



## THIRD AVENUE FOCUSED CREDIT FUND

November 29, 2016

Dear Fellow Shareholders,

In our continued effort to provide transparency, we are writing with an update on the Focused Credit Fund (“the Fund” or “FCF”).

Fund management has continued its orderly wind down by selling securities at what we believe to be fair prices, given that the Fund is in liquidation, and then making periodic distributions, including the largest distribution of \$1.18829 per share made today. Cumulative distributions now account for approximately 40% of the Fund’s total assets since the plan of liquidation was first announced.

To date, the Fund has made the following four liquidating distributions:

- \$0.58613 per share paid on December 16, 2015
- \$0.54362 per share paid on June 15, 2016
- \$0.25463 per share paid on November 8, 2016
- \$1.18829 per share paid today, November 29, 2016

Fund management will continue to proceed with the wind down, but we note that after this distribution, the Fund will consist primarily of post-reorganization positions in private companies. The ability to realize fair values for these stakes is most likely dependent on corporate transactions and not market opportunities. This will affect the timing of future distributions.

One of the other challenges that we have discussed over the last year is our desire to maintain the Fund’s tax status by meeting the Subchapter M asset diversification requirements of the Internal Revenue Code. The Fund was successful in meeting these requirements for its fiscal year-ended October 31, 2016. We will continue to explore options that would enable the Fund to continue to maintain its current tax status for as long as possible, keeping other priorities in mind (including a quick return of cash to shareholders). However, as the liquidation of the Fund continues and the holdings become more concentrated, the Fund may have difficulty maintaining this status. This is a fluid situation, and as events evolve, we will continue to communicate and keep you posted.

Please note that while the liquidating distributions to date may have been reported on your statements as dividends or as income distributions, it is expected that they will be reported on Form 1099-DIV as liquidating distributions for U.S. federal income tax purposes. Form 1099-DIV with respect to any 2016 liquidating distributions should be issued in early 2017.

Additional information concerning FCF and the liquidating distributions, including IRS Forms 8937 - Report of Organizational Actions Affecting Basis of Securities can be found on FCF's dedicated website at [www.focusedcreditfund.com](http://www.focusedcreditfund.com). We urge you to consult your tax advisor regarding the proper tax treatment of these distributions. In addition you may contact your client service representative at 212-906-1160.

On a separate note, as we have previously communicated, in order to explore alternative options for shareholders, Third Avenue engaged an investment banking firm, Houlihan Lokey, to explore the potential of transitioning FCF into a different structure, such as a closed-end fund, while also providing cash liquidity for shareholders who did not want a closed-end structure. While we received several interesting proposals, we were unable to resolve certain economic, legal and regulatory issues. We will continue to evaluate other alternatives, as appropriate, alongside our ongoing effort to wind down the Fund, seeking in each case to act in the best interest of shareholders.

We appreciate your continued support and will continue to provide updates on the process.

Sincerely,

Third Avenue Management