estate globally, given the asset class continues to benefit from both structural (e-commerce, supply chain), and cyclical (covid recovery) drivers, and is generating attractive rental growth and return on capital⁵ relative to the more traditional commercial real estate asset classes of retail and office.

The takeover of VIB adds to the Fund's track record of generating attractive returns from resource conversions, mostly through privatizations or mergers. The pace of takeover activity in international public real estate seems set to accelerate. At the end of the quarter, Brookfield Asset Management announced a takeover offer for Irish office REIT Hibernia at a 36% premium to the share price and roughly in line with the appraised value of Hibernia's assets. While the Fund does not currently hold a position in Hibernia, the development is positive for the Fund's 10% exposure to Irish real estate.

Company	Offer Date	Exposure	Takeover Premium to REIFX Cost
VIB Vermogen	Feb '22	German industrial/logistic	140%
Sydney Airport	July '21	Australian airport	42%
St Mowden	May '21	UK logistics and housing	74%
Wheelock	Feb '20	Hong Kong & China residential, retail etc.	55%
InterXion	Oct '19	Pan European data centers	49%
Belmond	Dec '18	Global boutique luxury resorts	176%
Gateway Life-style	Aug '18	Australian manufactured housing	31%
Hispania	Nov '17	Spanish resorts	53%
Buwog	Dec '17	German/Austrian multifamily	16%
Axiare	Nov '17	Madrid office and logistics	65%
Kennedy Wilson Europe	Sept '17	UK/Europe diversified value-add	17%
Global Logistics	July '17	China/Japan/US logistics	73%

Sydney Airport—Offer only, deal has not closed.
Source: Company Reports, Bloomberg. Third Avenue Management

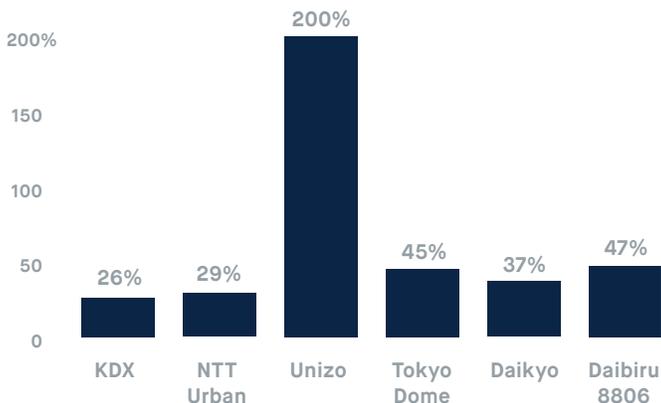
During the quarter, proceeds from VIB were reinvested into some of the Fund's existing value opportunities in Asia and Latin America. As Fund management commented in [last quarter's letter](#), the accelerating securitization of Asian real estate presents an attractive opportunity. Rather than invest in the oftentimes flawed Asian REIT ownership structures, the

Fund is focused on investing in Asian property companies that have valuable REIT fund management platforms in addition to their high-quality real estate portfolios. These investments currently include ESR Group which focuses on logistics across Asia-Pacific, Capitaland Investment with diversified property exposure mostly to Singapore and China, together with Japanese companies Nomura Real Estate and Tosei. When combined, these four entities manage a total of US \$230bn in fee generating real estate assets across Asia for both institutional and retail investors.

Our analysis suggests the share prices of these entities factor conservative, if any value for their management platforms despite generating attractive earnings streams. However, private market capital appears well aware of the value in Asian real estate management platforms. During the quarter it was reported that US private equity firm KKR purchased the Japanese fund management platform MC-UBSR, a joint venture between Mitsubishi Corp and UBS that manages two public Japanese REITs with US \$15bn of total assets. The reported purchase price of US \$2bn equated to more than 10% of assets under management and 32x trailing EBITDA. The high price paid for MC-UBSR surprised Fund Management. Such high pricing is likely a function of the difficulties foreign asset management firms face when attempting to build a platform in Japan from the ground up, and their frustration given Japan’s standing as one of the most liquid institutional real estate investment markets globally.

When looking at the MC-UBSR transaction, the Fund’s investments in Tosei Inc and Nomura Real Estate Holdings are prime examples of the disconnect between public market pricing and private market pricing. Despite managing a substantial amount of Blackstone’s Tokyo real estate, Tosei trades at a discount to the value of its owned real estate, which ascribes no value to the US \$12bn of fee generating real estate assets that Tosei manages. Similarly, at the current share price, Nomura Real Estate embeds no value for the US \$16bn of fee generating real estate under management. Fund management forecast that both Japanese investments can generate double digit returns on equity⁶ which should result in attractive compounding returns for the Fund. If either were subject to a privatization, a significant premium would be warranted to the current share price.

RECENT JAPANESE MERGERS & ACQUISITIONS (M&A) BID PREMIUM TO SHARE PRICE



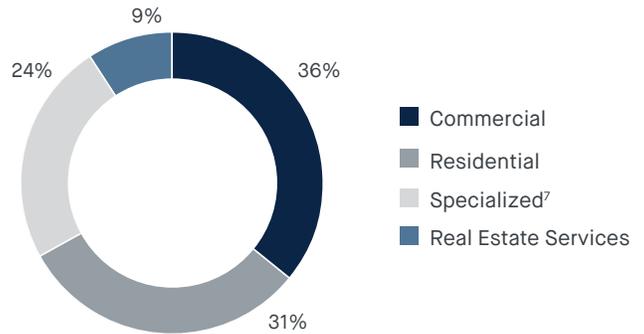
Source: Jefferies

POSITIONING

When factoring in the recycling of capital over the quarter, the Fund is 36% exposed to commercial real estate, 31% to residential real estate, 24% to specialized real estate and 9% to real estate services as shown in the following chart.

ASSET TYPES AS OF MARCH 31, 2022

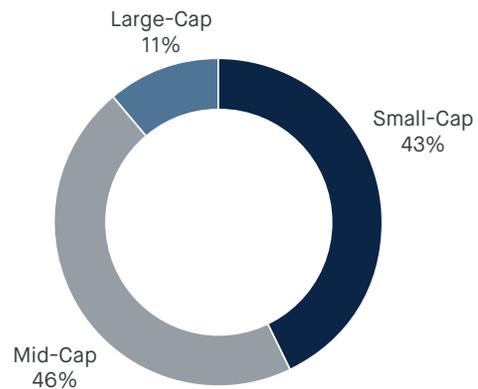
THIRD AVENUE INTERNATIONAL REAL ESTATE VALUE



Source: TAM, company disclosures and Bloomberg

Breaking this down further, the Fund’s largest exposures are to asset classes with attractive long-term fundamentals that can benefit from an inflationary environment including self-storage, logistics and multifamily real estate. These asset classes form a majority of the Fund’s exposure. Companies owning and developing these asset classes tend to be highly focused on both location and asset type, and as such are usually small or mid-market cap enterprises.

THE FUND’S MARKET CAP⁸ WEIGHTING



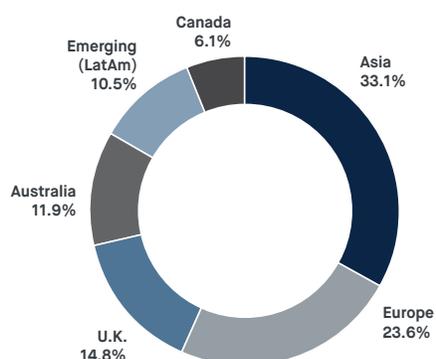
⁸Small Cap is Equity Market Cap up to US\$2bn, Mid Cap US\$2bn-US\$10bn, Large Cap >US\$10bn

Source: Bloomberg, Company Reports

After factoring in the recycling of capital from Europe into Asia over the quarter, the Fund’s Asian exposure is now 33%, up from 18% at the start of 2021, as attractive value opportunities have emerged across the Asian region. Over the same time period the Fund’s European exposure has reduced from 30% down to 24%.

COUNTRY/REGION EXPOSURE AS OF MARCH 31, 2022

THIRD AVENUE INTERNATIONAL REAL ESTATE VALUE



Source: TAM, company disclosures and Bloomberg

FUND COMMENTARY

During the quarter, increased volatility in global markets was partly caused by the conflict in Ukraine, and fears over inflation rates increasing globally. Given that the Fund has no investments in eastern Europe, there has been no direct impact on any of the Fund's underlying real estate investments. Over the history of the Fund, temporary market dislocations have enabled investments to be made into high quality companies at unusually discounted valuations. These dislocations have included the uncertainty surrounding Brexit in the UK (2016), the Catalan secession from Spain (2017), protests in Hong Kong (2019), and the initial phase of the Coronavirus lock downs (2020).

While the Ukraine conflict has created uncertainty, it has not created widespread dislocation beyond the attractive valuations already present in international public real estate. That said, Fund Management is focused on three areas of risk and opportunity in the near term. Firstly, higher commodity prices impact on various local economies, secondly the dislocation of part of the Ukrainian population and the impact on residential markets, and finally, the impact of higher rates of inflation on different property types and lease structures.

With regards to higher commodity prices, the three best performing investments in the Fund over the quarter were in economies that can benefit from higher commodity prices and improving terms of trade. Specifically, real estate investments located in the resource rich countries of Brazil and Australia, and the oil rich province of Alberta Canada. Highlighting the benefits of a diverse country exposure across the Fund's investments, almost 30% of the Fund is exposed to countries with economies that benefit from higher commodity prices.

The issue for continental Europe is its dependence on Russian oil and gas. The high costs associated with attempting to diversify sources of energy creates an issue given that high energy cost inflation is already impacting consumers and industry. The Fund's European exposure peaked at 37% in early 2018, and has since declined to 23% as better value opportunities have been found in other markets. Notably, almost half of the Fund's European exposure is to Ireland, a country with a policy of military neutrality that is not directly dependent on Russian energy like much of continental Europe.

Of note, Irish government officials recently commented that up to 200,000 Ukrainian refugees might be accepted into Ireland, a substantial figure given the city of Dublin's population is 1.4 million and the entire Irish population is around 5 million. Fund Management has for some time viewed Irish real estate fundamentals favorably, given positive demographics, high economic growth, a skilled workforce, and the countries dominance in European technology and pharma industries. The Fund's 10% exposure to Ireland is through two investments in Dublin residential real estate. Irish Residential REIT owns a portfolio of high-quality multifamily properties and Glenveagh Properties is a top homebuilder by size. Given that the Dublin residential market already has high demand and limited supply, any incremental demand from displaced Ukrainians will likely drive additional upside to market rents and home prices, directly benefiting both of the Fund's investments.

Irish residential real estate fundamentals compare favorably to German multifamily real estate which makes up almost 6% of the index. After share price declines of 15%-20% this year, these German residential companies now have increasingly attractive valuations. However, Fund Management for now is avoiding the asset class given rents are highly regulated and unlikely to keep up with accelerating inflation, on top of the added risk of high debt levels.

Overall, Fund Management has been proactive in positioning the Fund for higher rates of inflation. Across the Fund, underlying investments favor real estate with cash flows that have shorter duration⁹ and good pricing power so that increasing inflation can be quickly captured in real estate revenues and earnings. This is particularly relevant to self-storage with monthly leases, the shorter-term leases prevalent in Asian real estate, and the fact that many international leases are indexed to inflation growth rates. Overall, inflation rates in Asian countries remain below Western countries given Asia's relatively low monetary stimulus, and less supply chain disruption for consumer goods imports.

FUND CHARACTERISTICS VERSUS US REITS AND THE INDEX AS OF MARCH 31, 2022

	The Fund	Int'l Real Estate Sector	US REIT Sector ¹²
Price to Earnings ¹⁰ Multiple	18.0x	20.7x	22.8x
Price to Net Asset Value	80%	86%	111%
Earnings per Share Growth	17%	11%	10%
EBITDA ¹¹ Yield	6.8%	5.5%	4.3%

Source: Bloomberg, ¹²Citi Investment Research, UBS

Given the Fund's underlying investments ability to capture inflationary growth, we continue to be constructive on the total return outlook for the Fund. In addition, the current environment suggests an elevated level of M&A activity, which should be a positive for the Fund when considering attractive underlying valuations relative to both the Index and the US REIT sector (see above) alongside \$300 billion-plus of capital in private real estate funds looking to be deployed.

SUSTAINABILITY

Historically, Environmental, Social and Governance (“ESG”) requirements for public companies in international markets are often well ahead of the US. In Hong Kong, listed companies have been subject to an ESG reporting guide since 2013 with a continued upgrading of disclosure obligations such that all Hong Kong listed issuers must provide a detailed annual ESG report. Well ahead of any regulations, the Fund’s current investment holding, Swire Pacific (“Swire”), issued its first sustainability report back in 2007, and has since progressively improved disclosures and practices to be an industry leader.

During the quarter, Swire received recognition as the only Hong Kong headquartered company to be listed on the 2022 Bloomberg Gender-Equality Index (GEI)¹³ which acknowledges the company’s commitment to achieving gender equality. This comes in addition to Swire having broad ESG leadership recognition such as being included in the MSCI ACWI ESG Leaders and the S&P Global Sustainability Yearbook 2022. In addition, subsidiary Swire Properties continues to be the only listed company from Hong Kong included in the Dow Jones Sustainability World Index.¹⁴

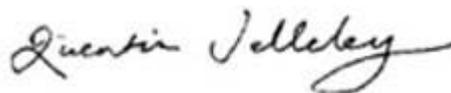
Swire has a history of operating in Hong Kong and China dating back to 1861, and currently 85% of its balance sheet value is a portfolio of high-quality investment properties in Hong Kong and China. Swire’s focus on ESG excellence seems to be a symptom of an improved corporate culture that has evolved in recent years. This can be seen through some recent positive capital allocation decisions, such as selling older Hong Kong

office buildings at peak pricing and redeploying the proceeds into accretive new developments, together with selling non-core legacy assets such as an underperforming marine business. Swire’s improving asset base will likely be a driver of higher earnings growth in the future. Despite these attractive attributes, Swire shares trade at unusually discounted valuations, at 22% of their book value, a 6.6% dividend yield¹⁵, and an estimated 7x multiple of forward earnings.¹⁶ A positive catalyst for the share price in the near term is the reopening of the Hong Kong economy from the most recent Covid lockdowns and travel restrictions. Over the long term, with investors increasingly focused on ESG, Swire is in an advantageous position.

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

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, 2022 (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 18, 2022

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 The **FTSE EPRA Nareit Global ex U.S. 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). Index performance reported since inception of Institutional Share Class.
- 2 The **MSCI All Country World Real Estate ex USA Index** is a free float-adjusted market capitalization index comprised of foreign stocks representing companies in 22 developed and 26 emerging markets engaged in the ownership, development, and management of specific core property type real estate. The index excludes companies, such as real estate services and real estate financing companies, that do not own properties.
- 3 The **MSCI US REIT Index** is a free float-adjusted market capitalization weighted index that is comprised of equity Real Estate Investment Trusts (REITs). The index is based on the MSCI USA Investable Market Index (IMI), its parent index, which captures the large, mid and small cap segments of the USA market. With 138 constituents, it represents about 99% of the US REIT universe and securities are classified under the Equity REITs Industry (under the Real Estate Sector) according to the Global Industry Classification Standard (GICS®), have core real estate exposure (i.e., only selected Specialized REITs are eligible) and carry REIT tax status.
- 4 **Alpha**, often considered the active return on an investment, gauges the performance of an investment against a market index or benchmark that is considered to represent the market's movement as a whole. The excess return of an investment relative to the return of a benchmark index is the investment's alpha. Source: Investopedia
- 5 **Return on Invested Capital (ROIC)** is a calculation used to assess a company's efficiency at allocating the capital under its control to profitable investments. ROIC gives a sense of how well a company is using its capital to generate profits. Comparing a company's return on invested capital with its weighted average cost of capital (WACC) reveals whether invested capital is being used effectively. Source: Investopedia
- 6 **Return on equity (ROE)** is a measure of financial performance calculated by dividing net income by shareholders' equity. Because shareholders' equity is equal to a company's assets minus its debt, ROE is considered the return on net assets. ROE is considered a gauge of a corporation's profitability and how efficient it is in generating profits. Source: Investopedia
- 7 Specialized includes self-storage, datacenter, airport and healthcare.

- 9 **Duration** is a measure of the sensitivity of the price of a bond or other debt instrument to a change in interest rates. Source: Investopedia
- 10 **Price-to-Earnings Ratio:** Price-to-earnings ratio (P/E ratio) is the ratio for valuing a company that measures its current share price relative to its earnings per share (EPS).
- 11 **EBITDA**, or earnings before interest, taxes, depreciation, and amortization, is a measure of a company's overall financial performance and is used as an alternative to net income in some circumstances. Source: Investopedia.
- 13 The **Bloomberg Gender-Equality Index (GEI)** tracks the performance of public companies committed to disclosing their efforts to support gender equality through policy development, representation, and transparency. Source: Bloomberg
- 14 The **Dow Jones Sustainability™ World Index** comprises global sustainability leaders as identified by S&P Global through the Corporate Sustainability Assessment (CSA). It represents the top 10% of the largest 2,500 companies in the S&P Global BMI based on long-term economic, environmental and social criteria. Source: S&P Dow Jones Indices
- 15 The **dividend yield**, expressed as a percentage, is a financial ratio (dividend/price) that shows how much a company pays out in dividends each year relative to its stock price. Source: Investopedia
- 16 **Forward earnings** are an estimate of the next period's earnings of a company, usually till the completion of the current fiscal year and sometimes to the following fiscal year. Source: Investopedia



THIRD AVENUE
MANAGEMENT

INTERNATIONAL REAL ESTATE VALUE FUND

AS OF MARCH 31, 2022

INSTITUTIONAL: REIFX | Z: REIZX

FUND PERFORMANCE

As of March 31, 2022

	3 mo	1 yr	3 yr	5 yr	Inception	Inception Date
Third Ave International Real Estate Value Fund (Institutional Class)	-3.39%	12.02%	9.13%	9.99%	7.07%	5/8/2014
Third Ave International Real Estate Value Fund (Z Class)	-3.42%	11.95%	9.14%	N/A	7.78%	4/20/2018

REIFX Gross/Net Expense Ratio: 2.08%/1.00%, REIZX Gross/Net Expense Ratio: 2.07%/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 31, 2023. 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

Allocations are subject to change without notice

	REIFX
National Storage REIT	7.0%
Big Yellow Group Plc	5.8%
Corp. Inmobiliaria Vesta SAB de CV	5.7%
Boardwalk REIT	5.7%
Glenveagh Properties Plc	5.6%
ESR Cayman, Ltd.	5.2%
Grainger Plc	4.9%
SUNeVision Holdings, Ltd.	4.6%
Shurgard Self Storage SA	4.3%
Centuria Capital Group	4.3%
Total	53.1%

Third Avenue Funds are offered only by prospectus. The prospectus contains important information, including investment objectives, risks, advisory fees and expenses. Please read the Prospectus carefully before investing or sending money. For a current Prospectus please visit our website at thirdave.com, or call 800-443-1021. Distributor of Third Avenue Funds: Foreside Fund Services, LLC.



THIRD AVENUE
MANAGEMENT

 [/third-ave-management](https://www.linkedin.com/company/third-ave-management)

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:

622 Third Avenue, 32nd floor

New York, New York 10017

www.thirdave.com

E: clientservice@thirdave.com

P: 212.906.1160