

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN RE THIRD AVENUE TRUST  
SHAREHOLDER AND DERIVATIVE  
LITIGATION

Consolidated  
C.A. No. 12184-VCL

**NOTICE OF PENDENCY OF DERIVATIVE ACTION, PROPOSED SETTLEMENT OF  
DERIVATIVE ACTION, SETTLEMENT HEARING AND RIGHT TO APPEAR**

*The Delaware Court of Chancery authorized this Notice.*

***This is not a solicitation from a lawyer.***

TO: ALL PERSONS AND ENTITIES WHO HOLD OF RECORD, OR BENEFICIALLY OWN, SHARES OF **THIRD AVENUE FOCUSED CREDIT FUND** (THE “FUND”) AS OF THE CLOSE OF BUSINESS ON MARCH 31, 2017 (“FUND SHAREHOLDERS”).

IF YOU ARE A NOMINEE THAT HELD FUND SHARES AS OF THE CLOSE OF BUSINESS ON MARCH 31, 2017 FOR THE BENEFIT OF ANOTHER, PLEASE READ THE SECTION BELOW ENTITLED “NOTICE TO PERSONS OR ENTITIES HOLDING RECORD OWNERSHIP ON BEHALF OF OTHERS.”

**PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS WILL BE AFFECTED BY THIS LITIGATION.**

This Notice relates to a proposed settlement (the “Settlement”) of the above-captioned, consolidated derivative action (the “Action”), which was brought by certain Fund shareholders on behalf of Third Avenue Trust (the “Trust”) for the benefit of the Fund in the Court of Chancery of the State of Delaware (the “Court”).

The complete terms of the Settlement, which remains subject to the approval of the Court, are set forth in a Stipulation and Agreement of Settlement, Compromise and Release, dated March 31, 2017 (the “Stipulation”), entered into by and among: (i) plaintiff Daniel Krasner (“Lead Plaintiff”) and plaintiff Avi Wagner (collectively, “Plaintiffs”), derivatively on behalf of the Trust for the benefit of the Fund; (ii) defendants William E. Chapman, II, Lucinda Franks, Edward J. Kaier, Patrick Reinkemeyer, Eric P. Rakowski, Martin Shubik, Charles C. Walden, Martin Whitman, David Barse, Vincent J. Dugan, W. James Hall, Joseph J. Reardon, and Michael Buono (collectively, the “Individual Defendants”); (iii) defendant Third Avenue Management LLC (the “Adviser,” and together with the Individual Defendants, “Defendants”); and (iv) the Trust, as nominal defendant (together with Plaintiffs and Defendants, the “Parties”).<sup>1</sup>

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<sup>1</sup> All capitalized terms that are not defined in this Notice shall have the meanings provided in the Stipulation. A copy of the Stipulation is available for review at the following website: <http://thirdave.com/fund/third-avenue-focused-credit-fund/>.

Because this Action was brought as a derivative action on behalf of the Trust for the benefit of the Fund, the benefits from the Settlement will go directly to the Fund. Thus, Fund Shareholders will not submit claims in connection with the Settlement.

## WHAT IS THE PURPOSE OF THIS NOTICE?

1. The purpose of this Notice is to inform Fund shareholders about: (a) the pendency of the Action; (b) the proposed Settlement, subject to Court approval, on the terms and conditions set forth in the Stipulation; (c) Fund shareholders' rights with respect to the proposed Settlement and Plaintiffs' Co-Lead Counsel's application for an award of attorneys' fees and reimbursement of litigation expenses; and (d) the hearing that the Court will hold on June 16, 2017, at 10:00 a.m., at the Court of Chancery of the State of Delaware, Leonard L. Williams Justice Center, 500 North King Street, Wilmington, Delaware, 19801.

2. At that hearing, the Court will, among other things: (a) determine whether Plaintiffs and Plaintiffs' Co-Lead Counsel have adequately represented the interests of the Fund and its shareholders; (b) determine whether the proposed Settlement described in the Stipulation is fair, reasonable and adequate to Plaintiffs, the Fund and its shareholders, and should be approved by the Court; (c) determine whether a Final Order and Judgment (as defined below) should be entered dismissing the Action with prejudice; (d) determine whether the application by Plaintiffs' Co-Lead Counsel for an award of attorneys' fees and reimbursement of litigation expenses should be approved; (e) hear and consider any objections to the Settlement and/or to Plaintiffs' Co-Lead Counsel's application for an award of attorneys' fees and expenses; and (f) consider any other matters that may properly be brought before the Court in connection with the Settlement.

## WHAT IS THIS CASE ABOUT?

THE FOLLOWING DESCRIPTION OF THIS CASE HAS BEEN PREPARED BY COUNSEL FOR THE PARTIES. THE COURT HAS MADE NO FINDINGS ABOUT SUCH MATTERS, AND THIS NOTICE IS NOT AN EXPRESSION OR STATEMENT BY THE COURT OF ANY FINDINGS OF FACT.

3. The Fund is one of a family of open-end mutual funds offered by the Trust, which is organized as a Delaware Statutory Trust and registered as an investment company under the Investment Company Act of 1940, 15 U.S.C. § 80a-1 *et seq.* The Adviser is the investment adviser to the funds offered by the Trust.

4. Since its inception in 2009, the Fund had a stated investment objective of seeking long-term total return by, among other things, investing a substantial amount of its assets in credit instruments that are rated below investment grade, including so-called "junk bonds," distressed debt, and similar credit instruments.

5. On December 9, 2015, the Fund's Board of Trustees determined to place the Fund's assets in a liquidating trust and initiate a plan of liquidation for the orderly sale of Fund assets and the distribution of proceeds to shareholders (the "Liquidation"). The Fund then asked the Securities and Exchange Commission ("SEC") to allow it to suspend redemptions.

On December 16, 2015, the SEC entered an order permitting the temporary suspension of the right of redemption for the protection of the Fund's security holders, and all assets were transferred from the liquidating trust back to the Fund. The Fund is currently being liquidated pursuant to the plan of liquidation and the SEC's December 16, 2015 order.

6. On January 15, 2016, William Engel filed a complaint in New York State Supreme Court, County of New York, captioned *Engel v. Third Avenue Management Company, et al.*, No. 650196/2016 (the "Engel Action"), purporting to bring derivative claims against certain of the Defendants relating to the management and operation of the Fund and the Liquidation. The case was later removed to the United States District Court for the Southern District of New York (the "New York Federal Court"), where it is pending as *Engel v. Third Avenue Management LLC et al.*, No. 1:16-cv-01118-PKC.

7. Between January 27 and February 9, 2016, purported Fund shareholders filed four separate complaints in the United States District Court for the Central District of California, purporting to bring federal securities claims against certain of the Defendants and other entities (the "Original Securities Actions"). The cases were later transferred to the New York Federal Court, where they are pending under the consolidated caption *In re Third Avenue Management LLC Securities Litigation*, No. 16-cv-2758-PKC (the "Consolidated Securities Action").

8. On or about January 21, 2016, Miranda Zuber made a books and records demand on the Fund's Board of Trustees pursuant to Section 3819(a) of the Delaware Statutory Trust Act. The Trust produced documents in response to the demand.

9. On February 5, 2016, plaintiff Wagner made a books and records demand on the Adviser pursuant to Section 3819(a) of the Delaware Statutory Trust Act. The Adviser produced documents in response to the demand (the "Section 3819(a) Production").

10. On March 3, 2016, plaintiff Krasner filed a motion for leave to intervene in the Engel Action in the New York Federal Court. And on March 7, 2016, plaintiff Zuber also moved for leave to intervene in the Engel Action. On December 20, 2016, the New York Federal Court denied plaintiff Krasner's motion to intervene in the Engel Action but requested that plaintiff Engel make a submission addressing a factual issue related to whether subject-matter jurisdiction existed.

11. On March 17, 2016, plaintiff Krasner filed a complaint in the Court pursuant to Section 3819(a) of the Delaware Statutory Trust Act, captioned *Krasner v. Third Avenue Trust*, C.A. No. 12113-VCL ("Krasner Books and Records Action"), purporting to bring a claim against the Trust to obtain certain books and records. The Court granted the motion on July 28, 2016, and the Trust then produced the documents plaintiff Krasner sought.

12. On April 1, 2016, Livio Broccolino filed a complaint in the New York Federal Court, captioned *Broccolino v. Third Avenue Management Company LLC, et al.*, No. 1:16-cv-02436-PKC (the "Broccolino Action"), purporting to bring derivative claims against certain of the Defendants relating to the management and operation of the Fund and the Liquidation.

13. On April 8, 2016, plaintiff Wagner filed a complaint in the Court, captioned *Wagner v. Third Avenue Management LLC, et al.*, C.A. No. 12184-VCL (the “Wagner Action”), purporting to bring class and derivative claims against Defendants relating to the management and operation of the Fund and the Liquidation.

14. On May 5, 2016, Defendants filed motions to dismiss or stay the Wagner Action.

15. On June 17, 2016, Defendants filed motions to dismiss the Engel Action. The Court held argument on that motion on August 1, 2016, and reserved decision.

16. On August 24, 2016, plaintiff Krasner filed a complaint in the Court, captioned *Krasner v. Third Avenue Management LLC, et al.*, C.A. No. 12681-VCL (the “Krasner Action,” and, together with the Wagner Action, the “Original Derivative Actions”), purporting to bring class and derivative claims against certain of the Defendants relating to the management and operation of the Fund and the Liquidation.

17. On September 1, 2016, plaintiff Krasner filed in the Court a motion to (i) stay the Wagner Action; or (ii), in the alternative, consolidate, designate an operative complaint and appoint lead plaintiff, lead counsel and liaison counsel; and (iii) expedite proceedings.

18. On September 15, 2016, the Court entered an order consolidating the Original Derivative Actions into the Action; appointing plaintiff Krasner as Lead Plaintiff in the Action; appointing the law firms of Abraham, Fruchter & Twersky, LLP, Friedlander and Gorris, P.A., and Bragar Eigel & Squire, P.C. (collectively, “Plaintiffs’ Co-Lead Counsel”) as Co-Lead Counsel in the Action; appointing the law firm Rosenthal Monhait & Goddess, P.A. (“Plaintiffs’ Delaware Co-Counsel”) as Delaware Co-Counsel for Plaintiffs; and directing plaintiffs to file a consolidated amended complaint to serve as the operative complaint in the Action.

19. On September 30, 2016, the defendants in the Consolidated Securities Action filed a motion to dismiss that action.

20. On October 14, 2016, Plaintiffs filed their Verified Amended Derivative Complaint (the “Amended Complaint”) in this Action, which purported to assert derivative claims on behalf of the Trust for the benefit of the Fund to recover unspecified damages allegedly caused by the Defendants’ actions, as well as the return of management fees paid to the Adviser. The Amended Complaint alleged that: (i) the Adviser and the Trust’s officers and directors breached their fiduciary duties to the Trust, or aided and abetted others’ breaches, by investing too much of the Fund’s assets in illiquid securities and by reporting “unrealistic” values for the Fund’s assets when determining the Fund’s daily net asset value; and (ii) this conduct constituted a breach by the Adviser of the investment advisory agreement between the Trust and the Adviser, and a breach by the Individual Defendants of the Trust Instrument governing the Trust, respectively. The Amended Complaint did not assert any direct claims on behalf of shareholders of the Fund, as Plaintiffs and their counsel concluded that claims challenging the Liquidation are properly pleaded only as derivative claims.

21. On October 28, 2016, plaintiff Krasner filed a renewed motion to intervene in the Engel Action seeking, among other things, to dismiss the Engel action for lack of subject-

matter jurisdiction or, in the alternative, to stay the Engel action in favor of the consolidated shareholder derivative action pending in this Court.

22. On November 3, 2016, Defendants filed motions to dismiss the Amended Complaint, and, on November 21, 2016, Defendants filed an opening brief in support of their motions. Plaintiffs filed their answering brief on December 23, 2016.

23. On December 2, 2016, plaintiff Zuber filed a complaint in the Court pursuant to Section 3819(a) of the Delaware Statutory Trust Act, captioned *Zuber v. Third Avenue Trust*, C.A. No. 12959-VCL (the “Zuber Action”), purporting to bring a claim against the Trust to obtain certain books and records. The Trust promptly produced the documents sought by plaintiff Zuber’s complaint. On January 17, 2017, plaintiff Zuber filed an Amended Complaint in the Court, purporting to bring a claim against the Trust to obtain additional books and records.

24. On December 13, 2016, the Parties participated in a mediation session with the Honorable Layn R. Phillips (Ret.) (“Judge Phillips”), a former United States District Court Judge. The parties to the Consolidated Securities Action also participated in their own mediation session with Judge Phillips on that date.

25. On January 13, 2017, following further discussions among the Parties and Judge Phillips, the Parties agreed upon a term sheet memorializing the principal terms of a settlement of the Action, which are described in this Notice.

26. On January 29, 2017, the parties to the Consolidated Securities Action agreed upon a term sheet memorializing the principal terms of a settlement of that action.

27. On April 4, 2017, the Court entered the Scheduling Order in connection with the Settlement. The Scheduling Order authorized this Notice to be provided to Fund shareholders and scheduled the Settlement Hearing for the Court to consider whether to grant final approval of the Settlement.

## WHAT ARE THE TERMS OF THE SETTLEMENT?

28. As consideration for the Settlement:

(a) The Adviser will cause a settlement payment of \$25,000,000 (twenty-five million dollars) (the “Settlement Amount”), including funds derived from insurance coverage, to be made into an interest-bearing escrow account to be established by Plaintiffs’ Co-Lead Counsel (the “Escrow Account”). The Settlement Amount will be paid into the Escrow Account within ten (10) business days after the date on which the Court’s order and judgment approving the Settlement becomes Final.

(b) If the Settlement is approved by the Court and the Effective Date occurs, the Settlement Amount, less Plaintiffs’ Counsel’s attorneys’ fees and litigation expenses as awarded by the Court, and the costs of providing this Notice, will be paid from the Escrow Account to the Fund.

## WHY ARE THE PARTIES SETTLING?

29. Plaintiffs and Plaintiffs' Co-Lead Counsel thoroughly considered the facts and law underlying the claims asserted in the Action. Although Plaintiffs and Plaintiffs' Co-Lead Counsel believe that the claims asserted have merit, the Court could adopt the Defendants' view of the applicable legal standard or of the underlying evidence, and could enter judgment for the Defendants, dismissing the Action either before or after trial. Plaintiffs and Plaintiffs' Co-Lead Counsel also considered the expense and length of continued proceedings necessary to pursue their claims against the Defendants through trial, as well as the uncertainty of appeals.

30. In light of the substantial monetary recovery included in the Settlement, and on the basis of information available to them, including publicly available information and discovery obtained from Defendants, Plaintiffs and Plaintiffs' Co-Lead Counsel have determined that the proposed Settlement is fair, reasonable, adequate, and in the best interests of the Fund and its shareholders. The Settlement provides substantial immediate benefits to the Fund and its shareholders without the risk that continued litigation could result in obtaining similar or lesser relief for the Fund and its shareholders after continued extensive and expensive litigation, including trial and the appeals that were likely to follow.

31. Defendants believe they have substantial defenses to the claims alleged against them in the Action, and they have denied and continue to deny the allegations of wrongdoing, liability, and violation of any laws and the existence of any damages asserted in or arising from the Action. However, Defendants have nevertheless concluded that further litigation in connection with the Action would be time-consuming and expensive. After weighing the costs, disruption, and distraction of continued litigation, Defendants have determined that the Action should be fully and finally settled in the manner and upon the terms and conditions set forth in the Stipulation.

## WHAT WILL HAPPEN IF THE SETTLEMENT IS APPROVED? WHAT CLAIM WILL THE SETTLEMENT RELEASE?

32. If the Settlement is approved, the Court will enter a final order and judgment (the "Final Order and Judgment"). Pursuant to the Final Order and Judgment, upon the Effective Date of the Settlement, the Action will be dismissed with prejudice and the following releases will occur:

**Release of Claims by Plaintiffs, the Trust, the Fund, and Fund Shareholders:** The Trust, the Fund, Plaintiffs, and each and every Fund Shareholder derivatively on behalf of the Fund, and their respective agents, spouses, heirs, predecessors, successors, personal representatives, representatives and assigns, in their capacities as such only, by operation of the Stipulation and the Final Order and Judgment and to the fullest extent permitted by law, shall completely, fully, finally and forever release, relinquish, settle and discharge each and all of the Defendant Releasees (defined below) from any and all of the Released Plaintiffs' Claims (defined below), and shall forever be

barred and enjoined from commencing, instituting or prosecuting any of the Released Plaintiffs' Claims against any of the Defendant Releasees, as more fully detailed in Exhibit A to the Stipulation. In addition, Plaintiffs agree not to initiate, prosecute, assist in, or facilitate the prosecution of any other claims arising out of the same nucleus of operative facts giving rise to the Action. In addition, indemnity, contribution, indemnity-like and contribution-like claims shall be forever barred and enjoined, with appropriate judgment-reduction credit, as more fully detailed in Exhibit A to the Stipulation.

Notwithstanding anything else in the Stipulation or Exhibit A to the Stipulation, nothing shall release, interfere with, limit, or bar the assertion by any Defendant Releasee of (a) any claim or rights for insurance coverage under any insurance, reinsurance, or indemnity policy, (b) any statutory, by-law, trust instrument, or contractual right or claim to indemnification or advancement as against any other Defendant Releasee, or (c) any statutory, by-law, trust instrument, common-law, or contractual rights or claims as against any other Defendant Releasee concerning matters other than indemnification, contribution, or advancement; provided, however, that this paragraph shall not apply to any claims by the Adviser against any other Defendant Releasee to be indemnified for, seek contribution for, or otherwise be reimbursed for the Settlement Amount.

"Released Plaintiffs' Claims" means any and all manner of claims, demands, rights, liabilities, losses, obligations, duties, damages, costs, debts, expenses, interest, penalties, sanctions, fees, attorneys' fees, actions, potential actions, causes of action, suits, judgments, defenses, counterclaims, offsets, decrees, matters, issues and controversies of any kind, nature or description whatsoever, whether known or unknown, disclosed or undisclosed, accrued or unaccrued, apparent or not apparent, foreseen or unforeseen, matured or not matured, suspected or unsuspected, liquidated or not liquidated, fixed or contingent, including Unknown Claims (defined below), that Plaintiffs asserted in either of the Original Derivative Actions or the Action, or that could have been asserted on behalf of the Trust or Fund, including those that were threatened, asserted, or could have been asserted by any of the Fund's shareholders, including William Engel, Livio Broccolino, and/or Miranda Zuber, or that the Trust or Fund could have asserted directly, in any court, tribunal, forum or proceeding, whether based on state, local, foreign, federal, statutory, regulatory, common or other law or rule, and that are based upon, arise out of, relate in any way to, or involve, directly or indirectly: (i) the management, operation, and/or oversight of the Fund; (ii) the Liquidation; (iii) all disclosures (including any actual or purported misrepresentation or omission, whether or not alleged) made about the Fund's management, operations, oversight, liquidation, assets, or otherwise related to the Fund (other than the claims asserted in the Consolidated Securities Action) up to and including the date the Court approves the Settlement; provided, however, for the avoidance of doubt, the Released Plaintiffs' Claims do not include the right to enforce the Stipulation, the Settlement or the documents memorializing the settlement of the Consolidated Securities Action.

“Defendant Releasees” means, whether or not each or all of the following Persons were named, served with process, or appeared in the Action: (i) William E. Chapman, II, Lucinda Franks, Edward J. Kaier, Patrick Reinkemeyer, Eric P. Rakowski, Martin Shubik, Charles C. Walden, Martin Whitman, David Barse, Vincent J. Dugan, W. James Hall, Joseph J. Reardon, Michael Buono, Jack Aber, and Marvin Moser; Affiliated Managers Group, Inc., M.J. Whitman LLC, the Adviser, the Trust and the Fund; (ii) for each and all of the Persons identified in the foregoing clause, any and all of their respective past or present trusts, foundations, investors, insurers, reinsurers, partnerships, general or limited partners or partnerships, joint ventures, member firms, limited-liability companies, corporations, parents, controlling persons, subsidiaries, divisions, direct or indirect affiliates, associated entities, stockholders, members, managing members, managing agents, financial or investment advisors, advisors, consultants, investment bankers, entities providing any fairness opinion, underwriters, brokers, dealers, lenders, commercial bankers, attorneys in fact, counsel, accountants and associates that are not natural persons; (iii) for each and all of the Persons identified in the foregoing clauses that are not natural persons, any and all of their respective past or present trustees, agents, employees, fiduciaries, partners, controlling persons, principals, officers, managers, directors, managing directors, members, managing members, managing agents, financial or investment advisors, advisors, consultants, brokers, dealers, lenders, attorneys in fact, counsel, accountants, and associates who are natural persons; (iv) for each and all of the Persons identified in the foregoing clauses that are not natural persons, their respective successors and assigns; and (v) for each and all of the Persons identified in the foregoing clauses who are natural persons, all their past or present family members or spouses, and the heirs, executors, estates, administrators, personal or legal representatives, assigns, beneficiaries and distributees of any of the foregoing.

**Release of Claims by Defendants:** Defendants and their respective agents, spouses, heirs, predecessors, successors, personal representatives, representatives and assigns, in their capacities as such only, by operation of the Stipulation and the Final Order and Judgment and to the fullest extent permitted by law, shall completely, fully, finally and forever release, relinquish, settle and discharge each and all of the Plaintiff Releasees from any and all of the Released Defendants’ Claims, and shall forever be barred and enjoined from commencing, instituting or prosecuting any of the Released Defendants’ Claims against any of the Plaintiff Releasees.

“Released Defendants’ Claims” means any and all manner of claims, demands, rights, liabilities, losses, obligations, duties, damages, costs, debts, expenses, interest, penalties, sanctions, fees, attorneys’ fees, actions, potential actions, causes of action, suits, judgments, defenses, counterclaims, offsets, decrees, matters, issues and controversies of any kind, nature or description whatsoever, whether known or unknown, disclosed or undisclosed, accrued or unaccrued, apparent or not apparent, foreseen or unforeseen, matured or not matured,

suspected or unsuspected, liquidated or not liquidated, fixed or contingent, including Unknown Claims (defined below), arising out of or relating to the commencement, prosecution, or settlement of the Action; provided, however, for the avoidance of doubt, the Released Defendants' Claims shall not include the right to enforce this Stipulation, the Settlement or the documents memorializing the settlement of the Consolidated Securities Action.

"Plaintiff Releasees" means Plaintiffs, Plaintiffs' Counsel, and any and all of their respective past or present family members, spouses, agents, heirs, predecessors, successors, personal representatives, representatives, attorneys, fiduciaries, employees, assigns, partners, corporations, direct or indirect affiliates, consultants, bankers, representatives, estates, insurers, reinsurers, and advisors.

"Unknown Claims" means any Released Claims that a Person granting a Release hereunder does not know or suspect to exist in his, her or its favor at the time of the Release, including without limitation those that, if known, might have affected the decision to enter into or object to the Settlement. With respect to any and all Released Claims, the Parties stipulate and agree that upon the Effective Date, Plaintiffs and Defendants shall have expressly waived, and the Fund and each of the other Fund Shareholders shall be deemed to have, and by operation of the Final Order and Judgment by the Court shall have, waived, relinquished and released any and all provisions, rights and benefits conferred by or under California Civil Code § 1542 or any law or principle of common law of the United States or any state or territory of the United States that is similar, comparable or equivalent to California Civil Code § 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH  
THE CREDITOR DOES NOT KNOW OR SUSPECT EXIST IN HIS  
OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE,  
WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY  
AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Plaintiffs and Defendants acknowledge, and the Fund and all other Fund Shareholders by operation of law shall be deemed to have acknowledged, that they may discover facts in addition to or different from those now known or believed to be true with respect to the Released Claims, but that it is the intention of Plaintiffs and Defendants, and of the Fund and all other Fund Shareholders by operation of law, to completely, fully, finally and forever extinguish any and all Released Claims, known or unknown, suspected or unsuspected, that now exist, heretofore existed or may hereafter exist, and without regard to the subsequent discovery of additional or different facts. Plaintiffs and Defendants acknowledge, and the Fund and all other Fund Shareholders by operation of law shall be deemed to have acknowledged, that this waiver and the inclusion of "Unknown Claims" in the definition of "Released Claims" were separately bargained for and are material elements of

the Settlement and were relied upon by each and all of the Parties in entering into the Stipulation and agreeing to the Settlement.

33. Pending final determination by the Court of whether the Settlement should be approved, all proceedings in the Action other than proceedings necessary to carry out or enforce the terms and conditions of the Stipulation, have been stayed. By order of the Court, pending final determination of whether the Settlement should be approved, Plaintiffs and all other Fund Shareholders are barred and enjoined from commencing, instituting or prosecuting any of the Released Plaintiffs' Claims against any of the Defendant Releasees.

**HOW WILL PLAINTIFFS' COUNSEL BE PAID?**

34. Plaintiffs' Co-Lead Counsel have not received any payment for their services in pursuing the claims asserted in the Action, nor have Plaintiffs' Co-Lead Counsel been reimbursed for their litigation expenses. Plaintiffs' Co-Lead Counsel invested their own resources pursuing the Action on a contingency basis, meaning they would only be compensated for their time and recover their expenses if they created a benefit for the Fund and its shareholders through the Action. In light of the risks undertaken in pursuing the Action on a contingency basis and the benefits created for the Fund and its shareholders through the Settlement and the prosecution of the Action, Plaintiffs' Co-Lead Counsel intend to ask the Court for up to 20 percent of the Settlement Amount (or \$5,000,000 (five million dollars)) (1) as fees for representing Plaintiffs and recovering the Settlement, and (2) to reimburse expenses they incurred in the litigation.

35. Before final approval of the Settlement, Plaintiffs' Co-Lead Counsel will apply to the Court for an award of attorneys' fees and litigation expenses to be paid out of the Settlement Amount. The Court will determine the amount of any award of attorneys' fees and litigation expenses. Fund Shareholders are not personally liable for any such fees or expenses.

**WHEN AND WHERE WILL THE SETTLEMENT HEARING BE HELD?  
DO I HAVE RIGHT TO APPEAR AT THE SETTLEMENT HEARING?**

36. The Court will consider the Settlement and all matters related to the Settlement at the Settlement Hearing. The Settlement Hearing will be held before The Honorable J. Travis Laster, Vice Chancellor, on June 16, 2017, at 10:00 a.m., at the Court of Chancery of the State of Delaware, Leonard L. Williams Justice Center, 500 North King Street, Wilmington, Delaware, 19801. The Court may change the date or time of the Settlement Hearing without further notice to the Shareholders.

37. At the Settlement Hearing, the Court will, among other things: (a) determine whether Plaintiffs and Plaintiffs' Co-Lead Counsel have adequately represented the interests of the Fund and its Shareholders; (b) determine whether the proposed Settlement is fair, reasonable and adequate to Plaintiffs, the Fund and the Fund's Shareholders, and should be approved by the Court; (c) determine whether a Final Order and Judgment should be entered dismissing the Action with prejudice; (d) determine whether the application by Plaintiffs' Co-Lead Counsel for an award of attorneys' fees and reimbursement of litigation expenses should be approved; (e) hear and consider any objections to the Settlement and/or to Plaintiffs' Co-Lead Counsel's

application for an award of attorneys' fees and expenses; and (f) consider any other matters that may properly be brought before the Court in connection with the Settlement.

38. Any person who was a shareholder of the Fund as of March 31, 2017 and continues to be a shareholder of the Fund through June 16, 2017 (the date of the Settlement Hearing) and who objects to the Settlement or the application for attorneys' fees and expenses by Plaintiffs' Co-Lead Counsel, or who otherwise wishes to be heard, may appear in person or through his, her, or its attorney at the Settlement Hearing and present any evidence or argument that may be proper and relevant; provided, however, that no such person shall be heard, and no papers, briefs, pleadings, or other documents submitted by any such person shall be received and considered by the Court unless, no later than June 1, 2017, such person files with the Register in Chancery, Court of Chancery, 500 North King Street, Wilmington, Delaware, 19801, the following: (a) a written and signed notice of intention to appear, which states the name, address, telephone number, and email address (if available) of the objector and, if represented, his, her or its counsel; (b) proof that the objector owned shares of the Fund as of March 31, 2017 and continues to hold such shares; and (c) a written, detailed statement of the person's objections to any matter before the Court, and the specific grounds for those objections, or the reasons why such person desires to appear and to be heard, as well as all documents and writings that such person wants the Court to consider, including any legal and evidentiary support. Any such filings with the Court must also be served upon each of the following counsel (by e-mail or hand, first-class U.S. mail, or express service) such that they are received no later than June 1, 2017:

Friedlander & Gorris, P.A.  
Attn: Joel Friedlander  
1201 N. Market Street, Suite 2200  
Wilmington, Delaware 19801  
jfriedlander@friedlandergorris.com

Abrams & Bayliss LLP  
Attn: A. Thompson Bayliss  
20 Montchanin Road, Suite 200  
Wilmington, Delaware 19807  
Bayliss@AbramsBayliss.com

Rosenthal, Monhait & Goddess, P.A.  
Attn: Carmella P. Keener  
P.O. Box 1070  
Wilmington, Delaware 19899  
ckeener@rmgglaw.com

Morris Nichols Arsht & Tunnell LLP  
Attn: David J. Teklits  
1201 N. Market Street, 18th Floor  
Wilmington, Delaware 19801  
dteklits@mnat.com

Richards, Layton & Finger, P.A.  
Attn: Lisa A Schmidt  
920 North King Street  
Wilmington, Delaware 19801  
schmidt@rlf.com

Potter Anderson & Corroon LLP  
Attn: Kevin R. Shannon  
1313 N. Market Street  
Hercules Plaza, 6th Floor  
Wilmington, Delaware 19899  
kshannon@potteranderson.com

**39. Unless the Court orders otherwise, any person or entity who or that does not make his, her or its objection in the manner described above shall be deemed to have waived his, her or its right to object to any aspect of the proposed Settlement and Plaintiffs' Co-Lead Counsel's application for an award of attorneys' fees and litigation expenses and shall be forever barred and foreclosed from objecting to the fairness, reasonableness or adequacy of the Settlement or the requested attorneys' fees and litigation expenses, or from otherwise being heard concerning the Settlement or the requested attorneys' fees and litigation expenses in this or any other proceeding.**

**CAN I SEE THE COURT FILE?  
WHOM SHOULD I CONTACT IF I HAVE QUESTIONS?**

40. This Notice contains only a summary of the terms of the proposed Settlement. For more detailed information about the matters involved in the Action, you may view the papers on file in the Action, including the Stipulation, during regular office hours at the Office of the Register in Chancery in the Court of Chancery of the State of Delaware, 500 North King Street, Wilmington, Delaware, 19801. Additionally, copies of the Stipulation and any related orders entered by the Court will be posted on the following website: <http://thirdave.com/fund/third-avenue-focused-credit-fund/>. If you have questions regarding the Settlement, you may write or call Plaintiffs' Co-Lead Counsel: Abraham, Fruchter & Twersky, LLP (c/o Jeffrey S. Abraham at [jabraham@aftlaw.com](mailto:jabraham@aftlaw.com) or 212-279-5050), Friedlander and Gorris, P.A., and Bragar Eigel & Squire, P.C. (c/o J. Brandon Walker at [walker@bespc.com](mailto:walker@bespc.com) or 212-308-5858).

**NOTICE TO PERSONS OR ENTITIES HOLDING  
RECORD OWNERSHIP ON BEHALF OF OTHERS**

41. If you are a brokerage firm, bank, or other person or entity who or that held shares of the Fund as of the close of business on March 31, 2017 as a record holder for the beneficial interest of persons or organizations other than yourself, you must either: (a) within seven (7) calendar days after receipt of this Notice, request from the Fund through Garden City Group, LLC (the "Notice Administrator") sufficient copies of this Notice to forward to all such beneficial owners and within seven (7) calendar days of receipt of those Notices forward them to all such beneficial owners; or (b) within seven (7) calendar days after receipt of this Notice, provide a list of the names and addresses of all such beneficial owners to the Notice Administrator at: In re Third Avenue Trust Shareholder & Derivative Litigation, c/o GCG, PO Box 10423, Dublin, Ohio 43017-4023. If you choose the second option, the Notice Administrator will send a copy of the Notice to the beneficial owners. Upon full compliance with these directions, such nominees may seek reimbursement of their reasonable expenses actually incurred, by providing the Notice Administrator with proper documentation supporting the expenses for which reimbursement is sought. Copies of this Notice may also be obtained by calling the Notice Administrator toll-free at (855) 474-3848.

**DO NOT CALL OR WRITE THE COURT OR THE OFFICE OF  
THE REGISTER IN CHANCERY REGARDING THIS NOTICE.**

Dated: April 17, 2017

BY ORDER OF THE COURT OF  
CHANCERY OF THE STATE OF  
DELAWARE