



forum

**REAL ESTATE
ACQUISITION
DEVELOPMENT
DEBT**

Forum Real Estate Income Fund (formerly Forum CRE Income Fund)

Founders Shares (formerly Class I)

**Annual Report
December 31, 2022**

Investor Information: 1-303-501-8860

This report and the financial statements contained herein are submitted for the general information of shareholders and are not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus. Nothing contained herein is to be considered an offer of sale or solicitation of an offer to buy shares of the Forum Real Estate Income Fund. Such offering is made only by prospectus, which includes details as to offering price and other material information.

TABLE OF CONTENTS

Shareholder Letter (Unaudited)	1
Management’s Discussion and Analysis (Unaudited)	5
Portfolio Review (Unaudited)	6
Schedule of Investments	7
Statement of Assets and Liabilities	11
Statement of Operations	12
Statements of Changes in Net Assets	13
Financial Highlights	14
Statement of Cash Flows	15
Notes to the Financial Statements	16
Report of Independent Registered Public Accounting Firm	30
Trustees and Officers (Unaudited)	31
Expenses Example (Unaudited)	33
Privacy Notice (Unaudited)	34
Additional Information (Unaudited)	36

Forum Real Estate Income Fund

Dear Investor:

We are pleased to present the 2022 annual report for Forum Real Estate Income Fund.

Forum Real Estate Income Fund (the “Fund”) was created to deliver access to institutional-quality commercial real estate debt investments not typically available to individual investors, with the primary objectives of maximizing current income and preserving capital, and a secondary emphasis on achieving long-term appreciation. The Fund concentrates its investments (that is, it invests more than 25% of its assets) in the real estate industry.

The Fund leverages the expertise of two established investment managers, Forum Capital Advisors LLC (“FCA” or “the Adviser”) and Janus Henderson Investors US LLC (“Janus” or “the Sub-adviser”) to source, evaluate, and monitor its differentiated and diversified institutional real estate portfolio. At the time of this report, the Fund’s portfolio primarily includes CMBS, agency and non-agency securitizations, preferred equity positions, and senior and mezzanine loans.

FCA, together with its affiliates (which we collectively refer to as “Forum”)¹, has completed over \$2.5 billion² in real estate transactions in its history, including the origination of over \$493 million³ in multifamily investments since its inception in 2007. Janus, a nationally recognized global investment manager, manages nearly \$287.3 billion⁴ of assets, and employs over 345 investment professionals⁴ nationwide. Together, the combined experience of Forum and Janus presents the Fund with what we believe is the unique capacity to identify and procure income-producing, institutional-quality real estate related investments across both the public and private sectors.

The Fund is taxed as a REIT, which qualifies it to exercise certain tax attributes that could result in a lower net effective tax rate, and higher after-tax dividend proceeds to certain types of investors, when compared to most non-REIT fixed income alternatives. FCA also believes that this tax structure will help simplify the year-end tax reporting process, as investors receive one Form 1099 from the Fund, as opposed to several federal and state K-1s.⁵

-
- 1 Forum Investment Group LLC is primarily comprised of Forum Capital Advisors LLC and FCA Capital Markets LLC, and is affiliated with Forum Real Estate Group, LLC (collectively, “Forum”).
 - 2 Figures represent Forum Real Estate Group’s direct real estate historical portfolio and includes multifamily acquisitions, developments, under constructions, and sold assets as of December 31, 2022. Does not include commercial/land projects.
 - 3 Figures reflect the Forum Structured Finance team historical multifamily portfolio since December 2015 through December 31, 2022. The team originated \$254.7M prior to joining Forum, and \$238.6M since joining Forum in 2021 (\$10.15M has been sourced in a Forum private offering.)
 - 4 Obtained directly from Janus Henderson, data as of December 31, 2022.
 - 5 This information is provided for informational purposes only and is not intended to be relied upon as tax, legal, or investment advice.

Forum Capital Advisors

240 SAINT PAUL STREET, SUITE 400
DENVER, COLORADO 80206
P: 303.501.8860 | F: 303.296.4212

Forum Capital Advisors, LLC is a Registered Investment Adviser and affiliate of Forum Investment Group

[FORUMCAPADVISORS.COM](https://www.FORUMCAPADVISORS.COM)

In September, the Fund completed its conversion from a monthly priced tender offer fund to a daily priced interval fund structure. Among other things, this change was intended to provide simplicity and flexibility to prospective and current investors through a point-and-click purchasing solution to the advisor community via the Fund's symbol (FORFX),⁶ along with competitive minimums and regular quarterly redemption opportunities.

Highlights for the year-ended December 31, 2022 include the following:

- Annual dividend of 7.84%⁷
- Annual Net Return of 0.46%

Market Update

Management spent much of 2022 focused on the potential ramifications of the rising cost of capital and a generally less accommodating lending environment. FCA believes the price of money is a key determinant of investment conduct and economic activity, especially in a capital-intensive business such as real estate.

In 2022, stocks had their worst year since 2008,⁸ and publicly traded commercial real estate ("CRE") finished near the back of the pack. However, equity markets showed some resiliency in the fourth quarter, taking some of the sting out of what was an otherwise ugly year.

The bounce-back quarter allowed equity markets to wrap up the year off of their lows, with the Dow Jones, S&P 500, and NASDAQ indices producing annual returns of -7%, -18%, and -33%, respectively.⁸

The bond market also closed out the year on a positive note. The US Aggregate Bond Index and the High Yield Index finished the fourth quarter with gains of 1.9% and 4.2%, respectively. Those advances cut losses for the year to 13.0% and 11.0%, respectively.⁸

With respect to CRE equities, even with a positive fourth quarter, the REIT index (FTSE NAREIT All Equity REIT) still plunged 25% for the year, with office REITs (-38%) and apartment REITs (-34%) having especially tough years.⁸

CRE debt, measured by the CMBS market, did not seem to participate in the fourth quarter relief rally. The Bloomberg Barclays CMBS BBB Index finished the quarter down 1.3%, taking its loss for the year to in excess of 13%.⁸

At the property sector level, more signs of slowing seemed to emerge in the fourth quarter, but the deterioration in most sectors was from lofty levels, meaning we believe underlying fundamentals appear to remain fairly healthy. The notable exception was the office sector, as older buildings seem to be losing appeal and back-to-the-office momentum continues to seem sluggish, particularly in major markets. We believe the combination of loan maturities, higher rates and falling values will likely precipitate a crisis moment for highly leveraged office properties in the coming year that may end with

⁶ FORFX is currently available for purchase on the AXOS and Pershing platforms.

⁷ Annual dividend comprised of 100% net investment income.

⁸ Source: Bloomberg, December 2022.

Forum Capital Advisors

240 SAINT PAUL STREET, SUITE 400
DENVER, COLORADO 80206
P: 303.501.8860 | F: 303.296.4212

Forum Capital Advisors, LLC is a Registered Investment Adviser and affiliate of Forum Investment Group

[FORUMCAPADVISORS.COM](https://www.FORUMCAPADVISORS.COM)

real estate forcefully changing hands. On a more positive note, retail and hospitality appear to have rebounded. We believe the big question for these two more volatile sectors will be whether owners took sufficient advantage of the recovery window to prepare for an anticipated economic slowdown.

Strategy

The Fund continues to generally target high coupon floating rate debt, employing rigorous property-level underwriting focused on cash flow, debt coverage and replacement costs primarily in:

- Stabilized assets in commercial real estate sectors with strong long-term outlooks
- Development financing for strategic multifamily projects
- Properties backed by institutional-quality sponsors with meaningful capital subordinate to our investment
- Positions in the capital stack that provide a wide margin of safety related to potential impairment
- Markets and submarkets where we believe the underlying CRE fundamentals will prove most resilient

We continue to believe there is merit to a steadfast commitment to active risk management, thorough due diligence, the flexibility inherent in the Fund's broad mandate, and the team's extensive sourcing capabilities. FCA purposely constructed its team, alongside Janus, to navigate an expansive and diverse investment landscape, best positioning the Fund to meet its top priorities: current income, capital preservation, and consistent long-term risk-adjusted returns. The Fund's ability to be nimble has been critical to the execution of our strategy.

Performance

The Fund continues to seek to fulfill its primary objective of providing current income to shareholders, paying a 7.84%⁹ cumulative annual dividend in 2022. Additionally, the Fund's net return of 0.46% compared favorably to its benchmark, the Bloomberg US CMBS Investment Grade: Bbb Index (-13.38%).

Outlook

The team's outlook is more positive than going into last year, but we caution that we have very little confidence in our ability to predict the macroeconomic future. Below are some brief thoughts and observations on where CRE markets might be headed in the upcoming year.

We first highlight what we believe is an unusually broad gulf that has opened up in expectations surrounding CRE valuations and fundamentals. The most visible manifestation of this disunion appears to be the pricing differential between public and private markets. On the heels of a meaningful correction, CRE assets held by public companies, mostly REITs, generally seem to be trading at higher cap rates and lower values than where private holdings are marked or listed.¹⁰ We believe this

⁹ Annual dividend comprised of 100% net investment income.

¹⁰ Source: Bloomberg, December 2022.

Forum Capital Advisors

240 SAINT PAUL STREET, SUITE 400
DENVER, COLORADO 80206
P: 303.501.8860 | F: 303.296.4212

Forum Capital Advisors, LLC is a Registered Investment Adviser and affiliate of Forum Investment Group

[FORUMCAPADVISORS.COM](https://www.forumcapadvisors.com)

spread must, and ultimately will, narrow. How that unfolds directionally will be a key driver of CRE performance in the coming year. For reasons outlined below, our expectation is for cap rates to move higher in private markets and values to decrease.

We also suggest that we may be in the midst of transitioning to a radically different economic cycle, characterized by higher rates and more modest returns on equity investments. Central to this thesis is the assumption that a sizable portion of the investment gains of the last 15 years were the result of declining interest rates and bountiful liquidity. If we are in the early days of a shift to a new era of higher interest rates and an increasingly restrictive lending environment, we believe the investment ramifications will be significant. However, consensus still seems to be that we may get one or two more rate hikes before the Federal Reserve pauses, and perhaps pivots right back to rate cuts by late 2023 or early 2024.

Overall, we believe the Fund continues to achieve its objectives in and remains favorably positioned to navigate a potentially radically changing and unpredictable environment. Thank you for your continued investment.

Sincerely,



Pat Brophy, Portfolio Manager

All statements made herein are opinions of Forum Capital Advisors LLC, unless otherwise stated herein, and should not be construed as investment advice and/or recommendations.

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.

Forum Capital Advisors

240 SAINT PAUL STREET, SUITE 400
DENVER, COLORADO 80206
P: 303.501.8860 | F: 303.296.4212

Forum Capital Advisors, LLC is a Registered Investment Adviser and affiliate of Forum Investment Group

[FORUMCAPADVISORS.COM](https://www.FORUMCAPADVISORS.COM)

FORUM REAL ESTATE INCOME FUND

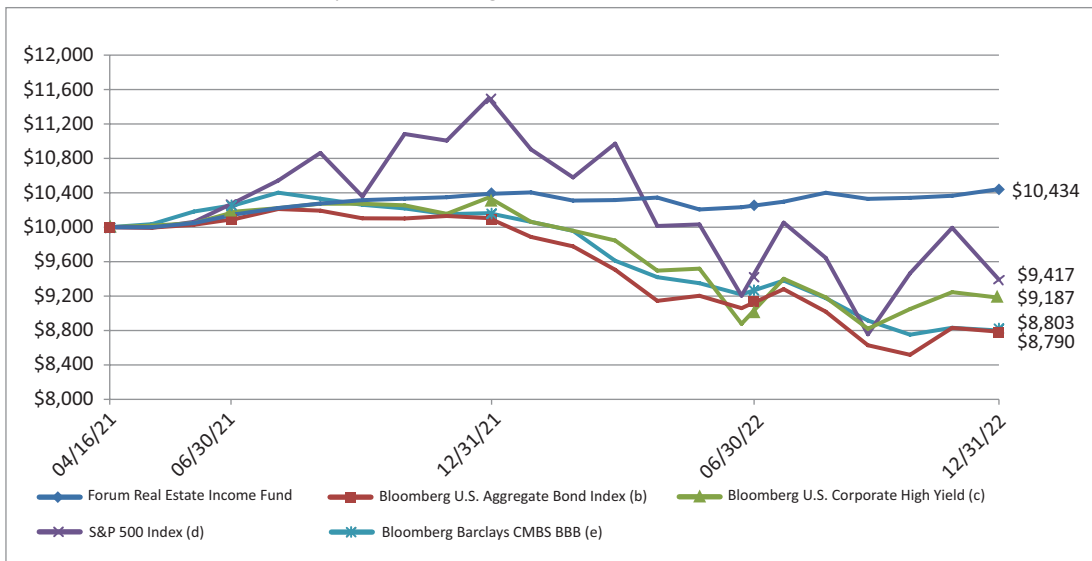
Management's Discussion and Analysis (Unaudited)

December 31, 2022

The Fund's performance figures* for the period ended December 31, 2022, compared to its benchmarks:

Fund/Index	1-Year	Annualized Since Inception ^(a)
Forum Real Estate Income Fund	0.46%	2.52%
Fund Benchmark		
Bloomberg U.S. Aggregate Bond Index ^(b)	(13.01)%	(7.27)%
Bloomberg U.S. Corporate High Yield ^(c)	(11.19)%	(4.84)%
S&P 500 Index ^(d)	(18.11)%	(3.45)%
Bloomberg Barclays CMBS BBB ^(e)	(13.38)%	(7.20)%

Comparison of Change in Value of \$10,000 Investment



* The Fund's past performance does not guarantee future results. The investment return and principal value of an investment in the Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The returns shown do not reflect the deduction of taxes a shareholder would pay on Fund distributions or the redemption of Fund shares. Current performance of the Fund may be lower or higher than the performance quoted. Returns are calculated using the traded net asset value or "NAV" on December 31, 2022. Performance data current to the most recent month end may be obtained by visiting www.forumcapadvisors.com or by calling 1-303-501-8860.

- (a) The Fund commenced operations on April 16, 2021. The performance is based on average annual returns.
- (b) The Bloomberg U.S. Aggregate Bond Index is a market capitalization-weighted index, meaning the securities in the index are weighted according to the market size of each bond type. Most U.S. traded investment grade bonds are represented. Municipal bonds and Treasury Inflation-Protected Securities are excluded, due to tax treatment issues. The index includes Treasury securities, Government agency bonds, mortgage-backed bonds, corporate bonds, and a small amount of foreign bonds traded in U.S. Dollars. Index returns assume reinvestment of dividends. Investors may not invest in an Index directly. Unlike the Fund's returns, Index returns do not reflect any fees or expenses.
- (c) The Bloomberg U.S. Corporate High Yield Bond Index measures the USD-denominated, high yield fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Bloomberg EM country definition, are excluded.
- (d) The S&P 500 Index measures the performance of 500 widely held stocks in the U.S. equity market. Standard and Poor's chooses member companies for the index based on market size, liquidity and industry group representation. Included are the stocks of industrial, financial, utility, and transportation companies.
- (e) The Bloomberg Barclays CMBS BBB Index measures BBB-rated market of U.S. Agency and U.S. Non-Agency conduit and fusion CMBS deals with a minimum current deal size of \$300mn. The index includes both U.S. Aggregate eligible and Non-U.S. Aggregate eligible securities.

FORUM REAL ESTATE INCOME FUND

Portfolio Review

December 31, 2022

Portfolio Composition* as of December 31, 2022

Top 10 Holdings**	% of Net Assets
Bruckner Mezzanine Loan	14.1%
DBCCRE 2014-ARCP Mortgage Trust	9.1%
BPR Trust 2022-OANA	8.1%
Royal Urban Renewal, LLC	7.5%
CSMC 2021-WEHO	6.7%
BX Commercial Mortgage Trust 2021-SOAR	6.5%
Med Trust 2021-MDLN	6.4%
Multifamily Connecticut Avenue Securities Trust 2020-01	5.8%
VASA Trust 2021-VASA	5.4%
Trent Development – Kerf Apartments Loan	5.1%
	<u>74.7%</u>

* Composition of holdings are subject to change.

** Excludes money market position.

FORUM REAL ESTATE INCOME FUND

Schedule of Investments

As of December 31, 2022

Units/ Shares		Coupon Rate (%)	Maturity	Fair Value	
	PRIVATE INVESTMENTS – EQUITY — 5.1%				
	REAL ESTATE COMMON EQUITY — 1.8%				
40	CRIMSON DEVCO, LLC ^{(a),(b),(c)}	N/A	N/A	\$ 1,000,000	
	REAL ESTATE PREFERRED EQUITY — 3.3%				
24	CRIMSON PE BS, LLC ^{(a),(b)}	11.0000: Cash: 7.5000; PIK: 3.5000	11/30/23	643,750	
16	CRIMSON PE PP, LLC ^{(a),(b)}	13.0000: Cash: 7.0000; PIK: 6.0000	07/01/23	390,799	
857,062	IOTA Multifamily Development ^{(a),(b)}	12.2500: Cash 6.0000; PIK: 6.2500	04/01/25	825,265	
				<u>1,859,814</u>	
	TOTAL PRIVATE INVESTMENTS – EQUITY				
	(Cost \$2,814,647)			<u>2,859,814</u>	
Principal Amount (\$)		Spread	Coupon Rate (%)	Maturity	Fair Value
	PRIVATE INVESTMENTS – MEZZANINE LOANS — 37.9%				
103,237	Advantis MCA FV, LLC ^{(a),(b),(d),(e)}	Cash: TSFR1M + 11.90%; TSFR1M floor 1.53%	16.2000	07/22/25	103,237
41,140	Advantis MCA Harbor, LLC ^{(a),(b),(d),(e)}	Cash: TSFR1M + 11.90%; TSFR1M floor 3.48%	16.2000	04/18/25	41,140
8,000,000	Bruckner Mezzanine Loan ^{(a),(b),(e)}	Cash: LIBOR+10%; LIBOR floor 1.65%	14.1720	03/31/24	8,000,000
2,124,324	FCREIF Nimbus Everett ^{(a),(b),(f),(g)}	Cash: 6%, PIK: 6%	12.0000	08/31/23	2,117,101
2,227,849	FCREIF Van Ness ^{(a),(b),(g),(h)}	Cash: 5%, PIK: 7.5%	12.5000	07/23/24	2,179,505
1,520,000	Lexington So Totowa, LLC ^{(a),(b),(e)}	Cash: TSFR1M + 11.25%	15.3740	12/31/23	1,520,000
4,317,423	Royal Urban Renewal, LLC ^{(a),(b),(g)}	Cash: 6.5%, PIK: 5.5%	12.0000	10/01/24	4,230,211
2,883,853	Trent Development – Kerf Apartments Loan ^{(a),(b),(g)}	Cash: 6%, PIK: 6%	12.0000	09/23/23	2,867,127
387,896	West University Gainesville Mezz, LLC ^{(a),(b),(d),(e)}	TSFR1M + 10.35%; TSFR1M floor 0.25%	14.6300	12/03/24	387,896
	TOTAL PRIVATE INVESTMENTS – MEZZANINE LOANS				
	(Cost \$21,594,911)				<u>21,446,217</u>
Shares		Spread	Coupon Rate (%)	Maturity	Fair Value
	PREFERRED SHARES — 0.7%				
	REAL ESTATE INVESTMENT TRUSTS — 0.7%				
6,900	Armada Hoffer Properties, Inc. ⁽ⁱ⁾	N/A	6.7500	Perpetual	144,831
12,500	Hersha Hospitality Trust ⁽ⁱ⁾	N/A	6.5000	Perpetual	231,250
	TOTAL PREFERRED SHARES				
	(Cost \$461,888)				<u>376,081</u>

See accompanying notes which are an integral part of these financial statements.

FORUM REAL ESTATE INCOME FUND Schedule of Investments (Continued)

As of December 31, 2022

Principal Amount (\$)		Spread	Coupon Rate (%)	Maturity	Fair Value
	COMMERCIAL MORTGAGE-BACKED SECURITIES ("CMBS") — 72.2%				
	AGENCY CMBS — 16.1%				
1,040,000	Freddie Mac Multifamily Structured Credit Risk ^{(e),(f)}	SOFR30A + 7.7500%	11.6777	01/25/51	\$ 980,697
2,626,131	FREMF 2019-KF70 Mortgage Trust ^{(e),(f),(k)}	US0001M + 6.0000%	10.1420	09/25/29	2,538,268
1,000,000	Multifamily Connecticut Avenue Securities Trust 2019-01 ^{(e),(f)}	US0001M + 5.5000%	9.8887	10/25/49	940,084
1,500,000	Multifamily Connecticut Avenue Securities Trust 2019-01 ^{(e),(f)}	US0001M + 8.7500%	13.1387	10/25/49	1,401,539
3,500,000	Multifamily Connecticut Avenue Securities Trust 2020-01 ^{(e),(f)}	US0001M + 7.5000%	11.8887	03/25/50	3,259,823
					<u>9,120,411</u>
	NON-AGENCY CMBS — 56.1%				
8,540,000	BAMLL Commercial Mortgage Securities Trust 2016-ISQ ^{(e),(f)}	N/A	0.2545	08/14/34	77,810
16,800,000	BAMLL Commercial Mortgage Securities Trust 2016-ISQ ^{(e),(f)}	N/A	0.7583	08/14/34	447,765
54,328,103	BBCMS Trust 2015-VFM ^{(e),(f)}	N/A	0.3054	03/12/36	387,213
5,000,000	BPR Trust 2022-OANA ^{(e),(f),(k)}	TSFR1M + 3.6950%	8.0306	04/15/37	4,608,995
3,969,927	BX Commercial Mortgage Trust 2021-SOAR ^{(e),(f),(k)}	US0001M + 3.7500%	8.0680	06/15/38	3,664,477
1,500,000	CSMC 2020-TMIC ^{(e),(f),(k)}	US0001M + 6.7500%	11.5680	12/15/35	1,485,194
3,950,605	CSMC 2021-WEHO ^{(e),(f),(k)}	US0001M + 3.9693%	8.2873	04/15/23	3,786,986
5,800,000	DBCCRE 2014-ARCP Mortgage Trust ^{(e),(f)}	N/A	4.9345	01/10/34	5,121,644
2,830,957	Extended Stay America Trust 2021-ESH ^{(e),(f),(k)}	US0001M + 3.7000%	8.0180	07/15/38	2,665,431
1,950,000	MBRT 2019-MBR ^{(e),(f)}	US0001M + 5.3000%	9.6180	11/15/36	1,848,890
4,000,000	Med Trust 2021-MDLN ^{(e),(f),(k)}	US0001M + 5.2500%	9.5680	11/15/38	3,633,424
1,000,000	TPI RE-REMIC Trust 2022-FRR1 ^(f)	N/A	0.0000	07/25/46	921,424
3,407,000	VASA Trust 2021-VASA ^{(e),(f)}	US0001M + 3.9000%	8.2180	07/15/39	3,042,441
					<u>31,691,694</u>
	TOTAL COMMERCIAL MORTGAGE-BACKED SECURITIES (Cost \$43,441,002)				
					<u>40,812,105</u>

See accompanying notes which are an integral part of these financial statements.

FORUM REAL ESTATE INCOME FUND Schedule of Investments (Continued)

As of December 31, 2022

<u>Shares</u>		<u>Fair Value</u>
	SHORT-TERM INVESTMENTS — 9.0%	
	MONEY MARKET FUNDS — 9.0%	
5,096,900	Fidelity Treasury Portfolio – Institutional Class, 4.07% ^(m)	\$ 5,096,900
	TOTAL SHORT-TERM INVESTMENTS	
	(Cost \$5,096,900)	<u>5,096,900</u>
	TOTAL INVESTMENTS — 124.9%	
	(Cost \$73,409,348)	70,591,117
	LIABILITIES IN EXCESS OF OTHER ASSETS — (24.9)%	<u>(14,068,835)</u>
	TOTAL NET ASSETS — 100.0%	<u>\$ 56,522,282</u>

<u>Principal Amount (\$)</u>		<u>Interest Rate (%)</u>	<u>Maturity</u>	<u>Fair Value</u>
	REVERSE REPURCHASE AGREEMENTS — (24.7)%			
(3,178,000)	Lucid Management Reverse Repo BPR Trust	5.6254	01/12/23	\$ (3,178,000)
(1,002,000)	Lucid Management Reverse Repo CMSC 2020	5.5714	01/12/23	(1,002,000)
(1,700,000)	Lucid Management Reverse Repo ESA Trust	5.6714	01/12/23	(1,700,000)
(2,159,000)	Royal Bank Canada Reverse Repo BX Mtg. Trust	6.1500	03/17/23	(2,159,000)
(2,280,000)	Royal Bank Canada Reverse Repo CMSC 2021	6.0200	01/27/23	(2,280,000)
(1,496,000)	Royal Bank Canada Reverse Repo FREMF Mtg. Trust	6.4000	02/10/23	(1,496,000)
(2,139,000)	Royal Bank Canada Reverse Repo Med Trust	6.3000	02/10/23	<u>(2,139,000)</u>
	TOTAL REVERSE REPURCHASE AGREEMENTS			
	(Proceeds \$(13,954,000))			<u>\$ (13,954,000)</u>

See accompanying notes which are an integral part of these financial statements.

FORUM REAL ESTATE INCOME FUND Schedule of Investments (Continued)

As of December 31, 2022

LLC — Limited Liability Company

PIK — Payment In Kind

LIBOR — London Inter-Bank Offered Rate

TSFR1M — 1 Month Term SOFR Secured Overnight Financing Rate

SOFR30A — United States 30 Day Average SOFR Secured Overnight Financing Rate

US0001M — ICE LIBOR USD 1 Month

REMIC — Real Estate Mortgage Investment Conduit

- (a) Denotes an illiquid and restricted security that either: (a) cannot be offered for public sale without first being registered, or availing of an exemption from registration, under the Securities Act of 1933; or (b) is subject to a contractual restriction on public sales. The total of these illiquid and restricted securities represents 43.0% of Net Assets. The total value of these securities is \$24,306,031 (see Note 5).
- (b) The value of this security has been determined in good faith under policies adopted by the Board of Trustees. Level 3 securities fair valued under procedures established by the Board of Trustees, represents 43.0% of Net Assets. The total value of these securities is \$24,306,031.
- (c) Non-income producing security.
- (d) Cash portion on interest is included in principal of loans.
- (e) Variable or floating rate security, the interest of which adjusts periodically based on changes in current interest rates and prepayments on the underlying pool of assets. The rate shown represents the rate on December 31, 2022.
- (f) The Fund's ownership of this investment is through a wholly owned subsidiary, FCREIF Nimbus Everett, LLC.
- (g) Interest on loans funded from interest reserve.
- (h) The Fund's ownership of this investment is through a wholly owned subsidiary, FCREIF Van Ness SFO, LLC.
- (i) Perpetual security. Maturity date is not applicable.
- (j) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities are restricted and may be resold in transactions exempt from registration normally to qualified institutional buyers. The total value of these securities is \$40,812,105, which represents 72.2% of total net assets of the Fund.
- (k) All or a portion of this security has been pledged as collateral for securities sold under agreement to repurchase. Total market value of underlying collateral for open reverse repurchase agreements at December 31, 2022 was \$20,320,308.
- (l) Zero-coupon bond purchased at a discount.
- (m) Rate disclosed is the seven-day effective yield as of December 31, 2022.

Portfolio Composition as of December 31, 2022

Types of Holdings	% of Net Assets
Commercial Mortgage – Backed Securities	72.2%
Private Investments – Mezzanine Loans	37.9%
Private Investments – Equity	5.1%
Real Estate Investment Trusts	0.7%
Short-Term Investments	9.0%
Liabilities in excess of other assets	(24.9)%
	100.0%

See accompanying notes which are an integral part of these financial statements.

FORUM REAL ESTATE INCOME FUND
Statement of Assets and Liabilities

As of December 31, 2022

Assets:

Investments in Securities at Market Value (cost \$73,409,348)	\$ 70,591,117
Cash	9,200
Dividends and Interest Receivable	397,534
Due from Adviser	276,433
Receivable for Investment Securities Sold	354,647
Prepaid Expenses and Other Assets	55,557
Total Assets	<u>71,684,488</u>

Liabilities:

Payable for Securities Sold Under Agreements to Repurchase (proceeds \$13,954,000)	\$ 13,954,000
Distribution Payable	428,916
Loan Interest Reserve	449,176
Reverse Repurchase Interest Payable	84,939
Subscriptions Received in Advance	2,000
Accrued Expenses and Other Liabilities	243,175
Total Liabilities	<u>15,162,206</u>

Commitments and Contingencies (Note 10)

Net Assets \$ 56,522,282

Components of Net Assets:

Paid-in Capital (no par value; unlimited shares authorized)	\$ 61,795,441
Total Accumulated Deficit	<u>(5,273,159)</u>

Net Assets \$ 56,522,282

Net Asset Value Per Share

Founders Class Shares (See Note 1):

Net Assets	<u>\$ 56,522,282</u>
Shares of Beneficial Interest Outstanding	<u>6,173,882</u>
Net Asset Value and Redemption Price per Share	<u>\$ 9.16</u>

See accompanying notes which are an integral part of these financial statements.

FORUM REAL ESTATE INCOME FUND

Statement of Operations

For the Year Ended December 31, 2022

Investment Income:	
Interest Income	\$ 5,517,576 ⁽¹⁾
Dividend Income	634,963
Total Investment Income	<u>6,152,539</u>
Expenses:	
Investment Advisory Fees	1,038,514
Legal Fees	700,675
Interest Expense	465,836
Audit and Tax Fees	184,085
Chief Compliance Officer and Principal Financial Officer Fees	108,529
Administration Fees	99,021
Trustees' Fees	85,059
Shareholder Reporting Fees	72,243
Other Expenses	60,007
Transfer Agent Fees	33,448
Offering Fees	33,170
Registration Fees	24,588
Custody Fees	16,502
Total Expenses	<u>2,921,677</u>
Expenses Waived by Adviser	(1,038,514)
Expenses Reimbursed by Adviser	(164,047)
Net Expenses	<u>1,719,116</u>
Net Investment Income	<u>4,433,423</u>
Realized and Unrealized Loss on Investments:	
Net Realized Loss from Investments	(542,132)
Net Change in Unrealized Depreciation on Investments	<u>(3,660,820)</u>
Net Realized and Unrealized Loss	<u>(4,202,952)</u>
Net Increase in Net Assets Resulting From Operations	<u>\$ 230,471</u>

(1) Includes paid-in kind interest of \$1,734,734.

See accompanying notes which are an integral part of these financial statements.

FORUM REAL ESTATE INCOME FUND

Statements of Changes in Net Assets

	For the Year Ended December 31, 2022	For the Period Ended December 31, 2021 ⁽¹⁾
Increase (Decrease) in Net Assets from:		
Operations:		
Net Investment Income	\$ 4,433,423	\$ 1,498,323
Net Realized Gain (Loss) from Investments	(542,132)	1,065,303
Net Change in Unrealized Depreciation on Investments	(3,660,820)	(568,243)
Net Increase in Net Assets Resulting From Operations	230,471	1,995,383
Distributions to Shareholders:		
Distributions:		
Founders Shares	(4,452,726)	(3,046,287)
Total Distributions to Shareholders	(4,452,726)	(3,046,287)
Beneficial Interest Transactions:		
Proceeds From Shares Issued:		
Founders Shares	7,868,186	59,562,737 ⁽²⁾
Distributions Reinvested:		
Founders Shares	554,671	224,727
Redemptions:		
Founders Shares	(5,357,196)	(1,157,684)
Net Increase From Beneficial Interest Transactions	3,065,661	58,629,780
Total Increase (Decrease) In Net Assets	(1,156,594)	57,578,876
Net Assets:		
Beginning of Period	57,678,876	100,000 ⁽³⁾
End of Period	<u>\$ 56,522,282</u>	<u>\$ 57,678,876</u>
Share Activity:		
Shares Sold:		
Founders Shares	825,908	5,948,808
Shares Reinvested:		
Founders Shares	59,129	22,571
Shares Redeemed:		
Founders Shares	(574,883)	(117,651)
Net Increase in Shares of Beneficial Interest Outstanding	310,154	5,853,728

(1) The Fund commenced operations April 16, 2021.

(2) Includes \$50,139,737 of paid-in capital received from in-kind subscription effective as of the close of business on April 30, 2021. The total value received of \$50,139,737 from this non-taxable event represented \$36,617,522 in securities cost, \$1,410,832 in net unrealized appreciation, \$20,616,034 in cash, assumed liabilities of \$8,529,000 in reverse repurchase agreements, and \$24,349 in other assets and liabilities in exchange for 5,013,974 shares of Founders Shares (formerly Class I).

(3) The Investment Adviser made an initial Founders Shares (formerly Class I) purchase of 10,000 shares for \$100,000 at a \$10.00 net asset value on April 16, 2021.

See accompanying notes which are an integral part of these financial statements.

FORUM REAL ESTATE INCOME FUND

Financial Highlights

Founders Shares

Per share operating performance.

For a capital share outstanding throughout each period.

	For the Year Ended December 31, 2022	For the Period Ended December 31, 2021 ⁽¹⁾
Net Asset Value, Beginning of Period	\$ 9.84	\$ 10.00
From Operations:		
Net Investment Income ⁽²⁾	0.72	0.27
Net Realized and Unrealized Gain (Loss) on Investments	(0.68)	0.10
Total From Operations	0.04	0.37
Less Distributions:		
Net Investment Income	(0.72)	(0.40)
Net Realized Gains	—	(0.13)
Total Distributions	(0.72)	(0.53)
Net Asset Value, End of Period	\$ 9.16	\$ 9.84
Total Return^{(3),(4)}	0.46%	3.70%
Ratios and Supplemental Data:		
Net assets, end of period (in 000's)	\$ 56,522	\$ 57,679
Including interest expense:		
Ratio of gross expenses to average net assets	4.98%	4.18% ⁽⁵⁾
Ratio of net expenses to average net assets	2.93%	2.55% ⁽⁵⁾
Ratio of net investment income to average net assets	7.55%	3.94% ⁽⁵⁾
Excluding interest expense:		
Ratio of gross expenses to average net assets	4.19%	3.88% ⁽⁵⁾
Ratio of net expenses to average net assets ⁽⁶⁾	2.14%	2.25% ⁽⁵⁾
Ratio of net investment income to average net assets	8.34%	4.24% ⁽⁵⁾
Portfolio turnover rate ⁽³⁾	30%	49%

(1) The Fund commenced operations April 16, 2021.

(2) Based on average shares outstanding for the period.

(3) Not annualized for periods of less than one year.

(4) Total returns are historical in nature and assume changes in share price, reinvestment of dividends and capital gains distributions, if any, and excludes the effect of sales charges. Had the Adviser not waived expenses, total returns would have been lower.

(5) Annualized.

(6) Effective September 29, 2022, the share expense cap was changed from 2.25% to 1.80% of average net assets.

See accompanying notes which are an integral part of these financial statements.

FORUM REAL ESTATE INCOME FUND

Statement of Cash Flows

For the Year Ended December 31, 2022

Increase/(Decrease) in Cash:

Cash Flows Provided by (Used in) Operating Activities:

Net Increase in Net Assets Resulting from Operations \$ 230,471

Adjustments to Reconcile Net Increase (Decrease) in Net Assets Resulting from Operations to Net Cash Provided by (Used in) Operating Activities:

Purchases of Long-Term Portfolio Investments (18,333,130)
 Proceeds from Sales of Long-Term Portfolio Investments 20,666,379
 Purchases of Short-Term Investments, Net (877,956)
 Change in Unrealized Depreciation on Investments 3,660,820
 Net Realized Loss on Investments 542,132
 Net Amortization on Investments (5,986)
 Return of Capital Dividends Received 38,243
 Payment In Kind Interest (1,734,734)
 Net Paydown Losses 17,229
 Loan Origination Proceeds 11,440
 Increase in Due from Advisor Receivable (276,433)
 Increase in Dividends and Interest Receivable (273,590)
 Increase in Prepaid Expenses and Other Assets (9,379)
 Decrease in Accrued Advisory Fees (88,956)
 Increase in Reverse Repurchase Interest Payable 61,185
 Decrease in Loan Interest Reserve (254,659)
 Increase in Accrued Expenses and Other Liabilities 77,077

Net Cash Provided by (Used in) Operating Activities 3,450,153

Cash Flows Provided by (Used in) Financing Activities:

Proceeds from Sales of Shares 7,716,311
 Payment for Redemption of Shares (6,514,880)
 Dividends Paid to Shareholders, Net of Reinvestments and Change in Distribution Payable (4,469,384)
 Proceeds from Reverse Repurchase Agreements 120,715,000
 Sales from Reverse Repurchase Agreements (120,888,000)

Net Cash Provided by (Used in) Financing Activities (3,440,953)

Net Increase in Cash 9,200

Cash at Beginning of Year —

Cash at End of Year \$ 9,200

Supplemental Non-Cash Information:

Interest Paid \$ 404,651
 Interest Reserve Withheld from Funding of Loans \$ 217,280
 Reinvested dividends \$ 554,671

See accompanying notes which are an integral part of these financial statements.

FORUM REAL ESTATE INCOME FUND

Notes to the Financial Statements

December 31, 2022

1. ORGANIZATION

Forum Real Estate Income Fund (the “Fund”), formerly Forum CRE Income Fund, was organized as a Delaware statutory trust on April 5, 2021, and is registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as a non-diversified closed-end management investment company. The Fund operates as an interval fund pursuant to Rule 23c-3 under the 1940 Act. The primary investment objectives of the Fund are to maximize current income and preserve investor capital, with a secondary focus on long-term capital appreciation. The Fund, which commenced operations on April 16, 2021, currently has one class of shares (Founders Shares, formerly named Class I prior to September 29, 2022). The Fund has established three classes of shares: Founders Class, Class W Shares and Class I Shares. Only Founders Shares have been offered and issued to date. Class W and Class I Shares will not be offered to investors until the Fund has received an exemptive order permitting the multi-class structure (see Note 11). Simultaneous with the Fund beginning to accept offers to purchase shares, Forum Integrated Income Fund I, L.P. (the “Predecessor Fund”), reorganized with and transferred substantially all its assets and liabilities into the Fund. Forum Capital Advisers LLC, an investment adviser registered under the Investment Advisers Act of 1940 (the “Advisers Act”), as amended, serves as the Fund’s investment adviser (the “Adviser”). Janus Henderson Investors US LLC (“Janus”), an investment adviser registered under the Advisers Act, serves as the Sub-Adviser to the Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed by the Fund in preparation of its financial statements. These policies are in conformity with accounting principles generally accepted in the United States of America (“GAAP”). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates. The Fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (“FASB”) Accounting Standard Codification (“ASC”) Topic 946 “Financial Services — Investment Companies”.

Securities Valuation — Common and preferred equity securities listed on an exchange are valued at the last reported sale price at the close of the regular trading session of the primary exchange on the business day the value is being determined. Fixed-income securities, having a remaining maturity of greater than 60 days, are typically valued at the evaluated prices formulated by an independent pricing service. Each security type has a primary and secondary pricing source. If neither the primary nor any secondary pricing source can provide a price or logic to determine a price, the Valuation Designee will provide a fair value price for the security.

Fair Valuation Process — The Board has designated the Adviser as the “valuation designee” pursuant to the provisions of Rule 2a-5 under the 1940 Act (the “Valuation Designee”). The Valuation Designee conducts the valuation of the Fund’s investments at all times consistent with GAAP and the 1940 Act and pursuant to policies and procedures adopted by the Adviser and approved by the Board. The Valuation Designee has established a Valuation Committee, which assists in carrying out the valuation of Fund holdings and performs fair value determinations pursuant to the standards and procedures set forth in such policies and procedures. The Valuation Designee may consult with representatives from the Fund’s outside legal counsel or other third-party consultants in their discussions and deliberations.

FORUM REAL ESTATE INCOME FUND Notes to the Financial Statements (Continued)

December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Fund investments are valued in accordance with ASC Topic 820, Fair Value Measurements and Disclosure (“ASC Topic 820”), issued by the FASB, which defines fair value as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the applicable measurement date.

Securities traded on one or more of the U.S. national securities exchanges, the Nasdaq Stock Market or any foreign stock exchange are valued at the close of the regular trading session of the primary exchange on the business day the value is being determined. Fixed-income securities, having a remaining maturity of greater than 60 days, are typically valued at the evaluated prices formulated by an independent pricing service.

In validating market quotations or evaluated prices, the Valuation Designee considers different factors such as the source and the nature of the quotation in order to determine whether the quotation represents fair value. The Valuation Designee makes use of reputable financial information providers in order to obtain the relevant quotations.

Due to the inherent uncertainty in determining the fair value of investments for which market values are not readily available, the fair values of these investments may fluctuate from period to period. In addition, such fair value may differ materially from the values that may have been used had a ready market existed for such investments and may significantly differ from the value ultimately realized by the Fund.

Assets and liabilities initially expressed in foreign currencies will be converted into U.S. Dollars using foreign exchange rates provided by a recognized pricing service.

Investments in private financial instruments or securities for which no readily available pricing is available shall be valued by an independent reputable third-party service provider on a periodic basis. Certain private equity and private mezzanine loans are valued using a market yield analysis derived from evaluated market spreads. Certain private equity investments are valued based on a liquidation preference value as provided by the equity sponsor.

U.S. GAAP establishes a single authoritative definition of fair value, sets out a framework for measuring fair value and requires additional disclosures about fair value measurement. GAAP establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of input are:

Level 1 — Unadjusted quoted prices in active markets for identical and/or similar assets and liabilities that the Fund has the ability to access at the measurement date.

Level 2 — Other significant observable inputs other than quoted prices included in Level 1 for the asset or liability, either directly or indirectly. These inputs may include quoted prices for similar investments or identical investments in an active market, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 — Significant unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Fund’s own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

FORUM REAL ESTATE INCOME FUND
Notes to the Financial Statements (Continued)

December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those investments. The following tables summarize the inputs used as of December 31, 2022, for the Fund's assets measured at fair value:

Assets	Level 1	Level 2	Level 3	Total
Real Estate Investment Trusts	\$ 376,081	\$ —	\$ —	\$ 376,081
Private Investments – Equity	—	—	2,859,814	2,859,814
Commercial Mortgage – Backed Securities. . .	—	40,812,105	—	40,812,105
Private Investments – Mezzanine Loans	—	—	21,446,217	21,446,217
Short-Term Investments	5,096,900	—	—	5,096,900
	<u>\$ 5,472,981</u>	<u>\$ 40,812,105</u>	<u>\$ 24,306,031</u>	<u>\$ 70,591,117</u>
Liabilities	Level 1	Level 2	Level 3	Total
Reverse Repurchase Agreements	\$ —	\$ 13,954,000	\$ —	\$ 13,954,000
	<u>\$ —</u>	<u>\$ 13,954,000</u>	<u>\$ —</u>	<u>\$ 13,954,000</u>

There were no transfers between levels during the current period presented. It is the Fund's policy to record transfers into or out of levels at the end of the reporting period.

The following table summarizes the valuation techniques and significant unobservable inputs used for the Fund's investments that are categorized in Level 3 of the fair value hierarchy as of December 31, 2022:

Level 3 Investments	Fair Value as of December 31, 2022	Valuation Technique	Unobservable Inputs	Range of Inputs/Weighted Average	Impact to Valuation from an Increase in Input
Private Investments – Equity	\$ 1,000,000	Recent Transaction Price	N/A	N/A	N/A
Private Investments – Equity	1,034,549	Liquidation Preference	N/A	N/A	N/A
Private Investments – Equity	825,265	Market Yield Analysis	Selected Market Spreads	14.29%/14.29%	Decrease
Private Investments – Mezzanine Loans	10,052,273	Recent Transaction Price	N/A	N/A	N/A
Private Investments – Mezzanine Loans	11,393,944	Market Yield Analysis	Selected Market Spreads	12.61% to 13.50%/13.16%	Decrease
Total Level 3 Investments	<u>\$ 24,306,031</u>				

FORUM REAL ESTATE INCOME FUND
Notes to the Financial Statements (Continued)

December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

The following is a reconciliation of assets in which Level 3 inputs were used in determining value:

	Beginning balance January 1, 2022	Transfers into Level 3 during the period	Transfers out of Level 3 during the period	Purchases	Sales	Net realized gain (loss)	Accretion of Discount (Amortization of Premium)	Return of Capital	Change in net unrealized appreciation (depreciation)	Ending balance December 31, 2022
Private Investments – Equity	\$ 6,171,000	\$ —	\$ —	\$ 851,947	\$ (3,850,000)	\$ —	\$ 943	\$ (38,243)	\$ (275,833)	\$ 2,859,814
Private Investments – Mezzanine Loans	16,408,031	—	—	7,260,582	(2,082,691)	—	8,988	—	(148,693)	21,446,217
	<u>\$ 22,579,031</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 8,112,529</u>	<u>\$ (5,932,691)</u>	<u>\$ —</u>	<u>\$ 9,931</u>	<u>\$ (38,243)</u>	<u>\$ (424,526)</u>	<u>\$ 24,306,031</u>

The total change in unrealized depreciation included in the Statement of Operations attributable to Level 3 investments still held on December 31, 2022, is \$(134,276).

Payable for securities sold under agreements to repurchase — The Fund may use leverage to provide additional funds to support its investment activities. The Fund primarily intends to enter into financing transactions using reverse repurchase agreements. The type of repurchase agreement held by the Fund on December 31, 2022, involves the purchase of a security by the Fund and a simultaneous agreement by the seller (generally a bank or dealer) to repurchase the security from the Fund at a specified date or upon demand. This technique offers a method of earning income on idle cash. These securities involve the risk that the seller will fail to repurchase the security, as agreed. In that case, the Fund will bear the risk of market value fluctuations until the security can be sold and may encounter delays and incur costs in liquidating the security.

If a reverse repurchase agreement counterparty defaults, the Fund may suffer time delays and incur costs or possible losses in connection with the disposition of the securities underlying the reverse repurchase agreement. In the event of a default, instead of the contractual fixed rate of return, the rate of return to the Fund will depend on intervening fluctuations of the market values of the underlying securities and the accrued interest thereon. In such an event, the Fund would have rights against the counterparty for breach of contract with respect to any losses resulting from those market fluctuations.

Reverse Repurchase agreements outstanding as of December 31, 2022, were as follows:

Counterparty	Reverse Repurchase Agreements					Total	Rate
	Remaining Contractual Maturity of the Agreements						
	Overnight and Continuous	Up to 30 days	30–90 days	Greater than 90 days			
Lucid Management							
Asset backed securities	\$ —	\$ 1,002,000	\$ —	\$ —	\$ 1,002,000	5.57%	
Asset backed securities	—	3,178,000	—	—	3,178,000	5.63%	
Asset backed securities	—	1,700,000	—	—	1,700,000	5.67%	
Royal Bank of Canada							
Asset backed securities	—	2,280,000	—	—	2,280,000	6.02%	
Asset backed securities	—	—	1,496,000	—	1,496,000	6.40%	
Asset backed securities	—	—	2,159,000	—	2,159,000	6.15%	
Asset backed securities	—	—	2,139,000	—	2,139,000	6.30%	
Total repurchase agreements	<u>\$ —</u>	<u>\$ 8,160,000</u>	<u>\$ 5,794,000</u>	<u>\$ —</u>	<u>\$ 13,954,000</u>		

Cash — Includes cash maintained in deposit with a high-quality financial institution.

FORUM REAL ESTATE INCOME FUND

Notes to the Financial Statements (Continued)

December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Security Transactions and Investment Income — Investment security transactions are accounted for on a trade date basis. Cost is determined and gains and losses are based upon the specific identification method for both financial statement and federal income tax purposes. Interest income is recorded on the accrual basis. Purchase discounts and premiums on securities are accreted and amortized over the life of the respective securities using the effective interest method.

Loan origination income is charged to the borrowers during loan originations. This income is received at the time of closing and then deferred to be recognized as non-interest income over the term of the loan. For the year ended December 31, 2022, the Fund earned loan origination income of \$726 and has \$24,915 of unearned loan origination income.

Federal Income Taxes — The Fund has elected to be taxed as a REIT. The Fund's qualification and taxation as a REIT depend upon the Fund's ability to meet on a continuing basis, through actual operating results, certain qualification tests set forth in the U.S. federal tax laws. Those qualification tests involve the percentage of income that the Fund earns from specified sources, the percentage of the Fund's assets that falls within specified categories, the diversity of the ownership of the Fund's shares, and the percentage of the Fund's taxable income that the Fund distributes. No assurance can be given that the Fund will in fact satisfy such requirements for any taxable year. If the Fund qualifies as a REIT, the Fund generally will be allowed to deduct dividends paid to shareholders and, as a result, the Fund generally will not be subject to U.S. federal income tax on that portion of the Fund's ordinary income and net capital gain that the Fund annually distributes to shareholders, as long as the Fund meets the minimum distribution requirements under the Code. The Fund intends to make distributions to shareholders on a regular basis as necessary to avoid material U.S. federal income tax and to comply with the REIT distribution requirements.

Management has analyzed the Fund's tax positions taken on income tax returns for all open tax years and has concluded that as of December 31, 2022, no provision for income tax is required in the Fund's financial statements. The Fund's federal and state income and federal excise tax returns for tax years for which the applicable statutes of limitations have not expired are subject to examination by the Internal Revenue Service and state departments of revenue. The Fund's 2021 and 2022 tax years are open to examination as of December 31, 2022.

Reclassification — GAAP requires that certain components of net assets be reclassified to reflect permanent differences between financial and tax reporting. These reclassifications have no effect on net assets or net asset value per share. During the current year, offering costs of \$33,170 were amortized for book purposes but capitalized for tax purposes.

Distribution to Shareholders — Distributions from net investment income of the Fund, if any, are declared and paid on a monthly basis. Distributions of net realized gains, if any, are declared annually. Distributions to shareholders of the Fund are recorded on the ex-dividend date and are determined in accordance with income tax regulations, which may differ from GAAP. For tax purposes, a distribution that for purposes of GAAP is composed of return of capital and net investment income may be subsequently re-characterized to also include capital gains. Shareholders will be informed of the tax characteristics of the distributions after the close of the 2022 fiscal year.

Indemnification — The Fund indemnifies its officers and Trustees for certain liabilities that may arise from the performance of their duties to the Fund. Additionally, in the normal course of business, the Fund enters into contracts that contain a variety of representations and warranties and which provide general indemnities. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. However, management of the Fund expects the risk of loss due to these warranties and indemnities to be remote.

FORUM REAL ESTATE INCOME FUND Notes to the Financial Statements (Continued)

December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Offering Costs — Offering costs incurred by the Fund are treated as deferred charges until operations commenced and thereafter are being amortized over a 12-month period using the straight-line method. During the year ended December 31, 2022, \$33,170 of offering costs were expensed subject to the Fund's Expense Limitation Agreement.

3. INVESTMENT ADVISORY AGREEMENT AND TRANSACTIONS WITH RELATED PARTIES

The business activities of the Fund are overseen by the Board, which is responsible for the overall management of the Fund.

Prior to September 29, 2022, as compensation for its services, the Fund paid to the Adviser a monthly advisory fee at an annual rate of 1.50% of its average monthly Managed Assets during such period. "Managed Assets" means the total assets of the Fund (including any assets attributable to money borrowed for investment purposes) minus the sum of the Fund's accrued liabilities (other than money borrowed for investment purposes). Effective September 29, 2022, the Fund paid the Adviser a monthly advisory fee at an annual rate of 1.50% of its average monthly Net Assets. Janus acts as the Fund's Sub-Adviser and assists the Adviser in identifying and evaluating potential investments for the Fund. Any additional sub-adviser chosen by the Investment Adviser will be paid by the Adviser based only on the portion of Fund assets allocated to any such sub-adviser by the Adviser. Janus is paid by the Adviser, and not by the Fund. For the year ended December 31, 2022, the Adviser earned advisory fees of \$1,038,514.

Prior to September 29, 2022, the Adviser and the Fund had entered into an Expense Limitation Agreement (the "Agreement") pursuant to which the Adviser has contractually agreed to waive its fees and to defer reimbursement for the ordinary operating expenses of the Fund (including all expenses necessary or appropriate for the operation of the Fund and including the Adviser's investment advisory or management fee detailed in the Investment Management Agreement, any other expenses described in the Investment Management Agreement, but does not include any front-end or contingent deferred loads, brokerage fees and commissions, acquired fund fees and expenses, borrowing costs (such as interest and dividend expense on securities sold short), taxes and extraordinary expenses such as litigation), to the extent that such expenses exceed 2.25% per annum of the Fund's average monthly net assets attributable to the Founders Shares. Effective September 29, 2022, the Adviser and the Fund entered into a new Expense Limitation Agreement which lowered the expense limitation to the extent that such expenses do not exceed 1.80% per annum of the Fund's average monthly net assets attributable to the Founders Shares. Contractual waivers and expense payments may be recaptured by the Adviser to the extent that overall expenses fall below the lesser of the expense limitation then in place or in place at the time of the waiver, within three years of when the amounts were waived.

In consideration of the Adviser's agreement to limit the Fund's expenses, the Fund has agreed to repay the Adviser in the amount of any fees waived and Fund expenses paid or absorbed, subject to the limitations that: (1) the reimbursement for fees and expenses will be made only if payable within three years from the date on which they were incurred; and (2) the reimbursement may not be made if it would cause the Expense Limitation in effect at the time of the waiver or currently in effect, whichever is lower, to be exceeded. During the year ended December 31, 2022, the Adviser waived and reimbursed expenses of \$1,202,561 and did not recoup any expenses. As of December 31, 2022, \$1,202,561 is subject to recoupment through December 31, 2025, and \$618,712 is subject to recoupment through December 31, 2024.

FORUM REAL ESTATE INCOME FUND

Notes to the Financial Statements (Continued)

December 31, 2022

3. INVESTMENT ADVISORY AGREEMENT AND TRANSACTIONS WITH RELATED PARTIES – (Continued)

In addition, certain affiliates provide services to the Fund as follows:

Foreside Financial Services, LLC (“Distributor”)— Foreside acts as Distributor to the Fund on a best-efforts basis, subject to various conditions, pursuant to a Distribution Agreement (the “Distribution Agreement”) between the Fund and the Distributor. The Distributor may enter into agreements with selected broker-dealers, banks, or other financial intermediaries for distribution of shares of the Fund. For these services, the Distributor receives an annual fee from the Adviser. The Adviser and/or its affiliates may make payments to selected affiliated or unaffiliated third parties (including the parties who have entered into sub-distribution agreements with the Distributor) from time to time in connection with the sale of Shares and/or the services provided to common shareholders. These payments will be made by the Adviser and/or its affiliates and will not represent an additional charge to the Fund.

A Trustee and certain officers of the Fund are affiliated with the Adviser.

In consideration of the services rendered by those Trustees who are not “interested persons” (as defined in Section 2(a)(19) of the 1940 Act) of the Trust (“Independent Trustees”), the Fund pays each Independent Trustee an annual retainer in the amount of \$35,000 payable quarterly. Trustees that are interested persons will not be compensated by the Fund. The Trustees do not receive any pension or retirement benefits.

Employees of PINE Advisor Solutions, LLC (“PINE”) serve as officers of the Fund. PINE receives a monthly fee for the services provided to the Fund. The Fund also reimburses PINE for certain out-of-pocket expenses incurred on the Fund’s behalf.

4. INVESTMENT TRANSACTIONS

The cost of purchases including payment in kind interest and proceeds from sales and paydowns of investment securities, other than U.S. Government securities and short-term investments, for the year ended December 31, 2022, amounted to \$20,285,144 and \$21,021,026, respectively.

5. RESTRICTED SECURITIES

Restricted securities include securities that have not been registered under the Securities Act of 1933, as amended, and securities that are subject to restrictions on resale. The Fund may invest in restricted securities that are consistent with the Fund’s investment objective and investment strategies. Investments in restricted securities are valued at net asset value as a practical expedient for fair value, or fair value as determined in good faith in accordance with procedures adopted by the Board. It is possible that the estimated value may differ significantly from the amount that might ultimately be realized in the near term, and the difference could be material.

FORUM REAL ESTATE INCOME FUND
Notes to the Financial Statements (Continued)

December 31, 2022

5. RESTRICTED SECURITIES – (Continued)

As of December 31, 2022, the Fund invested in the following restricted securities:

	Original Acquisition Date	Principal/ Units	Cost	Value	Unfunded Commitments	% of Net Assets
Advantis MCA FV, LLC	7/22/2022	103,237	\$ 103,239	\$ 103,237	\$ 1,132,322	0.2%
Advantis MCA Harbor, LLC	10/18/2022	41,140	30,327	41,140	1,102,286	0.1%
Bruckner Mezzanine Loan	8/2/2021	8,000,000	8,000,000	8,000,000	—	14.1%
CRIMSON Devco, LLC	12/17/2021	40	1,000,000	1,000,000	—	1.8%
CRIMSON PE BS, LLC	12/9/2020	24	600,000	643,750	—	1.1%
CRIMSON PE PP, LLC	9/15/2021	16	361,757	390,799	—	0.7%
FCREIF Nimbus Everett	8/31/2021	2,124,324	2,124,324	2,117,101	58,409	3.7%
FCREIF Van Ness	10/13/2021	2,227,849	2,227,849	2,179,505	104,088	3.9%
IOTA Multifamily Development	3/31/2022	857,062	852,890	825,265	97,847	1.4%
Lexington So Totowa, LLC	5/20/2022	1,520,000	1,520,000	1,520,000	—	2.7%
Royal Urban Renewal, LLC	9/29/2021	4,317,423	4,317,423	4,230,211	321,742	7.5%
Trent Development – Kerf Apartments Loan	9/23/2021	2,883,853	2,883,853	2,867,127	244,847	5.1%
West University Gainesville Mezz, LLC	5/18/2022	387,896	387,896	387,896	837,360	0.7%
			<u>\$ 24,409,558</u>	<u>\$ 24,306,031</u>	<u>\$ 3,898,901</u>	<u>43.0%</u>

6. AGGREGATE UNREALIZED APPRECIATION AND DEPRECIATION

The Statement of Assets and Liabilities represents cost for financial reporting purposes. Aggregate cost for federal tax purposes is \$73,409,348 and differs from fair value by net unrealized appreciation (depreciation) of securities as follows:

Unrealized Appreciation	\$ 266,741
Unrealized Depreciation	(3,084,972)
Net Unrealized Depreciation	<u>\$ (2,818,231)</u>

7. RISKS AND UNCERTAINTIES

General Risks of Investing in the Fund

Investment and Market Risk

The market price of securities owned by the Fund may go up or down, sometimes rapidly or unpredictably. Securities may decline in value due to factors affecting securities markets generally or particular industries represented in the securities markets. The value of a security may decline due to general market conditions that are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates, adverse changes to credit markets or adverse investor sentiment generally. The value of a security may also decline due to factors that affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. During a general downturn in the securities markets, multiple asset classes may decline in value simultaneously. Equity securities generally have greater price volatility than fixed income securities. Credit ratings downgrades may also negatively affect securities held by the Fund. Even when markets perform well, there is no assurance that the investments held by the Fund will increase in value along with the broader market.

FORUM REAL ESTATE INCOME FUND Notes to the Financial Statements (Continued)

December 31, 2022

7. RISKS AND UNCERTAINTIES – (Continued)

The success of the Fund's investment activities will be affected by these general economic and market conditions. Additionally, environmental and public health risks, such as natural disasters or pandemics/epidemics, or widespread fear that such events may occur, may impact markets adversely and cause market volatility in both the short- and long-term. The U.S. stock and credit markets have experienced price volatility, dislocations, and liquidity disruptions in the past. Any future disruptions in the capital and credit markets will adversely affect the Fund's ability to identify suitable investments, obtain financing and exit investments at the desired times and on terms favorable to the Fund, which in turn may adversely affect the Fund's financial condition, results of operations, cash flow and ability to make distributions to shareholders.

Market risk also includes the risk that geopolitical events will disrupt the economy on a national or global level. Russia's military invasion of Ukraine in February 2022, the resulting responses by the United States and other countries, and the potential for wider conflict could increase volatility and uncertainty in the financial markets and adversely affect regional and global economies. The United States and other countries have imposed broad-ranging economic sanctions on Russia and certain Russian individuals, banking entities and corporations as a response to its invasion of Ukraine. The extent and duration of Russia's military actions and the repercussions of such actions (including any retaliatory actions or countermeasures that may be taken by those subject to sanctions) are impossible to predict, but could result in significant market disruptions, including in the oil and natural gas markets, and may negatively affect global supply chains, inflation and global growth. These and any related events could significantly impact the Fund's performance and the value of an investment in the Fund, even though the Fund will not have any direct exposure to Russian issuers or issuers in other countries affected by the invasion.

The Fund does not know how long the U.S. economy, financial markets and real estate markets and operations may be affected by these events and cannot predict the effects of these events or similar events in the future on the U.S. economy, financial markets and real estate markets and operations. Those events also could have an acute effect on individual issuers or tenants or related groups of issuers or tenants. These risks also could adversely affect individual properties and investments, interest rates, secondary trading, risk of tenant defaults, decreased occupancy at our properties, credit risk, inflation, deflation and other factors that could adversely affect the Fund's investments, net investment income and the net asset value of the Shares.

Risks of Investing in Real Estate-Related Investments

General Risks Relating to Real Estate-Related Debt and Preferred Equity Investments

The Fund expects to invest in a variety of real estate-related debt and preferred equity investments and will be subject to a variety of risks in connection with such investments. Any deterioration of real estate fundamentals generally, and in the United States in particular, could negatively impact the Fund's performance by making it more difficult for entities in which the Fund invests to satisfy their debt payment obligations, increasing the default risk applicable to such borrowers and/or making it relatively more difficult for the Fund to generate attractive risk-adjusted returns. It is impossible to predict the degree to which economic conditions generally, and the conditions for real estate investing in particular, will improve or will deteriorate. Declines in the performance of the U.S. and global economies, the commercial real estate markets or in the commercial real estate debt markets could have a material adverse effect on the Fund's investment strategy and performance.

FORUM REAL ESTATE INCOME FUND Notes to the Financial Statements (Continued)

December 31, 2022

7. RISKS AND UNCERTAINTIES – (Continued)

Risks Relating to CRE Debt Instruments

CRE debt instruments (e.g., mortgages, mezzanine loans and preferred equity) that are secured by commercial real estate, 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 ability of a borrower to repay a loan secured by an income-producing property typically is dependent primarily upon the successful operation of the property rather than upon the existence of independent income or assets of the borrower. If the net operating income of the property is reduced, the borrower's ability to repay the loan may be impaired. Net operating income of an income-producing property can be affected by, among other things:

- tenant mix and tenant bankruptcies;
- success of tenant businesses;
- property management decisions, including with respect to capital improvements, particularly in older building structures;
- property location and condition;
- competition from other properties offering the same or similar services;
- changes in laws that increase operating expenses or limit rents that may be charged;
- any need to address environmental contamination at the property;
- changes in national, regional, or local economic conditions, real estate values and/or rental occupancy rates;
- changes in interest rates and in the state of the debt and equity capital markets, including diminished availability or lack of debt financing for commercial real estate;
- changes in real estate tax rates and other operating expenses;
- changes in governmental rules, regulations and fiscal policies, including environmental regulation;
- seasonal and weather-related fluctuations in demand affecting the performance of certain properties, including real estate used in the hospitality industry;
- decline in demand for real estate from increased use of e-commerce or other technological advances;
- acts of God, terrorism, social unrest and civil disturbances, which may decrease the availability of or increase the cost of insurance or result in uninsured losses; and
- adverse changes in zoning laws.

In addition, the Fund may be exposed to the risk of judicial proceedings with borrowers and entities in which it invests, including bankruptcy or other litigation, as a strategy to avoid foreclosure or enforcement of other rights by the Fund as a lender or an investor. In the event that any of the properties or entities underlying or collateralizing the Fund's CRE Debt Investments experiences any of the foregoing events or occurrences, the value of, and return on, such investments could be materially and adversely affected.

FORUM REAL ESTATE INCOME FUND
Notes to the Financial Statements (Continued)

December 31, 2022

7. RISKS AND UNCERTAINTIES – (Continued)

Risks Related to Investments in Publicly Traded REITs

The Fund's investments in the securities of publicly traded REITs will be subject to a variety of risks affecting those REITs directly. Share prices of publicly traded REITs may decline because of adverse developments affecting the real estate industry and real property values, including supply and demand for properties, the economic health of the country or of different regions, the strength of specific industries that rent properties and interest rates. REITs often invest in highly leveraged properties. Returns from REITs, which typically are small or medium capitalization stocks, may trail returns from the overall stock market. In addition, changes in interest rates may hurt real estate values or make REIT shares less attractive than other income-producing investments. REITs are also subject to heavy cash flow dependency and defaults by borrowers and tenants.

Risks Relating to Commercial Mortgage-Backed Securities

The Fund expects to invest a portion of its assets in pools or tranches of CMBS. CMBS are securities that evidence interests in, or are secured by, a single commercial mortgage loan or a pool of commercial mortgage loans. The collateral underlying CMBS generally consists of commercial mortgages on real property that has a multifamily or commercial use, such as retail space, office buildings, warehouse property and hotels.

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. The value of CMBS may also change due to shifts in the market's perception of issuers and regulatory or tax changes adversely affecting the mortgage securities market as a whole. In addition, CMBS are subject to the credit risk associated with the performance of the underlying mortgage properties.

The securitization process that CMBS go through may also result in additional risks. Generally, CMBS are issued in classes similar to mortgage loans. To the extent that we invest in a subordinate class, we will be paid interest only to the extent that there are funds available after paying the senior classes. To the extent the collateral pool includes delinquent loans, subordinate classes will likely not be fully paid and may not be paid at all. Subordinate CMBS are also subject to greater credit risk than those CMBS that are more highly rated. Further, the ratings assigned to any particular class of CMBS may not ultimately prove to be accurate. Thus, any particular class of CMBS may be riskier and more volatile than the rating assigned to such security, which may result in the returns on any such CMBS investment to be less than anticipated.

Risks Relating to Subordinated Debt Investments

To the extent that the Fund acquires subordinated or "mezzanine" debt investments, the Fund does not anticipate having absolute control over the underlying collateral because the Fund will be dependent on third-party borrowers and agents and will have rights that are subordinate to those of senior lenders. The Fund's subordinated or mezzanine debt interests may be in real estate companies and real estate-related companies and properties whose capital structures may have significant leverage ranking ahead of the Fund's investment. While the Adviser anticipates that the Fund's investments will usually benefit from the same or similar financial and other covenants as those enjoyed by the leverage ranking ahead of the Fund and will usually benefit from cross default provisions, some or all of such terms may not be part of particular investments. The Adviser anticipates that the Fund's usual security for these types of investments will be pledges of ownership interests, directly and/or indirectly, in a property-owning entity, and in many cases the Fund may not have a

FORUM REAL ESTATE INCOME FUND
Notes to the Financial Statements (Continued)

December 31, 2022

7. RISKS AND UNCERTAINTIES – (Continued)

mortgage or other direct security interest in the underlying real estate assets. Moreover, it is likely that the Fund will be restricted in the exercise of its rights in respect of these types of investments by the terms of subordination agreements between it and the leverage ranking ahead of the Fund's capital. Accordingly, the Fund may not be able to take the steps necessary to protect its investments in a timely manner or at all and there can be no assurance that the rate of return objectives of the Fund or any particular investment will be achieved. To protect its original investment and to gain greater control over the underlying assets, the Fund may need to elect to purchase the interest of a senior creditor or take an equity interest in the underlying assets, which may require additional investment by the Fund.

Risks Relating to Mezzanine Loans

The mezzanine loans in which the Fund may invest may include loans secured by one or more direct or indirect ownership interests in a company, partnership or other entity owning, operating or controlling, directly or through subsidiaries or affiliates, one or more properties. Although not secured by the underlying real estate, mezzanine loans share certain of the characteristics of subordinate loan interests described above. It is expected that the properties owned by such entities are or will be subject to existing mortgage loans and other indebtedness. As with subordinate commercial mortgage loans, repayment of a mezzanine loan is dependent on the successful operation of the underlying properties and, therefore, is subject to similar considerations and risks, including certain of the considerations and risks described herein. Mezzanine loans may also be affected by the successful operation of other properties, the interests in which are not pledged to secure the mezzanine loan. The entity ownership interests securing the mezzanine loans may represent only partial interests in the related real estate company and may not control either the related real estate company or the underlying property. As a result, the effective realization on the collateral securing a mezzanine loan in the event of default may be limited.

Mezzanine loans may also involve certain additional considerations and risks. For example, the terms of mezzanine loans may restrict transfer of the interests securing such loans (including an involuntary transfer upon foreclosure) or may require the consent of the senior lender or other members or partners of or equity holders in the related real estate company, or may otherwise prohibit a change of control of the related real estate company. These and other limitations on realization on the collateral securing a mezzanine loan or the practical limitations on the availability and effectiveness of such a remedy may affect the likelihood of repayment in the event of a default.

Risks Relating to Commercial Mortgage Loans

Commercial mortgage loans have certain distinct risk characteristics. 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. Mortgage loans with a balloon payment involve a greater risk to a lender than fully amortizing loans because the ability of a borrower to make a balloon payment typically will depend upon its ability either to fully refinance the loan or to sell the property securing the loan at a price sufficient to permit the borrower to make the balloon payment. The ability of a borrower to effect a refinancing or sale will be affected by a number of factors, including the value of the property, the level of available mortgage rates at the time of sale or refinancing, the borrower's equity in the property, the financial condition and operating history of the property and the borrower, tax laws, prevailing economic conditions and the availability of credit for loans secured by the specific type of property.

FORUM REAL ESTATE INCOME FUND

Notes to the Financial Statements (Continued)

December 31, 2022

7. RISKS AND UNCERTAINTIES – (Continued)

Commercial mortgage loans generally are non-recourse to borrowers. In the event of foreclosure on a commercial mortgage loan, the value at that time of the collateral securing the mortgage loan may be less than the principal amount outstanding on the mortgage loan and the accrued but unpaid interest thereon.

General Risks of Direct Investments in Real Estate

To a lesser degree, the Fund may invest in equity ownership interests in real estate as part of its investment strategy, including through the Workout process described above. The yields available from equity investments in real estate depend on the amount of income earned and capital appreciation generated by a property, as well as the expenses incurred in connection therewith. Accordingly, the performance of these investments is subject to the risks affecting cash flow, expenses, capital appreciation, and, to the extent the investments are leveraged, the risks incident to borrowing funds, including risks associated with changes in the general economic climate, changes in the overall real estate market, local real estate conditions, the financial condition of tenants, buyers and sellers of properties, supply of or demand for competing properties in an area, technological innovations that dramatically alter space and demand requirements, the availability of financing, changes in interest rates and mortgage availability, inflation, inventory availability and demand, taxes, competition based on rental rates, energy and supply shortages, various uninsured and uninsurable risks, government regulations, environmental laws and regulations, zoning laws, environmental claims arising in respect of real estate acquired with undisclosed or unknown environmental problems or as to which inadequate reserves had been established, changes in the relative popularity of property types and locations, risks due to dependence on cash flow and risks and operating problems arising out of the presence of certain construction materials, force majeure, acts of war (declared and undeclared), terrorist acts, strikes and other factors which are beyond the control of the Fund. In addition, rising interest rates could make alternative interest-bearing and other investments more attractive and, therefore, potentially lower the relative value of any existing real estate investments. Furthermore, there can be no assurance that there will be tenants for the Fund's properties.

8. CAPITAL STOCK

The minimum initial investment is \$25,000,000. The minimum subsequent investment is \$5,000, except for purchases pursuant to the dividend reinvestment policy. The Fund reserves the right to waive investment minimums. The Fund's shares are offered for sale on a continuous basis at the net asset value ("NAV") per share calculated on each regular business day, which is any day the New York Stock Exchange is open for business (see Note 11).

As an interval fund, the Fund has adopted a fundamental policy requiring it to make quarterly repurchase offers pursuant to Rule 23c-3 of the 1940 Act. Each quarterly repurchase offer will be for at least 5% and up to 25% of the Fund's shares at NAV. Although the policy permits repurchases of between 5% and 25% of the Fund's outstanding shares, for each quarterly offer, the Fund expects to offer to repurchase 5% of the Fund's outstanding shares at the applicable NAV per share, subject to approval by the Board. Written notification of each quarterly repurchase offer will be sent to shareholders at least 21 and no more than 42 calendar days before the repurchase request deadline (i.e., the date by which shareholders can submit their request for their shares to be redeemed in response to a repurchase offer). During the year ended December 31, 2022, the Fund had repurchases, pursuant to Rule 23c-3 of the 1940 Act, in the amount of \$2,951,595.

Prior to September 29, 2022, the Fund operated as a "tender offer fund," a type of fund which, in order to provide liquidity to shareholders offered quarterly repurchases, pursuant to Rule 13e-4 of the 1940 Act, of shares between 5% and 25% of its outstanding shares at the applicable NAV. During the year ended December 31, 2022, the Fund had repurchases, pursuant to Rule 13e-4 of the 1940 Act, in the amount of \$2,405,601.

FORUM REAL ESTATE INCOME FUND
Notes to the Financial Statements (Continued)

December 31, 2022

9. INCOME TAX INFORMATION AND DISTRIBUTIONS TO SHAREHOLDERS

The tax character of distributions paid during the period ended December 31, 2022, was as follows:

	<u>2022</u>
Distributions paid from:	
Ordinary income	\$ 4,452,726
Capital gains	—
Total	<u>\$ 4,452,726</u>

At December 31, 2022, the Fund had capital loss carryforwards of \$542,132 which expire on December 31, 2027. The capital loss carryforwards will reduce the Fund's taxable income arising from future net realized gain on investments, if any, to the extent permitted by the code and thus will reduce the amount of distributions to shareholders which would otherwise be necessary to relieve the Fund of any liability for federal income tax.

10. COMMITMENT AND CONTINGENCIES

The Fund is required to provide financial support in the form of investment commitments to certain investees as part of the conditions for entering into such investments. As of December 31, 2022, the Fund had unfunded commitments in the amount of \$3,898,901.

11. SUBSEQUENT EVENTS

Subsequent events after the date of the Statement of Assets and Liabilities have been evaluated through the date the financial statements were issued. Management has concluded that there is no impact requiring adjustment or disclosure in the financial statements.

On January 31, 2023, the Fund paid a distribution of \$0.0675 per share to shareholders of record on January 30, 2023.

On January 6, 2023, the Fund filed a supplement to its Registration Statement, dated September 28, 2022, with the Securities and Exchange Commission ("SEC"), in which it agreed to continue to waive the \$25,000,000 minimum initial investment on Founders Shares until the date on which the SEC grants the Fund's pending request for multi-class exemptive relief. Until such date, Founders Shares will be subject to a minimum initial investment of \$10,000.

Report of Independent Registered Public Accounting Firm

To the Shareholders of the Forum Real Estate Income Fund:

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of Forum Real Estate Income Fund (the "Fund") including the schedule of investments, as of December 31, 2022, and the related statements of operations and cash flows for the year then ended, the statement of changes in net assets for the year then ended and the period April 16, 2021 (commencement of operations) through December 31, 2021 and the related notes (collectively referred to as the "financial statements") and financial highlights for the year then ended and the period April 16, 2021 (commencement of operations) through December 31, 2021. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Fund as of December 31, 2022 and the results of its operations, and cash flows for the year then ended, and the changes in net assets and financial highlights for the year then ended and the period April 16, 2021 (commencement of operations) through December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on the financial statements and financial highlights based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2022, by correspondence with the custodian and loan servicer. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. We believe that our audits provide a reasonable basis for our opinion.



We have served as auditor of one or more of the Forum Capital Advisors investment companies since 2019.

Chicago, Illinois
February 24, 2023

FORUM REAL ESTATE INCOME FUND

Trustees and Officers (Unaudited)

Following is a list of the Trustees and executive officers of the Fund and their principal occupation over the last five years. Unless otherwise noted, the address of each Trustee and Officer is: c/o Forum Capital Advisors LLC, 240 Saint Paul Street, Suite 400, Denver, Colorado 80206.

Independent Trustees

Name, Address (Year of Birth)	Position/Term of Office*	Principal Occupation During the Past Five Years	Number of Portfolios in Fund Complex** Overseen by Trustee	Other Directorships held by Trustee During Last Five Years
David Gerstenhaber (1960)	Lead Independent Trustee (Since 2021)	Managing Member, Argonaut Management Colorado LLC (2020 – present); Founder and Chief Investment Officer, Build Capital (2017 – 2020); Chief Investment Officer, Argonaut Capital Management, LP (1993 – 2020)	1	N/A
Brien Biondi (1962)	Independent Trustee (Since 2022)	Chief Executive Officer, Campden Wealth, North America & The Institute for Private Investors (2016 – Present); Chief Executive Officer and Founder, The Biondi Group (2011 – Present)	1	Primark Private Equity Investments Fund
Julie Cooling (1972)	Independent Trustee (Since 2022)	Founder and Chief Executive Officer, RIA Channel, LLC (2005 – present).	1	N/A

Interested Trustees

Name, Address (Year of Birth)	Position/Term of Office*	Principal Occupation During the Past Five Years	Number of Portfolios in Fund Complex** Overseen by Trustee	Other Directorships held by Trustee During Last Five Years
Darren Fisk (1974)	Chairman, Chief Executive Officer, and Interested Trustee (Since 2021)	Founder and Chief Executive Officer of Forum Capital Advisors LLC (2018 – Present); Founder and Chief Executive Officer of Forum Real Estate Group (2007 – Present)	1	MediaShift Technologies, Inc.

FORUM REAL ESTATE INCOME FUND
Trustees and Officers (Unaudited) (Continued)

Officers

Name, Address (Year of Birth)	Position/Term of Office*	Principal Occupation During the Past Five Years
Michael Bell (1962)	President (Since 2022)	President of Forum Capital Advisors LLC (2022 – present); Managing Director of Primark Advisors, LLC (2020 – present); Trustee, Primark Private Equity Investments Fund (2020 – present); CEO, Global Financial Private Capital (2015 – 2019)
Derek Mullins (1973)	Chief Financial Officer; Treasurer (Since 2021)	Managing Partner, PINE Advisor Solutions LLC (2018 – present), Principal Financial Officer, Destra Investment Trust, Destra International & Event Driven Credit Fund and Destra Multi — Alternative Fund (2018 – Present); Principal Financial Officer, XAI Octagon Floating Rate & Alternative Income Term Trust (2020 – Present); Principal Financial Officer, Emls Trust (2020 – 2021); Principal Financial Officer, Bow River Capital Evergreen Fund (2021 – Present); Principal Financial Officer, Primark Private Equity Investments Fund (2020 – Present), Director of Operations, ArrowMark Partners LLC (2009 – 2018)
Brad Nemzer (1982)	Vice President (Since 2022)	Chief Operating Officer of Forum Capital Advisors LLC (2021 – present); Managing Director of Finance at Forum Investment Group (2021 – present); Chief Financial Officer of LEM Capital, LP (2015 – 2021)
Peter Sattelmair (1977)	Assistant Treasurer (Since 2022)	Director of CFO Services, PINE Advisor Solutions LLC (2021 – present); Director of Fund Operations, Transamerica Asset Management (2014 – 2021)
Cory Gossard (1972)	Chief Compliance Officer (Since 2021)	Director of Regulatory Compliance, PINE Advisor Solutions LLC (2021 – present); Interim Chief Compliance Officer, Vident Investment Advisory (2020), Chief Compliance Officer, SS&C ALPS (2014 – 2020)
Elizabeth Ryan (1980)	Secretary (Since 2022)	General Counsel and Chief Compliance Officer, Forum Capital Advisors LLC (2022 – present); General Counsel and Chief Compliance Officer, Intrinsic Edge Capital Management (2019 – 2022); Senior Compliance Consultant, Simon Compliance (2018 – 2019)

* The term of office for each Trustee and officer listed above will continue indefinitely.

** The term “Fund Complex” refers to all present and future funds advised by the Adviser or its affiliates.

FORUM REAL ESTATE INCOME FUND Expenses Example (Unaudited)

For the Six Months Ended December 31, 2022 (Unaudited)

As a shareholder of the Forum Real Estate Income Fund, you incur ongoing costs, including management fees, distribution and/or service (12b-1) fees, and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Funds and to compare these costs with the ongoing costs of investing in other mutual funds.

The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from through July 1, 2022 through December 31, 2022.

Actual Expenses

The “Actual” columns in the table below provide information about actual account values and actual expenses. You may use the information below together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = \$8.6), then multiply the result by the number in the table under the heading entitled “Expenses Paid During Period” to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

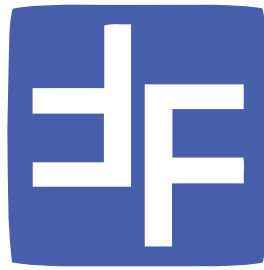
The “Hypothetical” columns in the table below provide information about hypothetical account values and hypothetical expenses based on the Funds’ actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Funds’ actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balances or expenses you paid for the period. You may use this information to compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads), redemption fees, as well as other charges and expenses of the insurance contract, or separate account. Therefore, the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

The Funds’ expenses shown do not reflect the charges and expenses of the insurance company separate accounts and if such expenses were included the costs would have been higher.

	Fund’s Annualized Expense Ratio	Beginning Account Value 7/1/2022	Actual		Hypothetical (5% return before expenses)	
			Ending Account Value 12/31/22	Expenses Paid During Period*	Ending Account Value 12/31/22	Expenses Paid During Period
Forum Real Estate Income Fund	2.14%	\$ 1,000.00	\$ 1,019.80	\$ 10.89	\$ 1,014.42	\$ 10.87

* Actual Expenses Paid During Period are equal to the Fund’s annualized expense ratio, multiplied by the average account value over the period, multiplied by the number of days in the period (184) divided by the number of days in the fiscal year (365).



Forum Real Estate Income Fund

PRIVACY NOTICE (Unaudited)

The Forum Real Estate Income Fund (the “Fund”, “we”, “our”, “us”) respects your right to privacy. We are committed to maintaining the confidentiality and integrity of nonpublic personal information. We want our investors and prospective investors to understand what information we collect and how we use it. “Nonpublic personal information” is defined as personally identifiable information about you. We do not sell your personal information, and we do not disclose it to anyone except as permitted or required by law or as described in this notice.

CONFIDENTIALITY & SECURITY

We take our responsibility to protect the privacy and confidentiality of investors’ and prospective investors’ information very seriously. We maintain appropriate physical, electronic, and procedural safeguards to guard nonpublic personal information. Our network is protected by firewall barriers, encryption techniques, and authentication procedures, among other safeguards, to maintain the security of your information. We provide this Privacy Notice to investors at the start of new relationships and annually after that. We continue to adhere to the practices described herein after investors’ accounts close. Furthermore, vendors with access to nonpublic personal information undergo an annual due diligence verification process to ensure their informational safeguards adhere to our strict standards.

WHY WE COLLECT YOUR INFORMATION

The Forum Real Estate Income Fund gathers information about our investors and their accounts to (1) know investors’ identities and thereby prevent unauthorized access to confidential information; (2) design and improve the products and services we offer to investors; and (3) comply with the laws and regulations that govern us.

HOW WE PROTECT YOUR INFORMATION

To fulfill our privacy commitment for prospective, current, and former investors, the Forum Real Estate Income Fund has safeguards in place to protect nonpublic personal information. Safeguards include, but are not limited to:

- Policies and procedures to protect your nonpublic information and comply with federal and state regulations; and
- Contractual agreements with third-party service providers to protect your nonpublic personal information.

FORUM REAL ESTATE INCOME FUND Privacy Notice (Unaudited) (Continued)

INFORMATION WE COLLECT

The Forum Real Estate Income Fund is required by industry guidelines to obtain personal information about you in providing investment management services to you. We use this information to manage your account, direct your financial transactions, and provide you with valuable information about the assets we manage for you. We gather information from documents you provide to us, forms that you complete, and personal interviews. This information may include:

- Your name, address, and social security number;
- Proprietary information regarding your beneficiaries;
- Information regarding your earned wages and other sources of income;
- The composition and value of your managed portfolio;
- Historical information we receive and maintain relating to transactions made on your behalf by the Forum Real Estate Income Fund, your custodian, or others;
- Information we receive from your institutional financial advisor, investment consultant, or other financial institutions with whom the Forum Real Estate Income Fund has a relationship and/or with whom you may be authorized us to gather and maintain such information.

SHARING INFORMATION WITH NON-AFFILIATED THIRD PARTIES

We only disclose nonpublic investor information to non-affiliated third parties (e.g. investor's custodian or broker) without prior investor consent when we believe it necessary to conduct our business or as required or permitted by law such as:

- If you request or authorize the disclosure of the information;
- To provide investor account services or account maintenance;
- To respond to regulatory authorities, a subpoena or court order, judicial process, or law enforcement;
- To perform services for the Fund, or on its behalf, to maintain business operations and services;
- To help us to prevent fraud;
- With attorneys, accountants, and auditors of the Fund;
- To comply with federal, state, or local laws, rules, and other applicable legal requirements.

We do not sell your information and do not make any disclosure of investor nonpublic personal information to other companies who may want to sell their products or services to you.

OPT-OUT NOTICE

If, at any time in the future, it is necessary to disclose any investor personal information in a way that is inconsistent with this notice, the Forum Real Estate Income Fund will provide you with proper advanced notice of the proposed disclosure so that you will have the opportunity to either opt-in or opt-out of such disclosure, as required by applicable law.

If you have any questions about this Privacy Notice, please contact the Forum Real Estate Income Fund at 303-501-8860.

FORUM REAL ESTATE INCOME FUND

Additional Information (Unaudited)

PROXY VOTING POLICY

A description of the policies and procedures that the Fund uses to vote proxies relating to portfolio securities is available without charge upon request by calling toll-free 1-303-501-8860, or on the SEC's website at www.sec.gov. Information regarding how the Fund voted proxies relating to portfolio securities during the period ended June 30 are available without charge upon request by calling toll-free 1-303-501-8860, or on the SEC's website at www.sec.gov.

PORTFOLIO HOLDINGS

The Fund will file its complete listing of portfolio holdings with the SEC as of the end of the first and third quarters of each fiscal year as an exhibit to Form N-PORT. These filings will be available upon request by calling 1-303-501-8860. Furthermore, you may obtain a copy of the filings on the SEC's website at www.sec.gov.

DIVIDEND REINVESTMENT

Unless a shareholder is ineligible or otherwise elects, all distributions of dividends (including capital gain dividends) with respect to a class of shares will be automatically reinvested by the Fund in additional shares of the corresponding class, which will be issued at the net asset value per share determined as of the ex-dividend date. Election not to reinvest dividends and to instead receive all dividends and capital gain distributions in cash may be made by contacting the Fund's administrator at UMB Bank, n.a., 1010 Grand Boulevard, Kansas City, Missouri 64106.

This report has been prepared for the general information of the shareholders. It is not authorized for distribution to prospective investors unless preceded or accompanied by a current prospectus. The Fund's prospectus contains more complete information about the objectives, policies, expenses and risks of the Fund. The Fund is not a bank deposit, not FDIC insured and may lose value. Please read the prospectus carefully before investing or sending money.

INVESTMENT ADVISER

Forum Capital Advisors, LLC
240 Saint Paul Street, Suite 400
Denver, Colorado 80206

INVESTMENT SUB-ADVISER

Janus Henderson Investors US LLC
151 Detroit Street
Denver, CO 80206

ADMINISTRATOR

UMB Fund Services
235 W. Galena Street
Milwaukee, WI 53212

FUND COUNSEL

Morrison & Foerster LLP
370 17th Street, Suite 4200
Denver, CO 80218

INDEPENDENT TRUSTEE COUNSEL

Ropes & Gray
191 North Wacker Drive, 32nd Floor
Chicago, IL 60606-4302

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

CohnReznick LLP
1 S. Wacker Drive, Suite 3550
Chicago, Illinois 60606

CUSTODIAN

UMB Bank, n.a.
1010 Grand Boulevard
Kansas City, Missouri 64106

DISTRIBUTOR

Foreside Fund Services, Inc.
Three Canal Plaza, Suite 100
Portland, Maine 04101

TRUSTEES

Darren Fisk, Interested Trustee,
Chairman and Chief Executive Officer
Brien Biondi
Julie Cooling
David Gerstenhaber

OFFICERS

Michael Bell, President
Brad Nemzer, Vice President
Derek Mullins, Chief Financial Officer, Treasurer
Peter Sattelmair, Assistant Treasurer
Cory Gossard, Chief Compliance Officer
Elizabeth Ryan, Secretary