

forum

**REAL ESTATE
ACQUISITION
DEVELOPMENT
DEBT**

Forum Real Estate Income Fund

**Founders Shares
Class I Shares**

**Annual Report
December 31, 2023**

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.

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FORUM REAL ESTATE INCOME FUND

Shareholder Letter

Dear Shareholder:

We are pleased to present the 2023 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 capital appreciation.

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 (collectively, “Forum”¹), has completed over \$2.5 billion² in real estate transactions in its history, including the origination of over \$595.5 million³ in multifamily investments since Forum’s inception in 2007. Janus, whose mission is to help clients define and achieve superior financial outcomes through differentiated insights, disciplined investments, and world-class service., has \$308.3 billion in client assets under management⁴ and employs over 340 investment professionals nationwide⁴. 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 obtain 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 structure generally helps simplify the year-end tax reporting process, as investors receive one Form 1099 from the Fund, as opposed to several federal and state K-1s⁵.

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- 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’s current and historical multifamily portfolio, including stabilized properties (defined as a property that has achieved 92% occupancy), assets that are under construction or development (defined as a property that is under construction and has not yet received its final certificate of occupancy), assets in lease up (defined as a property that has received final certificate of occupancy but is not yet stabilized at 92% occupancy), and assets that have been sold as of December 31, 2023. Includes assets owned by Forum related parties and affiliates. Commercial/land projects are excluded.
 - 3 Figures reflect the Forum Structured Finance team’s historical multifamily portfolio from December 2015 through December 2023. The team originated \$254.7 million prior to joining Forum, and \$340.8 million since joining Forum in 2021 (\$71.8 million has been originated through a separate Forum private offering).
 - 4 Obtained directly from Janus Henderson Investors US LLC as of September 30, 2023.
 - 5 This information is provided for informational purposes only and is not intended to be relied upon as tax, legal, or investment advice.

FORUM REAL ESTATE INCOME FUND

Shareholder Letter (Continued)

Performance

The Fund continues to seek to fulfill its primary objective of providing current income to shareholders, paying a 9.29% cumulative annual dividend in 2023⁶. Additionally, the Fund's net return of 12.24%⁶ compares favorably to that of its primary benchmark, the Bloomberg CMBS BBB Index (-1.61%).

Market Update

Years from now, investors may look back on the fourth quarter of 2023 and remember it for one thing: the perceived end of the Federal Reserve's rate-hiking cycle. Optimism surrounding such a pivot appeared to start bubbling into markets in early November and skyrocketing in mid-December when Federal Reserve Chair Jay Powell carried out an unexpected about-face.

We cannot be certain what precipitated such an abrupt conversion. With the Chair's comments that every move is data-dependent, there appeared to be ample data points indicating the economy was softening and inflation was easing.

Whatever the reasons may have been, in our view, the apparent result was a seemingly positive ending to 2023. Yields plummeted, and a tsunami of buyers flooded the public markets. Fortunately for investors in listed CRE, the shelves were well stocked with REITs, which as a sector spiked in excess of 20% in the last two months of the year, taking it from deep in the red to plus 9% (Bloomberg). In the end, the rally turned a ho-hum year in equities into a blockbuster, with the Dow, S&P 500 and NASDAQ ending the year up 16%, 26%, and 44%, respectively (Bloomberg). Bonds trended in the same direction (of the indexes we use for comparison in our monthly fact sheets, only Bloomberg CMBS BBB Index failed to climb into positive territory for the year).

In contrast to the volatility of the public markets, it was largely more of the same at the property levels. The collapse in rates occurred late in the quarter, so we only caught the initial stages of the move, which came in the form of a pick-up in activity in the fast-adjusting CMBS market. We believe how quickly and to what degree potentially lower rates and a more benign outlook take hold in the broader lending markets will be major drivers of CRE sentiment and returns in 2024. Our hunch is that traditional lenders may prove to be a bit apprehensive given legacy issues and the challenges of the last year, but we also think there remains an abundance of liquidity, which we believe may lead to a healthy response from more opportunistic players and new entrants to CRE lending.

Strategy

We believe the Fund's 2023 returns would have been meaningfully lower without the extensive optionality built into our investment platform (the flexibility inherent in our broad mandate and extensive sourcing). With a deep and growing pipeline, healthy debt markets, and compelling yields, we entered the year expecting the bulk of the best opportunities to come from private markets. However, the significant and rapid rise in interest rates seemed to suppress borrowing activity, as lenders generally appeared to pull back (or exit the market altogether). As a result, underwriting likely became more difficult, and developers hit the pause button while they tried to work the higher cost of capital into their models.

⁶ The cumulative annual dividend for 2023 is comprised of 100% net investment income and reflects that of FOREX only. As FORAX was launched in February 2023, cumulative annual data, including the annual net return is unavailable for the year ended December 31, 2023.

FORUM REAL ESTATE INCOME FUND Shareholder Letter (Continued)

This is where the optionality of our platform comes into play. While the logjam in private markets seemed to be hindering deal flow, attractive opportunities appeared to be emerging in the CMBS market, which is where the vast majority of the Fund's 2023 returns were generated. So, while in hindsight we began the year stalking what wound up being sparse hunting grounds, we were able to shift rapidly to what we believed to be a more target-rich environment; a testament to our ability to be nimble, as well as to the depth and diversity of the CRE debt markets. In a fast-changing economic climate with lots of uncertainty, our portfolio management team is constructed to navigate an expansive and varied investment landscape.

Outlook

We believe our Fund is an “all-weather” vehicle rooted in a bottom-up, research-driven investment process. Macro is important — we believe CRE is the landlord to the global economy — and we pay attention, but it is not where we perceive there to be an investment edge. Last year, we said glancing into our crystal ball was like peering through yogurt. It seems no less murky this year. With that caveat, here are a couple thoughts on 2024, one high-level macro, the other more CRE centric.

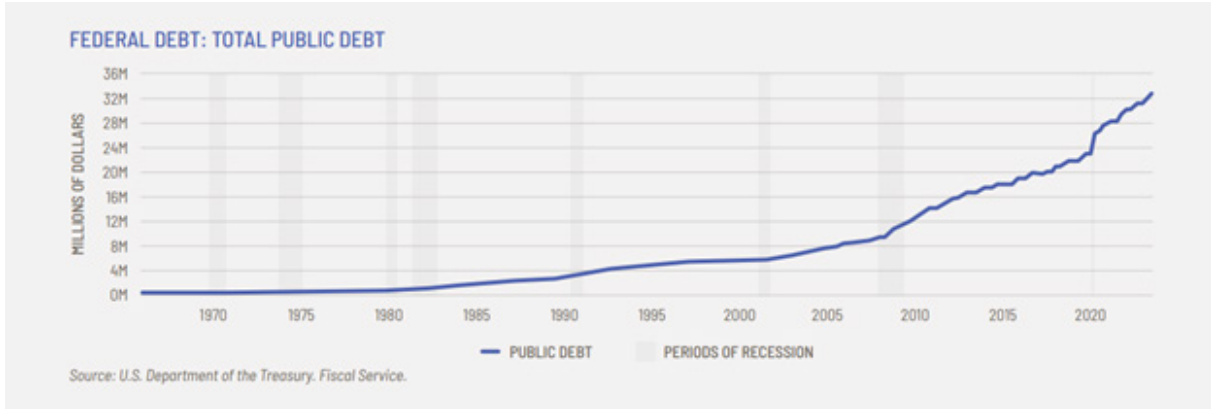
Because our focus is on defense, our default macro approach involves a lot of scouring for things that to us appear unsustainable. Our list is longer than any other time in the last five years or so, but the two areas we are going to focus on are geopolitics and debt, which we believe fall firmly in the “concerning” bucket.

Geopolitics is a rabbit hole we are generally reluctant to go down, knowing we can barely scratch the surface in this limited space. The below may not stand out as the most important, or even most pressing, global problems, however our perspective is tied to the goal of identifying fragility or unsustainability that could potentially have significant and/or sudden economic repercussions.

- Gaza — The potential for broader and intensifying Middle East conflict.
- Ukraine — What appears to be the dwindling likelihood of a desirable outcome, and the potentially painful and unpredictable realignment for Europe/NATO.
- Energy — Governmental policies potentially leaving much of Western world susceptible to major shortfalls or disruptions.
- U.S. as Global Cop — Continuing to protect vulnerable global supply chains with limited allies and an armed forces that is stretched thin (particularly the Navy).
- Taiwan — The potential threat of an emboldened China.

FORUM REAL ESTATE INCOME FUND Shareholder Letter (Continued)

With respect to debt, see the chart below. We are aware that there may exist more daunting sovereign debt predicaments beyond our borders, and that this country, with its reserve currency status, is uniquely positioned to push the envelope. However, is it sustainable?



Perhaps such unknowns could prove too much for markets to shake off in 2024. However, we believe there at least appears to be growing interest in discussing/addressing many of these oft neglected, or even “off-limits,” issues. While many have been content to dodge these topics and divert attention to more trivial matters, we have noticed that the business community has begun pushing these issues to the forefront and promoting thoughtful debate.

On the heels of a couple lean years on the transaction front, the recent burst of optimism surrounding potential rate cuts appears to be giving rise to some itchy trigger fingers in CRE markets. Our inclination would be to resist this by maintaining underwriting discipline, staying focused on fundamentals, and avoiding an overconfident approach to leverage. There is still work to be done at the operating level, with each sector grappling with its own idiosyncratic challenges, ranging from supply and expense headwinds to demand degradation. Sometimes early is wrong, so it is probably a good time to keep another of our CRE dictums top of mind: income is fleeting, basis is forever. We suspect there will be some tasty looking cheese hitting the market in the near future, but, if history repeats, some of that cheese will be perched on a trap, in which case it’ll be much better to be the second mouse on the scene.

Sincerely,

Jay Miller, President

All statements made herein are opinions of Forum Capital Advisors LLC, unless otherwise stated, 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 capital that shareholders originally invested.

FORUM REAL ESTATE INCOME FUND

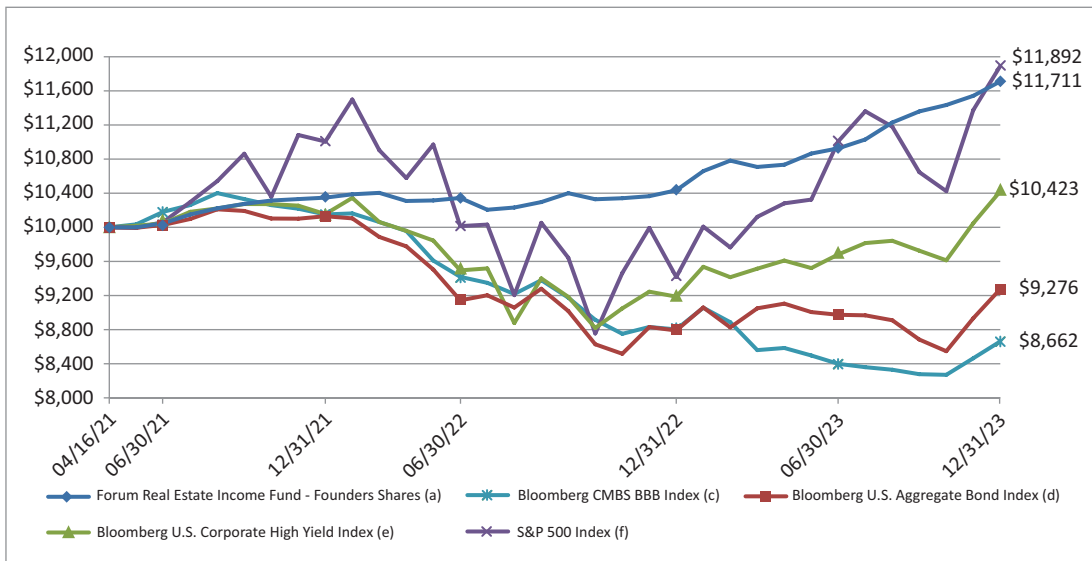
Management's Discussion and Analysis (Unaudited)

December 31, 2023

The Fund's performance figures* for the period ended December 31, 2023, compared to its benchmarks:

Fund/Index	One Year	Annualized Since Inception
Forum Real Estate Income Fund – Founders Shares ^(a)	12.24%	6.00%
Forum Real Estate Income Fund – Class I Shares	N/A	8.76% ^(b)
Fund Benchmarks		
Bloomberg CMBS BBB Index ^(c)	(1.61)%	(5.18)%
Bloomberg U.S. Aggregate Bond Index ^(d)	5.53%	(2.74)%
Bloomberg U.S. Corporate High Yield Index ^(e)	13.45%	1.54%
S&P 500 Index ^(f)	26.29%	6.60%

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, 2023. 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 Founders Shares of the Fund commenced operations on April 16, 2021. The performance is based on average annual returns.
- (b) The Class I Shares of the Fund commenced operations on February 22, 2023. The performance is based on cumulative returns.
- (c) The Bloomberg 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.
- (d) 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.

FORUM REAL ESTATE INCOME FUND Management's Discussion and Analysis (Unaudited) (Continued)

December 31, 2023

- (e) The Bloomberg U.S. Corporate High Yield 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.
- (f) 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.

FORUM REAL ESTATE INCOME FUND

Portfolio Review

December 31, 2023

Portfolio Composition* as of December 31, 2023

Top 10 Holdings**	% of Net Assets
DBCCRE 2014-ARCP Mortgage Trust	6.1%
BPR Trust 2022-OANA	5.1%
Med Trust 2021-MDLN	5.1%
Royal Urban Renewal, LLC	5.0%
CSMC 2021-WEHO	4.7%
2023-MIC Trust	4.5%
BX Trust 2021-BXMF	4.2%
Extended Stay America Trust 2021-ESH	3.8%
BX Commercial Mortgage Trust 2021-SOAR	3.7%
FREMF 2020-KF95 Mortgage Trust	3.7%
	<hr/>
	45.9%

* Composition of holdings are subject to change.

** Excludes money market position.

FORUM REAL ESTATE INCOME FUND Schedule of Investments

As of December 31, 2023

Units/ Shares		Reference Rate & Spread	Coupon Rate (%)	Maturity	Fair Value
	PRIVATE INVESTMENTS – EQUITY — 3.9%				
	REAL ESTATE COMMON EQUITY — 1.1%				
40	CRIMSON DEVCO, LLC ^{(a),(b),(c)}	N/A	N/A	N/A	<u>\$ 1,000,000</u>
	REAL ESTATE PREFERRED EQUITY — 2.8%				
969,784	IOTA Multifamily Development ^{(a),(b)}	Cash: 6.000%, PIK: 6.250%	12.250	04/01/25	930,864
1,735,112	Zephyr Preferred Equity ^{(a),(b),(e)}	Cash: 7.000%, PIK: 1-Month Term SOFR + 5.000%	17.321	06/14/27	<u>1,735,112</u>
					<u>2,665,976</u>
	TOTAL PRIVATE INVESTMENTS – EQUITY (Cost \$3,655,296)				<u>3,665,976</u>
Principal Amount (\$)					
	PRIVATE INVESTMENTS – MEZZANINE LOANS — 16.5%				
267,489	Advantis MCA FV, LLC ^{(a),(b),(e),(f)}	1-Month Term SOFR + 11.900%; 1-Month Term SOFR floor 1.530%	17.220	07/22/25	267,489
148,623	Advantis MCA Harbor, LLC ^{(a),(b),(e),(f)}	1-Month Term SOFR + 11.900%; 1-Month Term SOFR floor 3.480%	17.220	04/18/25	148,623
2,220,009	FCREIF Nimbus Everett ^{(a),(b),(g)}	N/A	12.000	08/31/24	2,188,753
2,521,552	FCREIF Van Ness ^{(a),(b),(h)}	Cash: 5.000%, PIK: 7.500%	12.500	07/23/24	2,498,359
1,520,000	Lexington So Totowa, LLC ^{(a),(b),(e)}	Cash: 1-Month Term SOFR + 11.250%	16.570	06/30/24	1,520,000
4,813,784	Royal Urban Renewal, LLC ^{(a),(b),(d)}	Cash: 6.500%, PIK: 5.500%	12.000	10/01/24	4,739,772
3,164,177	Trent Development – Kerf Apartments Loan ^{(a),(b),(d)}	Cash: 6.000%, PIK: 6.000%	12.000	09/23/24	3,116,860
1,101,516	West University Gainesville Mezz, LLC ^{(a),(b),(e),(f)}	SOFR30A + 10.350%; SOFR30A floor 0.250%	15.670	12/03/24	<u>1,101,516</u>
	TOTAL PRIVATE INVESTMENTS – MEZZANINE LOANS (Cost \$15,727,596)				<u>15,581,372</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, 2023

Principal Amount (\$)		Reference Rate & Spread	Coupon Rate (%)	Maturity	Fair Value
COMMERCIAL MORTGAGE-BACKED SECURITIES ("CMBS") — 92.0%					
AGENCY CMBS — 15.7%					
3,293,687	FREMF 2018-KSW4 Mortgage Trust ^(e)	SOFR30A + 5.114%	10.445	10/25/28	\$ 2,934,682
2,180,108	FREMF 2019-KF70 Mortgage Trust ^{(e),(f),(g)}	SOFR30A + 6.114%	11.445	09/25/29	2,120,188
3,530,103	FREMF 2020-KF95 Mortgage Trust ^{(e),(f)}	SOFR30A + 9.000%	14.331	12/25/30	3,485,995
2,911,258	FREMF 2021-KF98 Mortgage Trust ^{(e),(f)}	SOFR30A + 8.500%	13.831	12/25/30	2,890,065
1,500,000	Multifamily Connecticut Avenue Securities Trust 2019-01 – Class CE ^{(e),(f)}	SOFR30A + 8.864%	14.202	10/25/49	1,441,219
2,000,000	Multifamily Connecticut Avenue Securities Trust 2020-01 ^{(e),(f)}	SOFR30A + 7.614%	12.952	03/25/50	1,965,926
					<u>14,838,075</u>
NON-AGENCY CMBS — 76.3%					
4,000,000	2023-MIC Trust ^{(e),(f),(g)}	N/A	9.532	12/05/38	4,256,016
16,800,000	BAMLL Commercial Mortgage Securities Trust 2016-ISQ – Class XA ^{(e),(f)}	N/A	0.758	08/14/34	296,933
8,540,000	BAMLL Commercial Mortgage Securities Trust 2016-ISQ – Class XB ^{(e),(f)}	N/A	0.254	08/14/34	52,161
50,880,592	BBCMS Trust 2015-VFM ^{(e),(f)}	N/A	0.258	03/12/36	226,788
5,000,000	BPR Trust 2022-OANA ^{(e),(f),(g)}	1-Month Term SOFR + 3.695%	9.057	04/15/37	4,815,320
1,020,000	BX Commercial Mortgage Trust 2019-XL ^{(e),(f),(g)}	1-Month Term SOFR + 2.764%	8.126	10/15/36	1,004,232
3,713,620	BX Commercial Mortgage Trust 2021-SOAR ^{(e),(f),(g)}	1-Month Term SOFR + 3.864%	9.226	06/15/38	3,523,943
2,267,485	BX Commercial Mortgage Trust 2021-VINO ^{(e),(f)}	1-Month Term SOFR + 4.067%	9.429	05/15/38	2,165,061
3,500,000	BX Commercial Mortgage Trust 2021-VOLT ^{(e),(f),(g)}	1-Month Term SOFR + 2.514%	7.876	09/15/36	3,344,239
1,492,531	BX Trust 2019-MMP – Class D ^{(e),(f)}	1-Month Term SOFR + 1.644%	7.006	08/15/36	1,424,366
995,021	BX Trust 2019-MMP – Class F ^{(e),(f)}	1-Month Term SOFR + 2.836%	8.198	08/15/36	927,730
2,500,000	BX Trust 2021-ARIA ^{(e),(f)}	1-Month Term SOFR + 3.257%	8.619	10/15/36	2,349,150
4,223,093	BX Trust 2021-BXMF ^{(e),(f)}	1-Month Term SOFR + 3.464%	8.826	10/15/26	3,941,480
1,582,331	BX Trust 2021-MFM1 ^{(e),(f)}	1-Month Term SOFR + 4.014%	9.376	01/15/34	1,553,164
2,000,000	BX Trust 2022-LBA6 ^{(e),(f)}	1-Month Term SOFR + 4.200%	9.562	01/15/39	1,928,938
3,000,000	BXHPP Trust 2021-FILM ^{(e),(f)}	1-Month Term SOFR + 1.214%	6.576	08/15/36	2,697,600
4,533,020	CSMC 2021-WEHO ^{(e),(f)}	1-Month Term SOFR + 4.084%	9.446	04/15/24	4,458,134

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, 2023

Principal Amount (\$)		Reference Rate & Spread	Coupon Rate (%)	Maturity	Fair Value
	NON-AGENCY CMBS — 76.3% (continued)				
100,000	DBCCRE 2014-ARCP Mortgage Trust – Class C ^{(e),(f)}	N/A	4.935	01/10/34	\$ 99,055
290,000	DBCCRE 2014-ARCP Mortgage Trust – Class D ^{(e),(f)}	N/A	4.935	01/10/34	287,002
5,800,000	DBCCRE 2014-ARCP Mortgage Trust – Class F ^{(e),(f)}	N/A	4.935	01/10/34	5,719,241
2,500,000	DROP Mortgage Trust 2021-FILE ^{(e),(f)}	1-Month Term SOFR + 1.264%	6.626	10/15/43	2,315,083
3,640,416	Extended Stay America Trust 2021-ESH ^{(e),(f),(g)}	1-Month Term SOFR + 3.814%	9.176	07/15/38	3,571,270
1,667,000	Hudson's Bay Simon JV Trust 2015-HBS – Class B7 ^(f)	N/A	4.666	08/05/34	1,402,734
67	Hudson's Bay Simon JV Trust 2015-HBS – Class BFL ^{(e),(f)}	1-Month Term SOFR + 2.514%	7.860	08/05/34	67
5	Hudson's Bay Simon JV Trust 2015-HBS – Class DFL ^{(e),(f)}	1-Month Term SOFR + 4.014%	9.360	08/05/34	5
1,500,000	ILPT Commercial Mortgage Trust 2022-LPF2 ^{(e),(f)}	1-Month Term SOFR + 5.940%	11.302	10/15/39	1,430,247
125,000	KNDL 2019-KNSQ Mortgage Trust ^{(e),(f)}	1-Month Term SOFR + 2.196%	7.558	05/15/36	122,817
4,976,118	Med Trust 2021-MDLN ^{(e),(f),(g)}	1-Month Term SOFR + 5.364%	10.726	11/15/38	4,780,298
1,800,000	MKT 2020-525M Mortgage Trust ^{(e),(f)}	N/A	2.941	02/12/40	537,050
1,800,000	Morgan Stanley Capital I Trust 2019-MEAD ^{(e),(f)}	N/A	3.177	11/10/36	1,516,541
3,600,000	NCMF Trust 2022-MFP ^{(e),(f),(g)}	1-Month Term SOFR + 5.128%	10.490	03/15/39	3,459,290
2,962,567	OPEN Trust 2023-AIR ^{(e),(f)}	1-Month Term SOFR + 9.429%	14.791	10/15/28	2,970,474
1,500,000	SMRT 2022-MINI – Class E ^{(e),(f)}	1-Month Term SOFR + 2.700%	8.062	01/15/39	1,414,137
1,500,000	SMRT 2022-MINI – Class F ^{(e),(f)}	1-Month Term SOFR + 3.350%	8.712	01/15/39	1,383,936
3,407,000	VASA Trust 2021-VASA ^{(e),(f)}	1-Month Term SOFR + 4.014%	9.376	07/15/39	1,930,093
354,000	Worldwide Plaza Trust 2017-WWP ^{(e),(f)}	N/A	3.596	11/10/36	20,804
					<u>71,925,399</u>
	TOTAL COMMERCIAL MORTGAGE-BACKED SECURITIES (Cost \$88,128,363)				<u>86,763,474</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, 2023

<u>Shares</u>		<u>Fair Value</u>
	SHORT-TERM INVESTMENTS — 6.8%	
	MONEY MARKET FUNDS — 6.8%	
6,400,078	Fidelity Treasury Portfolio – Institutional Class, 5.15% ^(k)	\$ 6,400,078
	TOTAL SHORT-TERM INVESTMENTS (Cost \$6,400,078)	<u>6,400,078</u>
	TOTAL INVESTMENTS — 119.2% (Cost \$113,911,333)	\$ 112,410,900
	TOTAL LIABILITIES IN EXCESS OF OTHER ASSETS — (19.2)%	(18,142,697)
	TOTAL NET ASSETS — 100.0%	<u>\$ 94,268,203</u>

<u>Principal Amount (\$)</u>		<u>Interest Rate (%)</u>	<u>Maturity</u>	<u>Fair Value</u>
	REVERSE REPURCHASE AGREEMENTS — (19.1)%			
(3,224,000)	Lucid Management Reverse Repo BPR Trust	6.815	01/18/24	\$ (3,224,000)
(2,218,000)	Lucid Management Reverse Repo BX Trust	6.860	01/18/24	(2,218,000)
(1,646,000)	Lucid Management Reverse Repo ESA Trust	6.985	01/18/24	(1,646,000)
(2,055,000)	Royal Bank Canada Reverse Repo BX Mtg. Trust	7.200	03/20/24	(2,055,000)
(1,248,000)	Royal Bank Canada Reverse Repo FREMF Mtg. Trust	7.450	02/09/24	(1,248,000)
(2,931,000)	Royal Bank Canada Reverse Repo FRN Trust	6.840	05/07/24	(2,931,000)
(2,746,000)	Royal Bank Canada Reverse Repo Med Trust	7.350	02/09/24	(2,746,000)
(1,981,000)	Royal Bank Canada Reverse Repo NCMF Trust	7.100	02/26/24	(1,981,000)
	TOTAL REVERSE REPURCHASE AGREEMENTS (Proceeds \$(18,049,000))			<u>\$ (18,049,000)</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, 2023

LLC — Limited Liability Company

SOFR — Secured Overnight Financing Rate

PIK — Payment In Kind

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

- (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 20.42% of Net Assets. The total value of these securities is \$19,247,348 (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 20.42% of Net Assets. The total value of these securities is \$19,247,348.
- (c) Non-income producing security.
- (d) Interest on loans funded from interest reserve.
- (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, 2023.
- (f) Cash portion of interest is included in principal of loans.
- (g) The Fund's ownership of this investment is through a wholly owned subsidiary, FCREIF Nimbus Everett, LLC. Effective August 31, 2023, payments are received in 100% cash. Prior to August 31, 2023, payments were made as 6% cash and 6% PIK.
- (h) The Fund's ownership of this investment is through a wholly owned subsidiary, FCREIF Van Ness SFO, LLC.
- (i) 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 \$83,828,792, which represents 88.93% of total net assets of the Fund.
- (j) 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, 2023 was \$26,113,093.
- (k) Rate disclosed is the seven-day effective yield as of December 31, 2023.

Portfolio Composition as of December 31, 2023

Types of Holdings	% of Net Assets
Commercial Mortgage – Backed Securities	92.0%
Private Investments – Mezzanine Loans	16.5%
Private Investments – Equity	3.9%
Short-Term Investments	6.8%
Liabilities in Excess of Other Assets	(19.2)%
	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, 2023

Assets:

Investments in Securities at Market Value (cost \$113,911,333)	\$ 112,410,900
Receivable for Fund Shares Sold	204,810
Dividends and Interest Receivable	727,985
Due from Advisor	62,440
Prepaid Expenses and Other Assets	64,461
Total Assets	<u>113,470,596</u>

Liabilities:

Payable for Securities Sold Under Agreements to Repurchase (proceeds \$18,049,000)	\$ 18,049,000
Payable for Investment Securities Purchased	54,303
Shareholder Servicing Fees Payable – Class I (Note 3)	3,461
Distribution Payable	649,741
Loan Interest Reserve	24,902
Reverse Repurchase Interest Payable	119,579
Subscriptions Received in Advance	1,000
Accrued Expenses and Other Liabilities	300,407
Total Liabilities	<u>19,202,393</u>

Commitments and Contingencies (Note 10)

Net Assets \$ 94,268,203

Components of Net Assets:

Paid-in Capital (no par value; unlimited shares authorized)	\$ 96,552,463
Total Accumulated Deficit	<u>(2,284,260)</u>

Net Assets \$ 94,268,203

Net Asset Value Per Share

Founders Shares:

Net Assets	\$ 76,903,521
Shares of Beneficial Interest Outstanding	<u>8,212,519</u>
Net Asset Value and Redemption Price per Share	<u>\$ 9.36</u>

Class I Shares:

Net Assets	\$ 17,364,682
Shares of Beneficial Interest Outstanding	<u>1,854,692</u>
Net Asset Value and Redemption Price per Share	<u>\$ 9.36</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, 2023

Investment Income:	
Interest Income	\$ 9,211,942 ⁽¹⁾
Dividend Income	97,486
Total Investment Income	<u>9,309,428</u>
Expenses:	
Interest Expense from Reverse Repurchase Agreements	1,037,959
Investment Advisory Fees	1,016,398
Legal Fees	759,212
Audit and Tax Fees	155,790
Chief Compliance Officer and Principal Financial Officer Fees	120,000
Trustees' Fees	105,000
Administration Fees	103,332
Other Expenses	65,358
Registration Fees	62,543
Transfer Agent Fees	58,398
Pricing Fees	48,673
Insurance Fees	39,696
Shareholder Reporting Fees	24,813
Custody Fees	13,505
Shareholder Servicing Fees – Class I (Note 3)	5,807
Total Expenses	<u>3,616,484</u>
Expenses Waived by Adviser	(1,016,398)
Expenses Reimbursed by Adviser	(344,143)
Net Expenses	<u>2,255,943</u>
Net Investment Income	<u>7,053,485</u>
Realized and Unrealized Gain (Loss) on Investments:	
Net Realized Loss from Investments	(328,731)
Net Change in Unrealized Appreciation on Investments	1,317,798
Net Realized and Unrealized Gain	<u>989,067</u>
Net Increase in Net Assets Resulting From Operations	<u>\$ 8,042,552</u>

(1) Includes paid-in kind interest of \$1,303,646.

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, 2023	For the Year Ended December 31, 2022
Increase (Decrease) in Net Assets from:		
Operations:		
Net Investment Income	\$ 7,053,485	\$ 4,433,423
Net Realized Loss from Investments	(328,731)	(542,132)
Net Change in Unrealized Appreciation (Depreciation) on Investments	1,317,798	(3,660,820)
Net Increase in Net Assets Resulting From Operations	8,042,552	230,471
Distributions to Shareholders:		
Distributions:		
Founders Shares	(5,895,691)	(4,452,726)
Class I Shares ⁽¹⁾	(568,794)	—
Total Distributions to Shareholders	(6,464,485)	(4,452,726)
Beneficial Interest Transactions:		
Proceeds From Shares Issued:		
Founders Shares	24,826,189	7,868,186
Class I Shares ⁽¹⁾	24,919,076	—
Distributions Reinvested:		
Founders Shares	981,995	554,671
Class I Shares ⁽¹⁾	55,835	—
Redemptions:		
Founders Shares	(6,823,712)	(5,357,196)
Class I Shares ⁽¹⁾	(7,791,529)	—
Net Increase From Beneficial Interest Transactions	36,167,854	3,065,661
Total Increase (Decrease) In Net Assets	37,745,921	(1,156,594)
Net Assets:		
Beginning of Period	56,522,282	57,678,876
End of Period	<u>\$ 94,268,203</u>	<u>\$ 56,522,282</u>
Share Activity:		
Shares Sold:		
Founders Shares	2,666,660	825,908
Class I Shares ⁽¹⁾	2,684,129	—
Shares Reinvested:		
Founders Shares	106,301	59,129
Class I Shares ⁽¹⁾	6,004	—
Shares Redeemed:		
Founders Shares	(734,324)	(574,883)
Class I Shares ⁽¹⁾	(835,441)	—
Net Increase in Shares of Beneficial Interest Outstanding	3,893,329	310,154

(1) Reflects operations for the period from February 22, 2023 (commencement of operations) to December 31, 2023.

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, 2023

Increase/(Decrease) in Cash:

Cash Flows Provided by (Used in) Operating Activities:

Net Increase in Net Assets Resulting from Operations \$ 8,042,552

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 (64,144,898)
 Proceeds from Sales of Long-Term Portfolio Investments 26,541,852
 Purchases of Short-Term Investments, Net (1,303,178)
 Change in Unrealized Appreciation on Investments (1,317,798)
 Net Realized Loss on Investments 328,731
 Net Amortization on Investments (134,707)
 Return of Capital Distributions Received 109,269
 Payment In Kind Interest (1,303,646)
 Loan Origination Proceeds 52,100
 Net Paydown Gains (346,231)
 Decrease in Due from Advisor Receivable 213,993
 Increase in Dividends and Interest Receivable (330,451)
 Increase in Prepaid Expenses and Other Assets (8,904)
 Increase in Shareholder Servicing Fees Payable 3,461
 Increase in Reverse Repurchase Interest Payable 34,640
 Decrease in Loan Interest Reserve (316,601)
 Increase in Accrued Expenses and Other Liabilities 57,232

Net Cash Used in Operating Activities (33,822,584)

Cash Flows Provided by (Used in) Financing Activities:

Proceeds from Sales of Shares and Change in Receivable for Fund Shares Sold and Payable
 for Subscriptions Received in Advance 49,539,455
 Payment for Redemption of Shares (14,615,241)
 Dividends Paid to Shareholders, Net of Reinvestments and Change in Distribution Payable (5,205,830)
 Proceeds from Reverse Repurchase Agreements 111,890,000
 Sales from Reverse Repurchase Agreements (107,795,000)

Net Cash Provided by Financing Activities 33,813,384

Net Decrease in Cash (9,200)

Beginning Cash Balance 9,200

Ending Cash Balance \$ —

Supplemental Non-Cash Information:

Interest Paid \$ 1,003,319
 Reinvested Dividends \$ 1,037,830

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		For the Period Ended
	December 31, 2023	December 31, 2022	December 31, 2021 ⁽¹⁾
Net Asset Value, Beginning of Period	\$ 9.16	\$ 9.84	\$ 10.00
From Operations:			
Net Investment Income ⁽²⁾	0.96	0.72	0.27
Net Realized and Unrealized Gain (Loss) on Investments . .	0.11	(0.68)	0.10
Total From Operations	1.07	0.04	0.37
Less Distributions:			
Net Investment Income	(0.87)	(0.72)	(0.40)
Net Realized Gains	—	—	(0.13)
Total Distributions	(0.87)	(0.72)	(0.53)
Net Asset Value, End of Period	\$ 9.36	\$ 9.16	\$ 9.84
Total Return⁽⁴⁾	12.24%	0.46%	3.70% ⁽³⁾
Ratios and Supplemental Data:			
Net assets, end of period (in 000's)	\$ 76,904	\$ 56,522	\$ 57,679
Including interest expense:			
Ratio of gross expenses to average net assets	5.33%	4.98%	4.18% ⁽⁵⁾
Ratio of net expenses to average net assets	3.33%	2.93%	2.55% ⁽⁵⁾
Ratio of net investment income to average net assets	10.40%	7.55%	3.94% ⁽⁵⁾
Excluding interest expense:			
Ratio of gross expenses to average net assets	3.80%	4.19%	3.88% ⁽⁵⁾
Ratio of net expenses to average net assets ⁽⁶⁾	1.80%	2.14%	2.25% ⁽⁵⁾
Ratio of net investment income to average net assets	11.93%	8.34%	4.24% ⁽⁵⁾
Portfolio turnover rate	34%	30%	49% ⁽³⁾

(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

Financial Highlights

Class I Shares

Per share operating performance.

For a capital share outstanding throughout each period.

	For the Period Ended December 31, 2023⁽¹⁾
Net Asset Value, Beginning of Period	<u>\$ 9.38</u>
From Operations:	
Net Investment Income ⁽²⁾	0.83
Net Realized and Unrealized Loss	<u>(0.05)</u>
Total From Operations	<u>0.78</u>
Less Distributions:	
Net Investment Income	<u>(0.80)</u>
Total Distributions	<u>(0.80)</u>
Net Asset Value, End of Period	<u>\$ 9.36</u>
Total Return^{(3),(4)}	8.76%
Ratios and Supplemental Data:	
Net assets, end of period (in 000's)	\$ 17,365
Including interest expense:	
Ratio of gross expenses to average net assets ⁽⁵⁾	5.43%
Ratio of net expenses to average net assets ⁽⁵⁾	3.43%
Ratio of net investment income to average net assets ⁽⁵⁾	10.48%
Excluding interest expense:	
Ratio of gross expenses to average net assets ⁽⁵⁾	3.90%
Ratio of net expenses to average net assets ⁽⁵⁾	1.90%
Ratio of net investment income to average net assets ⁽⁵⁾	12.01%
Portfolio turnover rate ⁽³⁾	34%

(1) Reflects operations for the period from February 22, 2023 (commencement of operations) to December 31, 2023.

(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.

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

FORUM REAL ESTATE INCOME FUND

Notes to the Financial Statements

December 31, 2023

1. ORGANIZATION

Forum Real Estate Income Fund (the “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 offers three classes of shares: Founders Shares, which commenced operations on April 16, 2021; Class I Shares, which commenced operations on February 22, 2023; and Class W, which is not currently available for purchase. Forum Capital Advisors 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 (as defined below) will provide a fair value price for the security.

Fair Valuation Process — The 1940 Act requires a fund to value its portfolio investments using the market value of its portfolio securities when market quotations are “readily available” and, when a market quotation is not readily available or if the investment is not a security, by using the investment’s fair value as determined in good faith by the fund’s board. The Board of Trustees (“Board”) of the Fund has designated the Adviser to manage and implement the day-to-day valuation of the Fund’s portfolio investments, in accordance with the Fund’s valuation policies and procedures. In addition, pursuant to Rule 2a-5 under the 1940 Act, the Board has designated the Adviser as the “valuation designee” (“Valuation Designee”) to make fair value determinations for all of the Fund’s investments for which market quotations are not readily available. 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 the Fund’s outside legal counsel or other third-party consultants in their discussions and deliberations. Due to the inherent uncertainties of valuation, certain estimated fair values may differ significantly from the values that would have been realized had a ready market for these investments existed, and these differences could be material.

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

December 31, 2023

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.

Investments that are listed or traded on an exchange and are freely transferrable, such as interests in public REITS or certain short-term investments, are Level 1 securities and valued at the closing price on the principal exchange on which the investment is listed or traded. Other investments for which market quotations are readily available will be valued using end-of-day pricing quotes obtained from an independent third-party fixed income pricing service on a daily basis.

Certain investments, such as CMBS, that are publicly traded but for which no readily available market quotations exist, are generally valued on the basis of information furnished by an independent pricing service that uses a valuation matrix which incorporates both dealer-supplied valuations and electronic data processing techniques. Such investments are classified as Level 2 securities. To assess the continuing appropriateness of pricing sources and methodologies, the Adviser regularly performs price verification procedures and issues challenges as necessary to independent pricing services, and any differences are reviewed in accordance with the valuation procedures. The Valuation Designee will utilize a number of factors to determine if the quotations are representative of fair value, including through comparison of prices to multiple sources and monitoring of significant valuation events. The Sub-Adviser may also provide relevant information to the Adviser in its capacity as Valuation Designee.

Securities that are not publicly traded or whose market prices are not readily available, as will be the case for a substantial portion of Private Mezzanine Loans and direct real estate investments, will initially be valued at acquisition cost until a fair value is determined by the Adviser in good faith pursuant to the policies adopted by the Adviser and approved by the Board, based on, among other things, the input of the Adviser and independent valuation firm(s) engaged to review the Fund’s investments. Such investments are classified as Level 3 securities. The Adviser and independent valuation firm(s) will use a variety of approaches to establish the fair value of these investments in good faith. The approaches used will generally include widely recognized and utilized valuation approaches and methodologies, including an analysis of discounted cash flows, comparable credit spreads, publicly traded comparable companies and comparable transactions and will also consider recent transaction prices and other factors in the valuation. An independent, third-party valuation firm will generally review all of the Fund’s Level 3 investments on a semi-annual basis. In the interim between third-party evaluations, the Adviser monitors these investments on a daily basis and the Valuation Committee reviews each Level 3 investment on a monthly basis as set forth in the procedures adopted by Adviser and approved by the Board.

The Valuation Designee provides the Board with reports on a quarterly basis, or more frequently if necessary, identifying valuation activity with respect to Level 1, Level 2, and Level 3 holdings in the Fund’s portfolio. Fair value determinations are based upon all available inputs that the Valuation Designee deems relevant, which may include indicative dealer quotes, values of like securities, recent portfolio company financial statements and forecasts for the investment, and valuations prepared by independent valuation firms.

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

December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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.

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, 2023, for the Fund’s assets and liabilities measured at fair value:

Assets	Level 1	Level 2	Level 3	Total
Private Investments – Equity	\$ —	\$ —	\$ 3,665,976	\$ 3,665,976
Private Investments – Mezzanine Loans.	—	—	15,581,372	15,581,372
Commercial Mortgage Backed Securities	—	86,763,474	—	86,763,474
Short-Term Investments	6,400,078	—	—	6,400,078
	<u>\$ 6,400,078</u>	<u>\$ 86,763,474</u>	<u>\$ 19,247,348</u>	<u>\$ 112,410,900</u>
Liabilities	Level 1	Level 2	Level 3	Total
Reverse Repurchase Agreements	\$ —	\$ 18,049,000	\$ —	\$ 18,049,000
	<u>\$ —</u>	<u>\$ 18,049,000</u>	<u>\$ —</u>	<u>\$ 18,049,000</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.

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

December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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, 2023:

Level 3 Investments	Fair Value as of December 31, 2023	Valuation Technique	Unobservable Inputs	Range of Inputs/Weighted Average	Impact to Valuation from an Increase in Input
Private Investments – Equity	\$ 2,665,976	Market Yield Analysis	Selected Market Spreads	12.00% to 12.25%/12.09%	Decrease
Private Investments – Mezzanine Loans	15,581,372	Market Yield Analysis	Selected Market Spreads	10.35% to 12.50%/11.89%	Decrease
Total Level 3 Investments	<u>\$ 18,247,348</u>				

Certain of the Fund's Level 3 investments in "Private Investments — Equity" have been valued using unadjusted inputs that have not been internally developed by the Fund, including indicative broker quotations. As a result, fair value assets of \$1,000,000 have been excluded from the preceding table.

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

	Beginning balance January 1, 2023	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, 2023
Private Investments – Equity	\$ 2,859,814	\$ —	\$ —	\$ 1,795,734	\$ (874,942)	\$ —	\$ 6,672	\$ (86,815)	\$ (34,487)	\$ 3,665,976
Private Investments – Mezzanine Loans	21,446,217	—	—	2,259,101	(8,107,673)	—	3,712	(22,454)	2,469	15,581,372
	<u>\$ 24,306,031</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 4,054,835</u>	<u>\$ (8,982,615)</u>	<u>\$ —</u>	<u>\$ 10,384</u>	<u>\$ (109,269)</u>	<u>\$ (32,018)</u>	<u>\$ 19,247,348</u>

The total change in unrealized appreciation included in the Statement of Operations attributable to Level 3 investments still held on December 31, 2023 is \$40,775.

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. A reverse repurchase agreement 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.

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

December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Reverse Repurchase agreements outstanding as of December 31, 2023 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	\$ —	\$ 2,218,000	\$ —	\$ —	\$ 2,218,000	6.86%	
Asset backed securities	—	3,224,000	—	—	3,224,000	6.82%	
Asset backed securities	—	1,646,000	—	—	1,646,000	6.99%	
Royal Bank of Canada							
Asset backed securities	—	—	1,248,000	—	1,248,000	7.45%	
Asset backed securities	—	—	2,055,000	—	2,055,000	7.20%	
Asset backed securities	—	—	—	2,931,000	2,931,000	6.84%	
Asset backed securities	—	—	1,981,000	—	1,981,000	7.10%	
Asset backed securities	—	—	2,746,000	—	2,746,000	7.35%	
Total repurchase agreements	\$ —	\$ 7,088,000	\$ 8,030,000	\$ 2,931,000	\$ 18,049,000		

Cash and Cash Equivalents — Cash and cash equivalents include cash and overnight investments in interest-bearing demand deposits with a financial institution with maturities of three months or less. The Fund maintains deposits with a high quality financial institution in an amount that is in excess of federally insured limits.

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. The Fund elected not to measure an allowance for credit losses for accrued interest receivables. Interest is not accrued and interest receivable is written off when deemed uncollectible.

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, 2023, the Fund earned loan origination income of \$8,740 and has \$43,360 of unearned loan origination income. Earned loan origination income is included in the Interest Income amount in the Statement of Operations.

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.

FORUM REAL ESTATE INCOME FUND

Notes to the Financial Statements (Continued)

December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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, 2023, 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 2022 and 2023 tax years are open to examination as of December 31, 2023.

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.

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 2023 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.

Recent Accounting Pronouncements — On June 30, 2022, the FASB issued ASU 2022-03, which (1) clarifies the guidance in ASC 820 on the fair value measurement of an equity security that is subject to a contractual sale restriction and (2) requires specific disclosures related to such an equity security. ASU 2022-03's amendments are effective for annual periods beginning after December 15, 2023. Management is still considering the impact from adoption.

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.

During the reporting period, 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 daily 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, 2023, the Adviser earned advisory fees of \$1,016,398.

The Adviser and the Fund have entered into an Expense Limitation Agreement (the "Agreement") pursuant to which the Adviser has contractually agreed to waive its management fee and/or pay or reimburse the ordinary annual operating expenses of the Fund to the extent necessary to limit the Fund's operating expenses to 2.05% of the Class W Shares average daily net assets, 1.90% of the Class I Shares average daily net assets, and 1.80% of the Founders Shares average daily net

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

December 31, 2023

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

assets. Ordinary operating expenses include organization and offering costs, but exclude brokerage commissions and other similar transactional expenses, interest (including interest incurred on borrowed funds and interest incurred in connection with bank and custody overdrafts), other borrowing costs and fees (including commitment fees), taxes, litigation and indemnification expenses, judgments, and extraordinary expenses.

The Adviser is entitled to seek reimbursement from the Fund of fees waived or expenses paid or reimbursed to the Fund under the Expense Limitation Agreement for a period ending three years after the date of the waiver, payment or reimbursement, subject to the limitation that a reimbursement will not cause a Class’s operating expenses (after giving effect to the reimbursement) to exceed the lesser of (a) the expense limitation amount in effect at the time such fees were waived or expenses paid or reimbursed, or (b) the expense limitation amount. During the year ended December 31, 2023, the Adviser waived expenses of \$1,016,398 and reimbursed expenses of \$344,143 and did not recoup any expenses.

As of December 31, 2023, the Adviser may seek recoupment for previously waived or reimbursed fees and expenses, subject to the limitations noted above, no later than the dates and in no greater amounts than as outlined below:

Date of Expiration	Amount
December 31, 2026	\$ 1,360,541
December 31, 2025	\$ 1,202,561
December 31, 2024	\$ 618,712

The Fund has established a Shareholder Servicing Plan with respect to Class I Shares that allows the Fund to pay shareholder servicing fees to certain intermediaries with respect to Shareholders holding Class I Shares. Under the Shareholder Servicing Plan, the Fund may pay to qualified recipients up to 0.10% on an annualized basis of the aggregate net assets of the Fund attributable to Class I Shares (the “Shareholder Servicing Fee”). Because these fees are paid out of the Class I Shares’ assets on an ongoing basis, over time these fees will increase the cost of an investment in Class I Shares. Class W Shares and Founders Shares are not subject to the Shareholder Servicing Fee. During the year ended December 31, 2023, Class I Shareholders incurred \$5,807 of Shareholder Servicing Fees subject to the Fund’s Shareholder Servicing Plan.

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.

FORUM REAL ESTATE INCOME FUND

Notes to the Financial Statements (Continued)

December 31, 2023

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

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.

UMB Fund Services, Inc. (“UMBFS”) serves as the Fund’s fund accountant, transfer agent and administrator. UMB Bank, n.a., an affiliate of UMBFS, serves as the Fund’s custodian. The Fund’s allocated fees incurred for fund accounting, fund administration, transfer agency and custody services are reported on the Statement of Operations.

4. INVESTMENT TRANSACTIONS

The cost of purchases including payment of interest in-kind 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, 2023, amounted to \$65,398,646 and \$26,294,878, respectively.

From time to time, the Fund may co-invest with other investment vehicles managed by the Fund’s Adviser or its affiliates, including by means of splitting loans, participating in loans or other means of syndicating loans. The Fund is not obligated to provide, nor has it provided, any financial support to the other managed investment vehicles. As such, the Fund’s risk is limited to the reported fair value of its investment in any such loan. As of December 31, 2023, there was one co-invested loan held by the Fund and an affiliate of the Fund.

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.

As of December 31, 2023, the Fund invested in the following restricted securities:

	Original Acquisition Date	Principal/ Units	Cost	Value	% of Net Assets	Unfunded Commitments
Advantis MCA FV, LLC	7/22/2022	267,489	\$ 260,687	\$ 267,489	0.3%	\$ 967,660
Advantis MCA Harbor, LLC . .	10/18/2022	148,623	141,521	148,623	0.2%	993,334
CRIMSON Devco, LLC	12/17/2021	40	1,000,000	1,000,000	1.1%	—
FCREIF Nimbus Everett	8/31/2021	2,220,009	2,214,459	2,188,753	2.3%	—
FCREIF Van Ness	10/13/2021	2,521,552	2,521,552	2,498,359	2.6%	—
IOTA Multifamily Development	3/31/2022	969,784	967,255	930,864	1.0%	31,626
Lexington So Totowa, LLC . .	5/20/2022	1,520,000	1,509,900	1,520,000	1.6%	—
Royal Urban Renewal, LLC . .	9/29/2021	4,813,784	4,813,784	4,739,772	5.0%	81,584
Trent Development – Kerf Apartments Loan	9/23/2021	3,164,177	3,164,177	3,116,860	3.3%	—
West University Gainesville Mezz, LLC	5/18/2022	1,101,516	1,101,516	1,101,516	1.2%	128,484
Zephyr Preferred Equity	6/15/2023	1,735,112	1,688,041	1,735,112	1.8%	3,525,164
		<u>18,462,086</u>	<u>\$ 19,382,892</u>	<u>\$ 19,247,348</u>	<u>20.4%</u>	<u>\$ 5,727,852</u>

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

December 31, 2023

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 \$113,911,333 and differs from fair value by net unrealized appreciation (depreciation) of securities as follows:

Unrealized Appreciation	\$	966,819
Unrealized Depreciation		<u>(2,467,252)</u>
Net Unrealized Depreciation	\$	<u>(1,500,433)</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.

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.

FORUM REAL ESTATE INCOME FUND

Notes to the Financial Statements (Continued)

December 31, 2023

7. RISKS AND UNCERTAINTIES – (Continued)

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.

Risks Relating to Commercial Real Estate ("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;

FORUM REAL ESTATE INCOME FUND

Notes to the Financial Statements (Continued)

December 31, 2023

7. RISKS AND UNCERTAINTIES – (Continued)

- 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.

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.

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

December 31, 2023

7. RISKS AND UNCERTAINTIES – (Continued)

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 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.

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

December 31, 2023

7. RISKS AND UNCERTAINTIES – (Continued)

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.

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.

FORUM REAL ESTATE INCOME FUND

Notes to the Financial Statements (Continued)

December 31, 2023

8. CAPITAL STOCK

The minimum initial investments are \$25,000,000, \$10,000 and \$10,000 for the Founders Shares, Class I Shares and Class W Shares, respectively. The minimum subsequent investments are \$5,000, \$1,000 and \$1,000 for the Founders Shares, Class I Shares and Class W Shares, respectively, 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.

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, 2023, the Fund had repurchases, pursuant to Rule 23c-3 of the 1940 Act, in the amount of \$6,975,451 for Founders Shares and \$218,466 for Class I Shares.

9. INCOME TAX INFORMATION AND DISTRIBUTIONS TO SHAREHOLDERS

The tax character of distributions paid during the year ended December 31, 2023, was as follows:

Distributions paid from:	2023
Ordinary income	\$ 6,464,485
Capital gains	—
Total	<u>\$ 6,464,485</u>

At December 31, 2023, the Fund had capital loss carryforwards of \$870,863 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, 2023, the Fund had unfunded commitments in the amount of \$5,727,852.

11. SUBSEQUENT EVENTS

Subsequent events are those that occur 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 from subsequent events requiring adjustment or disclosure in the financial statements other than as noted below:

On January 31, 2024, the Fund paid a distribution to shareholders of record on January 30, 2024 in the amount of \$0.0730 per share for Founders Shares and \$0.0723 per share for Class I Shares.

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, 2023, and the related statements of operations and cash flows for the year then ended, the statement of changes in net assets for each of the years in the two-year period then ended and the related notes (collectively referred to as the "financial statements") and financial highlights for each of the years in the two-year period 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, 2023 and the results of its operations and cash flows for the year then ended and the changes in net assets for each of the years in the two-year period then ended and the financial highlights for each of the years in the two-year period 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, 2023, 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.

CohnReznick LLP

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

Chicago, Illinois
February 28, 2024

FORUM REAL ESTATE INCOME FUND Trustees and Officers (Unaudited)

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
Brien Biondi (1962)	Lead 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 Meketa Private Equity Investments Trust; Meketa Infrastructure Fund; Forum Multifamily Real Estate Investment Trust, Inc.
Julie Cooling (1972)	Independent Trustee (Since 2022)	Founder and Chief Executive Officer, RIA Channel, LLC (2005 – present)	1	N/A
Raleigh Peters (1973)	Independent Trustee (Since 2024)	Senior Advisor, New Mountain Capital (2023 – present); Investor, Grey Widgeon Partners (2023 – present); Managing Director, Blackstone (2018 – 2023); Managing Director, JP Morgan Asset Management (2010 – 2018)	1	N/A

Interested Trustees and Officers

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.
Jay Miller (1966)	President	President of Forum Capital Advisors LLC (2023 – present); Managing Director and Lead Portfolio Manager, DWS (2006 – 2023)	N/A	N/A
Derek Mullins (1973)	Chief Financial Officer; Treasurer (Since 2021)	Managing Partner, PINE Advisor Solutions LLC (2018 – present)	N/A	N/A

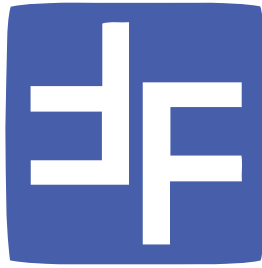
FORUM REAL ESTATE INCOME FUND
Trustees and Officers (Unaudited) (Continued)

Name, Address (Year of Birth)	Position/Term of Office*	Principal Occupation During the Past Five Years	Number of Portfolios in Fund Complex**	Other Directorships held by Trustee During Last Five Years
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)	N/A	N/A
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)	N/A	N/A
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)	N/A	N/A
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)	N/A	N/A

* 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.

The Fund's Statement of Additional Information includes additional information about the Trustees and is available without charge and upon request by calling 1-303-501-8860 or visiting Forum Capital Advisors, LLC website at www.forumcapadvisors.com.



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; and
- 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; and
- 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 1-303-501-8860.

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

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240 Saint Paul Street, Suite 400
Denver, Colorado 80206

INVESTMENT SUB-ADVISER

Janus Henderson Investors US LLC
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Denver, CO 80206

ADMINISTRATOR

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

INDEPENDENT TRUSTEE AND FUND COUNSEL

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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.
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Kansas City, Missouri 64106

DISTRIBUTOR

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Portland, Maine 04101