1. Organization and Description of Business

M.J. Whitman LLC ("MJW") is a wholly owned subsidiary of Third Avenue Holdings Delaware LLC (the "Parent"). MJW has one wholly owned subsidiary, Private Debt LLC, (together with MJW, the "Company"). MJW, a broker-dealer registered with the Securities and Exchange Commission (the "SEC") and the Financial Industry Regulatory Authority, Inc. ("FINRA"), was organized as a Limited Liability Company under the laws of the State of Delaware on May 15, 2002 to assume the business of M.J. Whitman, Inc., a New York Corporation. Affiliated Managers Group, Inc. holds an indirect majority equity interest in the Parent. The Parent also owns Third Avenue Management LLC ("TAM"), an investment advisor to the Third Avenue Trust and Third Avenue Variable Series Trust, separately managed accounts, and other investment products.

The Company provides brokerage services to institutional and retail clients and has a clearing agreement with a clearing corporation. For the period January 1, 2015 through December 2, 2015, the primary clearing broker was JP Morgan Clearing Corp ("JPMCC"). As of December 2, 2015, the primary clearing broker changed to National Financial Services, LLC ("NFS"). All of MJW's customer accounts are introduced on a fully disclosed basis to, and carried by, the clearing broker. The Company maintains a "Special Account for the Exclusive Benefit of Customers" and claims exemption from the Customer Protection Rule (SEC Rule 15c3-3) pursuant to provisions (k)(2)(i) and (k)(2)(ii) of such rule.

2. Significant Accounting Policies

Basis of Presentation and Use of Estimates

The financial statements include the accounts of MJW and its wholly owned subsidiary, although MJW does not guarantee any liabilities or obligations of the subsidiary. All significant intercompany accounts have been eliminated. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts included in the financial statements and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments, including money market mutual funds and marketable securities with original maturities of three months or less, to be cash equivalents.

Security Deposits

The Company maintains a security deposit at NFS. As of December 31, 2015, the balance was $250,000.

Revenue Recognition

Securities transactions and related revenues and expenses are recorded on a trade date basis. Revenue consists primarily of commissions, which are trades facilitated on an introductory basis, and gross credits, which are principal trades.

The Company receives fees for sales and servicing related to shares of mutual funds, including shares of mutual funds which are affiliates of the Company. These fees, which are based on a percentage of the net assets of the mutual funds, are included as Trailer income on the accompanying consolidated statement of income. For 2015, the entire amount of this income was related to mutual funds advised by TAM, and was paid to the Company by TAM.

Furniture and Equipment
Property and equipment are stated at cost and are depreciated over their estimated useful lives, ranging from five to seven years, using the straight-line or accelerated methods. The difference between the accelerated method and the straight-line method is not material. Costs of maintenance and repairs are charged to expense, while costs of significant renovations and betterments are capitalized.

Income Taxes
The Company is not subject to federal or New York State income taxes. The Parent, as the sole member of the Company, is responsible for reporting the Company's income and expenses on its partnership tax returns.

The Company is subject to New York City unincorporated business taxes, with its results being included on the New York City unincorporated business tax return filed by its Parent. The Parent allocates this tax to the Company as if the Company were a separate taxpayer. The Company and its Parent file tax returns in other jurisdictions, some of which impose tax on limited liability companies.

Accounting principles generally accepted in the United States of America set forth a minimum threshold for financial statement recognition of the benefit of a tax position taken or expected to be taken in a tax return. The Parent, and the Company, did not have any unrecognized tax benefits in the accompanying financial statements. The Parent and the Company may be subject to examination by federal, state, local or foreign taxing authorities. As of December 31, 2015, the tax returns that remain subject to examination under the appropriate statute of limitations are generally the returns filed for the years from 2012 forward, although in certain jurisdictions in which the Parent or the Company file tax returns, 2011 returns may still be open to examination.

3. Regulatory Requirements

The Company is subject to SEC Rule 15c3-1, which requires the maintenance of minimum net capital. The rule prohibits a broker-dealer from engaging in securities transactions when its net capital falls below a specified minimum amount. The Company has elected to use the alternative method, permitted by the rule, which requires that the Company maintain minimum net capital, as defined, equal to the greater of $250,000 or 2% of aggregate debit items, pursuant to SEC Rule 15c3-3. At December 31, 2015, the Company had net capital of $1,795,120, which exceeded the required net capital of $250,000 by $1,545,120.

The Company claims exemption under provisions of SEC Rule 15c3-3 in that the Company maintains a "Special Account for the Exclusive Benefit of Customers" pursuant to paragraph (k)(2)(i) of that rule, and the Company's activities are limited to those set forth in the conditions for exemptions appearing in paragraph (k)(2)(ii) of that rule, as all customer transactions are cleared through JPMCC or NFS on a fully disclosed basis.

4. Receivable from Clearing Broker

The Company is an introducing broker that clears its customer security transactions through JPMCC and NFS on a fully disclosed basis. The Company pays JPMCC and NFS fixed ticket charges for clearing its transactions and other expenses such as floor brokerage and custody fees. At December 31, 2015, $1,708,973 is receivable from the clearing broker consisting primarily of credit balances in the Company's principal accounts along with commissions due on transactions, net of expenses the Company owes to JPMCC or NFS.

5. Furniture and Equipment

Furniture and equipment at December 31, 2015 are summarized as follows:

Furniture and equipment	$	49,909
Less: Accumulated depreciation and amortization		(48,744)
	$	1,165

Depreciation and amortization expense amounted to $8,431 for the year ended December 31, 2015.

6. Commitments and Contingencies

The Company has various contractual commitments arising in the ordinary course of business. In the opinion of management, the consummation of such commitments will not have a material adverse effect on the financial position of the Company.

In the ordinary course of its business activities, the Company is subject to claims, legal proceedings and other contingencies. Any such potential matters are subject to various uncertainties, and it is possible that some of these matters may be resolved unfavorably to the Company. The Company establishes accruals for matters that are probable and can be reasonably estimated. Management believes that any liability in excess of these accruals upon the ultimate resolution of these matters will not have a material adverse effect on the financial condition of the Company.

TAM is undergoing an investigation by the Securities and Exchange Commission that began on December 14, 2015 as a result of the liquidation of Third Avenue Focused Credit Fund ("FCF"). Also on December 14, 2015, the Secretary of the Commonwealth of Massachusetts, Securities Division, served a subpoena on TAM concerning the liquidation of FCF.

On January 15, 2016, a purported investor in FCF filed a complaint (the "NY Complaint") in the Supreme Court of the State of New York, County of New York against the Company, the Third Avenue Trust (the "Trust"), TAM, individual TAM officers, a former TAM employee, and a trustee of FCF under the caption *Engel v. Third Ave. Mgmt. Co. LLC.* The NY Complaint, which purports to be brought derivatively on behalf of FCF, alleges that the defendants violated Section 22(e) of the Investment Company Act of 1940 by suspending the right of redemption for more than seven days. Plaintiff seeks restitution and/or compensatory damages, disgorgement of all fees paid by FCF during a certain period of time and the award of legal fees and other costs. The Company believes that it has strong defenses to these claims and will defend these matters vigorously.

On January 27, 2016, a purported investor in FCF filed a complaint (the "First Federal Complaint") in the United States District Court, Central District of California ("California Federal Court"), naming the Company, the Trust, TAM, individual TAM officers, two former TAM employees, and trustees of FCF under the caption *Tran v. Third Ave. Mgmt. LLC*. The First Federal Complaint, which is a putative class action lawsuit alleges that the defendants violated Sections 11, 12(a)(2) and 15 of the Securities Act of 1933. Plaintiff seeks compensatory and recessionary damages and the award of legal fees and other costs. On February 2, 2016, February 3, 2016, and February 9, 2016, purported investors in FCF filed additional complaints in California Federal Court, each of which is substantially similar to the First Federal Complaint. The Company believes that these claims are without merit and will defend these matters vigorously.

The Parent is obligated under noncancelable lease agreements through August 2022. The Company and its affiliates will be allocated a portion of the expenses by the Parent. Minimum rental commitments of the Parent under these leases are as follows:

Year Ending	**Minimum Rental Commitments**
2016	2,552,747
2017	2,600,000
2018	2,600,000
2019	2,600,000
2020	2,600,000
Thereafter	4,333,333

Total allocated rent expense for the year 2015 was $91,368.

7. Off-Balance Sheet Risk and Concentrations of Credit Risk

In the normal course of business, the Company, on behalf of clients, enters into various debt and equity transactions in the securities markets. The execution of these transactions may result in off-balance sheet risk or concentration of credit risk. The Company records securities transactions on a trade date basis, and therefore, is exposed to credit risk in the event that counter parties are unable to fulfill contractual agreements.

Pursuant to its current clearing agreement with NFS, the Company is liable for amounts uncollected from customers introduced by the Company. As NFS's right to charge the Company has no maximum amount, and applies to all trades executed through the clearing broker, the company believes there is no maximum amount assignable to this right and is currently not aware of any probable losses under such arrangements.

8. Related Party Transactions

As described in Note 2, the Company earns fees for sales and servicing related to shares of mutual funds advised by TAM.

The Company shares personnel, office space and facilities with related companies and, accordingly, certain expenses have been allocated among the entities based upon factors such as relative office space square footage and estimates of employees' time spent supporting the various entities. The Company reimburses affiliates for its share of allocated expenses which were initially paid by those affiliates.

At year end, amounts related to expense reimbursements are included within receivable from affiliates and payable to affiliates on the consolidated statement of financial condition. Subsequent to monthly reconciliations and closings, balances due to and due from affiliates are reimbursed.

MJ Whitman & Co has agreed to pay the Company a fee of $25,000 per annum for services related to administration and management of certain proprietary accounts. This is included in interest and other income in the accompanying consolidated statement of income.

9. Subsequent Events

The Company has performed an evaluation of subsequent events through the date the financial statements were issued and has determined that there were no material events that would require an adjustment to or additional disclosure in the Company's financial statements.