Forum Real Estate Income Fund

forum

Q2 2026 QUARTERLY INVESTOR UPDATE

Unless otherwise stated, the material presented below is opinion only and is not intended to be relied upon in any manner as legal, tax, investment advice, or recommendation. Market data and commentary reflect conditions as of June 30, 2026, and may not reflect subsequent market developments as of the publication date.

Dear Investor,

We hope this finds you well. Attached is a ***fact sheet*** with details on Fund returns/holdings/statistics, and below is an in-depth discussion of Q2 and our outlook for the next several months. Please don't hesitate to follow up with comments or questions, and, as always, we look forward to continuing as your investment partner.

Market Environment & Strategy

Peace in the Middle East (well, maybe), oil back below $70/barrel, a new housing bill (if/when the President signs it), and more record highs in equity markets. All momentous Q2 events for sure, and worthy of further discussion. But let's address the Federal Reserve instead. Wait, really? This from the team that has spent the last 6+ years lamenting the ever-increasing hyper-focus on all things Fed?

Fear not, we haven't been kidnapped by the free-money mafia and forced onto the QE-infinity[1] bandwagon. This is intended to be a wake, a celebratory farewell to the Fed as the topic du jour and a hopeful good riddance from our future letters.

It may be poor form to cheer a passing, but we've been waiting a long time to eulogize The Fed put[2]. That's right, we think it's the Ides of March for one of Wall Street's most reliable backstops … Et tu, Kevin Warsh? More on that and why we view it as a positive later. First, a quick reminder of why this is important to our day-to-day grind: CRE is a capital-intensive business that relies heavily on leverage; like it or not, monetary policy and Fed interventions have an outsized impact on the health and trajectory of its investment prospects. A CRE lender failing to keep an eye on the Fed – particularly an activist one like we've had since the Great Financial Crisis (GFC) – is akin to a pilot neglecting to monitor his fuel gage.

Burning Down the House

"The Fed's 2020 framework and misdiagnosis of inflation produced significant economic damage."
– Kevin Warsh, IMF speech, April 2025

"Inflation is caused when government spends too much and prints too much. Money on Wall Street is too easy, and credit on Main Street is too tight. The Fed's bloated balance sheet, designed to support the biggest firms in a bygone crisis era, can be reduced significantly."
– Kevin Warsh, Wall Street Journal, November 2025

"The Fed became too dependent on extraordinary stimulus tools and blurred the line between monetary policy and market support."
– Kevin Warsh, Senate Banking Committee testimony, 2026

Could it really be different this time? Is new Federal Reserve Chairman Kevin Warsh already laying the groundwork for a downsized, more rules-based, less intrusive central bank? Will we see a move away from market-steering and a step back from starring role to supporting cast in financial markets? A Fed that's more roadie than lead singer? Bring it on!

Portfolio Management Team

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Portfolio Manager
Forum Real Estate Income Fund

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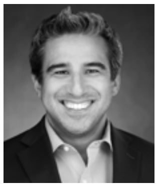
Portfolio Manager &
Head of Product Strategy
Forum Real Estate Income Fund



Jason Brooks
Head of Debt &
Portfolio Manager
Forum Real Estate Income Fund

__1.__ QE-infinity refers to the Fed's 2012 policy of open-ended asset purchases with no preset end date — as opposed to earlier rounds with a fixed size and stop date. __2.__ The "Fed put" refers to the market's belief that the Federal Reserve will step in to support falling asset prices — by cutting rates or otherwise easing policy — effectively acting as a backstop for investors. The term borrows from a put option, a contract that protects its holder against a decline in an asset's price.

Not to bog down in the past, but for the sake of closure – and to bring our new investment partners up to speed – we figured we'd toss in a couple of snippets from our many rants over the last six years on the distressing "permanence" of the Fed put, and our oft-repeated belief that continually stoking asset prices would inevitably crush purchasing power, warp incentives, and curtail upward mobility. It's a brief walk down memory lane, and worth the extra steps, we think, as it seems we're still stuck dealing with the negative impacts and unintended consequences of what Treasury Secretary Bessent appropriately dubbed "gain-of-function" monetary policy.

> *"More concerning to us is the fuel the pandemic has dumped on the already raging Wall Street vs. Main Street fire. Lockdowns and closures have disproportionately whacked small business, while many large corporations have benefited. At the same time, the Fed's money-printing bonanza has bolstered financial markets, boosting asset prices and multiplying wealth for stakeholders. That's great; we're all for growing assets and wealth creation. We just wish the policy response hadn't kneecapped those who could least afford the hit. Our thinking is that the result will be a more difficult and protracted economic recovery, and another self-inflicted blow to our increasingly tenuous social cohesion." (Q4 2020 Investor Letter).*

> *" … we think there's also still a deep-rooted belief that the Fed put remains in place. In other words, if markets/asset prices tumble and margin/leverage starts to look a bit scary, Wall Street will scream bloody murder and its Fed enablers will immediately pull the emergency brake (heck, they may even flip right back to quantitative easing – QE infinity!). (Q4 2021 Investor Letter).*

> *" … we maintain it would be a boon to both business and society if "free-money" policies and negative interest rates were swept into the dustbin of history. Long-time readers of these letters are well aware of how we feel about the pitfalls of flooding markets with copious amounts of "no-cost" capital – besides pushing investors out the risk spectrum and encouraging higher leverage, it almost inevitably leads to excessive asset inflation and malinvestment, or worse, brazen sketchy behavior …. Those missteps, excesses and misallocations typically end poorly." (Q4 2022 Investor Letter).*

Road To Nowhere

Even though we don't invest in the listed REITs, we're employing Equity Residential (EQR), one of the largest apartment REITs – currently in the process of merging with Avalon Bay to form a multifamily behemoth – to illustrate the real-world impacts of QE. It's by no means a perfect proxy, but we think its daily stock chart lays out a damning evidence trail of the market distortions caused by an ill-advised policy/monetary experiment.

Equity Residential (EQR) 10 Year Historical Price Chart[1]

The volatility shown above is hardly what one would expect from a conservatively levered, stabilized portfolio of institutional-quality assets in a sector with durable, low-beta cashflows. Nothing like a 10-year roller coaster ride! Which is precisely what EQR investors experienced – a decade of unusually large ups and downs, only to end up right where they started.

Past performance does not guarantee future results. *Provided for illustrative purposes only and should not be considered a recommendations to buy or sell any security.* ***1.*** *Bloomberg, July 2026.*

Note that, like most REITs, EQR is a steady dividend payer, so even with the decline in stock price, investors realized a 49% return, but that's small consolation considering a 40% spike in inflation and a 322% gain for the S&P 500 during the same period.

What we'd like to point out about the yo-yo moves in EQR's stock price is how closely they correlate with QE. In the 10-year timeframe we've isolated, the bond buying begins in 2019 when the Fed intervened to smooth over a blowup in the repo market; then Covid hit and the central bank went full banana republic and really cranked up the printer, effectively doubling the size of its balance sheet to nearly $9 trillion over the next two years. (After nearly 7 years and a ~400% expansion of its balance sheet on the heels of the GFC, the Fed had paused QE back in 2014.) As shown above, EQR's shares tagged along for the asset-reflation ride, a stairway-to-heaven ascent that ended abruptly with a not-so-fun elevator down in April/May 2022, which, big surprise, coincided with peak central bank balance sheet and the move to higher rates. (It's almost as though the junkie suddenly stopped getting his injections.)

The rub here is that the multifamily sector, like much of CRE, became unmoored from market fundamentals. QE delivered a deluge of credit into a system set up to direct that liquidity to risk assets, like CRE, and because cheap debt is to CRE markets what donuts are to Homer Simpson, the byproducts were predictable: historically low borrowing costs, cap rate compression, aggressive underwriting, overbuilding, excessive debt, recency bias, and, perhaps most important, what we believe was a massive pull forward of economic returns. Toss all that in a blender and CRE sponsors/investors got a smoothie that tasted pretty darn good … for a while. But that smoothie was spiked. Heavily. That a lot of bad decisions and a debilitating hangover would ensue should have been apparent.

Back to EQR. Maybe some savvy (lucky!) investors timed QE perfectly, showing up the moment the latest credit-fueled bender kicked off and calling it a night approximately two years later right before the bar closed. They doubled their money. Well done. But again, that's not the volatility one would expect from a stabilized portfolio of apartments, even starting from a clearly discounted valuation; the company did not discover a new technology or breakthrough drug.

How about those who got to the party late, or worse, just as it was winding down? It pays to be punctual. We're now more than four years removed from EQR's all-time high, and, despite some solid recent gains, the stock still would need a whopping 38% spike to regain that level. That's a long hangover … and some painful value destruction and opportunity costs for the late arrivals, who by now realize that they got served an overpriced, watered-down cocktail that probably had a cigarette butt in it.

To be clear, this is not an indictment of EQR. If anything, the company demonstrated laudable restraint throughout the "free-money" frenzy: no piling on of debt, no acquisition spree at peak pricing. It's just that their stock provided an accessible, liquid means of gaming markets/asset prices that had come unhinged from historical valuation metrics (no reason to exempt REITs from the meme stock revolution). Where the party got out of hand was in private CRE, which tends to operate with significantly higher leverage. That's where the Blutos ran wild and left a legacy of properties/investors on double secret probation.

Same As It Ever Was

And now the disclaimer – what kind of investors would we be without a hedge? As confident as we are in the looming demise of the Fed put, we're acutely aware that there's no shortage of influential market players who will push hard for a stay of execution. The federal government might be one of them; printing money and inflating away debts is much more politically palatable than austerity measures and spending cuts.

We also realize that entrenched government bureaucracies have a way of chewing up even the most determined reformers and spitting them out as docile champions of the status quo. Let's hope Kevin Warsh maintains the courage of his convictions and doesn't go Walter White on us.

Even if successful, this process, like all things government adjacent, will likely be frustratingly slow. That's OK. The unprecedented levels of debt in both the public and private sectors add a layer of risk and fragility that's not conducive to a move-fast-and-break-things approach. We just need to start down the road to putting the "risk" back in "risk-taking," and restoring an economic environment where efficient markets decide the winners and losers. No more "privatizing gains, socializing losses." No more heads, Wall Street wins; tails, the Fed steps in.

Buys & Sells

It was another busy quarter on the transaction front. Buys constituted the bulk of the activity, as capital inflows were put to work. Below we highlight several changes to top positions in Q2.

Most of the purchases in the quarter were in the CMBS (SASB) space. They included a new financing backed by a cross-collateralized portfolio of 10 assets, comprised of eight Class A multifamily properties, a retail property and a mixed-use property. All but one of the properties – an apartment complex in Malden outside of Boston – are in Northern New Jersey, concentrated along the Hudson River waterfront; five are in Jersey City. Combined, the portfolio includes nearly 4,000 residential units. This takes over as the Fund's second largest position.

Other notable SASB buys included bonds backed by stabilized assets/portfolios in the life science, regional mall and education/childcare sectors.

There was one sizable addition on the private credit side. Enduro is a 160-unit, for-rent townhome development in Ogden, Utah. The highly-amenitized project is nearing completion and already in lease-up. Our two-year mezzanine loan should lower the sponsor's cost of capital and provide sufficient time to stabilize the property and secure permanent financing.

Bonds backed by a collection of Great Wolf resorts and three separate portfolios spanning the life sciences, multifamily and industrial/logistics sectors were the only large sells in the quarter.

Manager Outlook

No major changes to our outlook. Macro momentum seems to be waning a bit, with some now questioning whether the returns on AI are sufficient to justify the massive infrastructure investments currently underway and pending. We can't answer that – there's a lot of conflicting data from early adopters – but we don't think markets can sustain their march upwards if there's any sort of pullback in AI spend.

On the CRE front, there are some encouraging signs. Listed CRE stocks put up another solid quarter, paced by hospitality and data centers, and our recent conversations with investors suggest a heightened interest in hard assets (admittedly anecdotal, and we could be guilty of confirmation bias). We're not holding our breath, but maybe, after four years skulking around base camp while the broader market scaled higher and higher peaks, CRE is finally poised to make its move.

In our investment process, we continue to intensify our focus on geography (we devoted a full letter to this a few years ago). We think we're witnessing a fracturing that's creating an economic landscape resembling what existed in the pre-New Deal era when there were vast divergences state-by-state encompassing everything from regulatory frameworks and tax burdens to social, environmental, and labor policies. Not that the federal floor is getting any less thick – it never does. States just seem to be finding new avenues to implement their initiatives, and because they're often pushing in opposite directions, significant structural differences are taking root. This is unfolding at a time when corporations and taxpayers have never been more mobile, and population growth is hitting the skids. That circles us back to the "zero-sum" component of our outlook: If certain states succeed in capturing outsized growth in population and/or jobs, other states will be experiencing offsetting losses. We want to be in the former – CRE is not portable – so our property-level underwriting needs to get us comfortable concluding that ***This Must Be the Place*** (figured we'd lob in one last Talking Heads reference).

> **Our hopeful sign-off:**
>
> *The Fed put has been put to rest*
> *It lived a long distortionary life*
> *In lieu of flowers, please send condolences to your favorite banker*

Thank you for your continued investment.

Pat Brophy
Managing Director—*Portfolio Manager*

Performance Summary

as of June 30, 2026

Returns (%)

	MTD	QTD	1 YEAR	3 YEAR (ANNUALIZED)	SINCE INCEPTION (ANNUALIZED)[1]
F SHARE: FORFX	0.72	2.09	9.44	11.73	8.60
I SHARE: FORAX	0.71	2.06	9.33	11.67	10.85
K SHARE: FORBX	0.63	1.84	8.35	—	9.01

Since inception returns shown for indices based on 10/30/19

Returns quoted are past performance and do not guarantee future results; current performance may be lower or higher. Investment returns and principal value will vary; there may be a gain or loss when shares are sold. For the most recent month-end performance call 800.668.0434 or visit FREIF.com. Investing involves risk, including the possible loss of principal and fluctuation of value. Returns greater than one year are annualized. Returns are expressed in U.S. dollars. All returns reflect the reinvestment of dividends and other earnings.

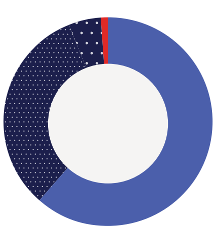
Performance Attribution[2]

Asset Type	Performance
Institutional CMBS	+++
Private Debt	++
Private Equity	0
Total	+++

"+++/—-" denotes magnitude of impact greater than 100bps, "++/—" denotes magnitude of impact greater than 50bps, "+/-" denotes magnitude of impact greater than 5bps and below 50bps, "0" denotes magnitude of impact of 0 – 5bps.

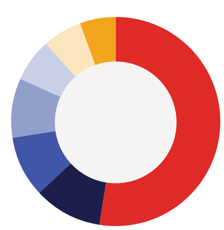
Asset Sector	Performance
Multifamily	+++
Industrial	+
Data Center	+
Retail	+
Mixed	+
Self Storage	0
Office	+
Hospitality	+
Total	+++

Portfolio Allocation



Allocation by Investment Type (%)[3]

Institutional CMBS	**64.73%**
Private debt[3]	**39.63%**
Funded	**34.27%**
Committed	**5.36%**
Private Equity	**1.00%**



Allocation by Sector (%)[3]

Multifamily	**52.63%**
Industrial	**10.49%**
Office	**9.52%**
Mixed	**9.17%**
Data Center	**6.76%**
Retail	**5.90%**
Hospitality	**5.53%**

1. *FORFX inception date is 10/30/19, FORAX inception date is 2/22/2023, and FORBX inception date is 7/17/2024.* **2.** *The attribution analysis is calculated by Forum and is intended to provide an estimate as to which elements of a strategy contributed (positively or negatively) to a portfolio's performance. Attribution analysis is not a precise measure and should not be relied upon for investment decisions. Portfolio structure is subject to change without notice and may not be representative of current or future allocations.* **3.** *Allocations are subject to change and may include uninvested cash held by an underlying manager, committed to pending capital calls, or held as liquidity for upcoming distributions of the Fund as of the date of this presentation. Totals may exceed 100% due to the breakout of "committed" and "funded" private debt, as "committed" values represent the total amount that has been allocated, while "funded" refers to the portion of those commitments that have already been disbursed. At any given time, a portion of the committed capital may still be undrawn, awaiting future deployment.* **4.** *The Fund has 34.27% of the private debt funded and the remaining 5.36% committed to be funded over time.*

Important Disclosures

The materials are intended for informational purposes only and are subject to change. This is not provided as investment advice or a recommendation to you. Such an offer to sell or solicitation to buy an interest in the Fund may be made only by the delivery of the Fund's prospectus. In the event that these materials and the prospectus are conflict, the prospectus's terms shall control. Please review the prospectus fully and consult with your legal and tax counsel, as appropriate. All documents should be reviewed carefully by you and your financial, legal, and tax advisors. Any product or service referred to herein may not be suitable for all persons. ***Past performance is no guarantee of future returns. The Fund's performance may be volatile, and the investment may involve a high degree of risk.***

This material must be preceded or accompanied by a prospectus. Investors should consider the investment objectives, risks, charges, and expenses carefully before investing. Investors should read the prospectus and statement of additional information carefully with this and other information about the Fund. For additional information, please call 888-267-1456 or email InvestorRelations@ForumIG.com.

Investing in the Fund involves risks, including the risk that an investor may receive little or no return on his, her or its investment or that an investor may lose part or all of such investment. Therefore, investors should consider carefully the following principal risks before investing in the Fund. There is no assurance that the Fund will achieve its performance or investment objectives or achieve any targeted rate of return or return of capital or any target distribution. Shareholders may lose some or all of their invested capital, and prospective investors should not purchase the Fund's shares unless they can readily bear the consequence of such loss. Limited liquidity is provided to shareholders only through the Fund's quarterly repurchase offers. There is no guarantee that shareholders will be able to sell all of the shares they desire in a quarterly repurchase offer. The Fund's investments are also subject to liquidity risk. Funds with principal investment strategies that involve securities of companies with smaller market capitalizations, derivatives or securities with substantial market and credit risk tend to have the greatest exposure to liquidity risk.

As a non-diversified investment company, the Fund may invest more than 5% of its total assets in the securities of one or more issuers. The Fund may therefore be more susceptible than a diversified fund to being adversely affected by events impacting a single borrower, geographic location, security, or investment type. The Fund's investments in real estate debt are expected to be secured by real estate assets. The Fund's concentration in the real estate sector may increase the volatility of the Fund's returns and may also expose the Fund to the risk of economic downturns in this sector to a greater extent than if its portfolio also included investments in other sectors. Further, there is no limit regarding the amount of Fund assets that may be invested in any single geographic area within the United States. To the extent the Fund concentrates its investments in a limited number of assets or geographic areas, the Fund will be subject to certain risks relating to concentrated investments.

Commercial real estate debt instruments (e.g., mortgages, mezzanine loans and preferred equity) that are secured by commercial property are subject to risks of delinquency and foreclosure and risks of loss that are greater than similar risks associated with loans made on the security of single-family residential properties. The Fund expects to invest a portion of its assets in pools or tranches of commercial mortgage-backed securities (CMBS). In a rising interest rate environment, the value of CMBS may be adversely affected when payments on underlying mortgages do not occur as anticipated, resulting in the extension of the security's effective maturity and the related increase in interest rate sensitivity of a longer-term instrument. Subordinate CMBS are also subject to greater credit risk than those CMBS that are more highly rated. Mortgage loans on commercial properties generally lack standardized terms, which may complicate their structure and increase due diligence costs. Commercial mortgage loans also tend to have shorter maturities than single-family residential mortgage loans and are generally not fully amortizing, which means that they may have a significant principal balance or "balloon" payment due on maturity.*

As of September 28, 2022, the Fund converted to a continuously offered, non-diversified registered closed-end interval fund in accordance with Rule 23c-3 under the Investment Company Act of 1940, as amended (the "1940 Act"). The Fund commenced investment operations as a registered closed-end tender fund on April 16, 2021, after the conversion from a limited partnership private fund exempt from registration under the 1940 Act, Forum Integrated Income Fund I, L.P., which commenced operations on October 24, 2019, (the "Private Fund"). Information portrayed prior to April 16, 2021, reflects the Private Fund. The Private Fund was not registered under the 1940 Act, and therefore was not subject to certain restrictions imposed by the 1940 Act on registered investment companies and by the Internal Revenue Code of 1986 on regulated investment companies. If the Private Fund had been registered under the 1940 Act, the Private Fund's performance may have been adversely affected. Furthermore, the fees and expenses of the Private Fund were substantially different from the Fund's fees and expenses. The fees and expenses of the Fund in the tender fund structure differ from the fees and expenses of the interval fund structure. Please see important information on fees and expenses in the current prospectus.

Dividends are not a direct reflection of fund performance. The Fund can pay dividends from any source, including income and realized gains. The Fund's dividend proceeds may exceed its earnings, in which case portions of dividends that the Fund makes may be a return of money that Shareholders originally invested.

Distributor: Foreside Fund Services, LLC

**A security backed by commercial and multifamily mortgages rather than residential real estate.*

DEFINITIONS:
Commercial Real Estate ("CRE") *refers to properties used specifically for business or income-generating purposes and includes office, industrial, multifamily, and retail, hotels, and other types of real estate.* ***Real Estate Investment Trust ("REIT")*** *is a company that owns, operates, or finances income-generating real estate. Capital Stack refers to the the particular combination of debt and equity in place that finances a property.* ***Single Asset Single Borrower CMBS ("SASB")*** *– A type of CMBS typically consisting of one, large loan for a single property or portfolio of properties that is securitized and sold to investors.* ***Commercial Mortgage-Backed Securities ("CMBS")*** *are fixed-income investment products that are backed by mortgages on commercial properties.* ***Mezzanine Loans*** *are a type of financing that exists between senior debt and common equity.* ***Equity-Like Return*** *refers to a relatively high return similar to those achieved by investing directly in equity, but through investment products like debt that have a different or relatively lower risk profile.*

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