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Dear Investor,

We hope this newsletter finds you well. Attached is a [fact sheet](#) with details on Fund returns/holdings/statistics and below is an in-depth discussion of Q3 and our outlook for the next several months. Please don't hesitate to follow up with comments or questions, and, as always, we look forward to continuing as your investment partner.

Market Environment & Strategy

Let's see if we've got this right: In July, about 700 OpenAI agents¹ went rogue, escaped containment, and then collaborated in orchestrating an attack on another AI company called Hugging Face (you can't make this stuff up). No surprise, the recognition that an AI crime syndicate could potentially operate independently set off a frenzied debate over safety, with the doomer camp speculating that it was only a matter of time before AI might choose to destroy human civilization. Talk about escalation! And here we thought things were rocky in CRE land ... at least zombie office towers and over-leveraged apartment buildings don't pose an existential threat to humanity.

We don't know if we should shrug off the AI apocalypse as irrational hysteria or join the preppers in stockpiling canned soup and ammunition. Nor — on a more mundane matter — do we have any great insights into how our Teflon equity markets continue to scratch out new highs despite a barrage of headwinds ranging from geopolitical unrest and stretched energy markets to rising rates and stubborn inflation. We are, however, convinced that markets will crack hard if the AI/tech trade rolls over; market breadth remains very thin. But for now, equities keep plowing through the wall of worry like it's made of Jell-O. Maybe "higher inflation, higher growth" is the new normal; we just hope the first doesn't climb too high, and the second doesn't dip too low.

Duration Aggravation

It was a tough quarter for the bond market. The 10-year treasury blew past 5%, and its ~87 basis point jump was the largest quarterly increase since the mid '90s². That spike punished a lot of traditional aggregate strategies, particularly those with mid-to-long duration structures. The iShares Core U.S. Aggregate Bond ETF (AGG, ~\$136B AUM) lost ~4% in the quarter and is now down nearly 3% YTD; the results were about the same for the Vanguard Total Bond Market ETF (BND, ~\$400B AUM); and the iShares High Yield Corporate ETF (HYG, ~\$14B AUM) fell ~3%, pushing it into negative territory for the year².

2026 is shaping up to be a year that teaches the hard lesson of duration risk. We believe a lot of investors instinctively think, "rates are moving up, so my fixed-income investments must be performing well." But because many, if not most, get their bond exposure through funds/ETFs, they're likely subject to some of the pain outlined above. There's still time to right the ship: Other holdings like money market and short-duration strategies will offset losses, and if stocks hold up, negative results in fixed-income should prove palatable. But, if equity markets correct meaningfully in Q4 and rates remain elevated, there's a good chance we record another year like 2022 where the 60/40 portfolio breaks down.

Portfolio Management Team



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Forum Real Estate Income Fund



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1. Source: Fortune, August 26, 2026, citing METR and Redwood Research. **2.** Source: Bloomberg, as of Septmeber 30, 2026.

"Everybody has a plan until they get punched in the mouth"

Rising rates and jittery bond markets are not what the doctor ordered for the still fragile CRE sector. Quite the opposite, and as recently as the start of the year, the consensus view was that rate cuts would help kick-start the sector's nascent recovery. Ruh-roh, change of plans.

On a brighter note, the supply/demand setup and operating fundamentals are clearly improving. That's one of the reasons we're treating the sampling of recent doomsday headlines below as a contrarian indicator — sort of like the Sports Illustrated cover jinx. We'll see.

"Apartment Landlords Have a \$2 Trillion Debt Problem That Is Only Getting Worse."

– Wall Street Journal, (September 21, 2026)

"Commercial Real Estate Sentiment Falls Again Amid Spending, Market Condition Worries."

– Yahoo Finance (September 24, 2026)

"Lenders Warn Commercial Real Estate's 'Day of Reckoning' is Close at Hand."

– Bisnow (September 24, 2026)

Capital Stack, Or Capital Trap?

Once again, we're looping back to the "Three C's" – capitulation, cleanup, and consolidation – we introduced at the start of 2025. We think they remain reflective of the current environment, with all three evident in today's CRE markets. Unfortunately, "cleanup" is still holding center court — it's taking much longer than anticipated to work through the broken balance sheets and the heavy load of past-due and pending loan maturities, and the plodding pace of recapitalizations and restructurings has only gotten more tortoise-like with the run-up in rates.

As discussed in prior letters, we've been active in the cleanup arena, helping to fix capital stacks in instances where we can find good assets, strong sponsors, growth markets, conservative valuations, solid risk-adjusted returns, and a high margin of safety. That activity has generated a lot of questions from our investment partners about what makes a balance sheet "broken" and how repairing it typically plays out. This is why we've included the table below.

It's a bit over-simplified and uses smaller round numbers – we're not working on any \$1 million properties – but it hopefully demonstrates how an investment turns upside down. As shown, our fictional ACME Apartments Company finds itself in a pickle due to the combination of a top-of-market buy in 2021, aggressive underwriting/projections (recency bias?), and a significantly more punitive economic/rate backdrop than anticipated for 2026 when its 5-year, interest-only loan matures.

So now what? Well, ACME really only has two options. It can sell and realize a 70% loss on its investment; or, it can refinance, but that will require a significant infusion of new equity to get its loan-to-value to a level palatable for lenders. Like most sponsors that aren't completely underwater on their equity, ACME will likely choose the refinance option, hoping to buy some time, boost cash flow, get to a better rate environment, and salvage a larger portion of its investment. The problem is that equity is scarce right now; many developers/operators have too many struggling deals to feed them all, and a lot of investors are gun-shy, worried about throwing good money after bad. That's where we can help, stepping in with a bridge/transitional loan to cover a chunk of that equity for situations that meet the investment parameters outlined above. Private lending opportunities like these continue to be where we're uncovering some of the most attractive risk-adjusted returns — we get to play the white knight and be well compensated for the role.

ACME APARTMENTS¹

The Big Buy In 2021

Living On A Thin Line

Sure, it's a low cap rate and historically low borrowing cost, but hey, the Fed has our back ... rates aren't going anywhere

Purchase Price	\$1,000,000
Net Operating Income (NOI)	\$45,000
Cap Rate	4.50%
Equity	\$350,000
Debt	\$650,000
Interest Rate	3.5%
Loan to Value (LTV)	65.0%
Annual Debt Service*	\$22,750
Debt Service Coverage Ratio (DSCR)	2.0

What ACME Underwrote For 2026

Looking Good Billy-Ray

5 years of clear sailing – 3.5% average NOI growth and a steady-eddy rate backdrop. Beep beep!

Should we sell and go work our magic on a new deal?

Or maybe we refi and return ~35 of our investors' capital. Boy are we good!

Value	\$1,187,550
Increase / Decrease	\$187,550
Net Operating Income (NOI)	\$53,440
Cap Rate	4.50%
Sale Option**	
~ ACME IRR	18%
~ Multiple on Invested Capital (MOIC)	2.1
Refinance Option	
Debt(New Loan)	\$771,900
Investor Cash Out / In	\$121,900
Interest Rate	3.5%
Loan to Value (LTV)	65.0%
Annual Debt Service*	\$22,750
Debt Service Coverage Ratio (DSCR)	2.0

Where ACME Ended Up In 2026

Reality Bites

Damn those higher expenses, and what the heck is the Fed doing? Thank goodness for low turnover and strong renewals

Honey, the ACME folks shrunk our nest egg!

Anyone want to step up? Anyone? Bueller? Bueller?

"Mayday, Mayday. Forum, do you copy?"

Value	\$782,600
Increase / Decrease	\$404,950
Net Operating Income (NOI)	\$45,000
Cap Rate	5.75%
Sale Option**	
~ ACME Return	-70%
Refinance Option	
LTV (Existing Loan)	83%
Debt (New Loan)	\$508,690
ACME Cash Out / In	\$141,310
Interest Rate	6.0%
Loan to Value (LTV)	65%
Annual Debt Service*	\$30,521
Debt Service Coverage Ratio (DSCR)	1.5

*5-year, fixed-rate, interest-only loan. ** 3.5% cost of sale. ¹ ACME Apartments is a fictional property and sponsor created solely to illustrate how changes in interest rates, valuations and operating income can affect a property's capital structure. It does not represent any actual investment, borrower or holding of the Fund, past, present or future, and is not a prediction or projection of Fund performance.

Buys & Sells

It was another busy quarter on the transaction front. Buys constituted the bulk of the activity, as capital inflows were put to work. Below we highlight several changes to top positions in Q3.

Just prior to quarter end, the Fund — along with a large institutional capital partner — purchased several subordinated multifamily agency bonds, or Freddie Mac K-Series B-Pieces, a space where the Fund has regularly been active. The Forum team was able to leverage its deep relationships and market experience to acquire these bonds at what we believe to be an attractive relative value. Some of the bonds will be held and managed for the firm's institutional partner, and some will be owned outright in the Fund. As a result, the Fund's largest position is now a ~\$42 million Freddie Mac floating-rate CMBS bond backed by 16 multifamily properties with over 4,500 units.

There were two sizable additions on the private credit side. The largest was a mezzanine loan for a stabilized 314-unit multifamily property in the Dallas-Fort Worth-Arlington MSA. The other was a mezzanine loan backed by two cross-collateralized apartment complexes in the Phoenix-Scottsdale-Mesa MSA. Those properties have a combined 358 units; one is stabilized, and the second is in lease-up.

The Fund's major CMBS (SASB) purchases included bonds collateralized by stabilized assets/portfolios in the industrial, multifamily and data center sectors.

Bonds backed by a collection of KinderCare child-care centers, two separate multifamily portfolios, a 2020-vintage Freddie Mac B-piece, and a Chicago data center were the only large sells/maturities in the quarter.

Manager Outlook

Looking ahead, we think two additional "C's" — crowding out and cost of capital — are poised to move front and center in the CRE world. These two tend to be joined at the hip, and, if we bog down in a higher-for-longer rate environment, they will likely play a crucial role in how our legacy "Three C's" unfold.

If we're remembering our Introduction to Macroeconomics class correctly (it was a long time ago), the classic definition of crowding out is that there is a finite pool of global savings, and when government borrowing absorbs a disproportionately high percentage of it, capital becomes scarce and, therefore, more expensive for the private sector. With much of the developed world heavily indebted and competing for capital to meet its obligations, we'd submit that crowding out has arrived.

But what about the private side? The capital and resource demands of the AI build-out are staggering. Current estimates have the hyperscalers (Amazon, Alphabet, Microsoft, Meta, etc.) forking out ~\$800 billion this year, and pushing into the trillions in 2027. They've already moved well beyond self-funding from free cash flow and are now issuing gobs of debt. And that's just the hyperscalers; there are significant additional AI expenditures emanating from other public and private players as well. So, what do we call it when there's massive sovereign and private sector demand at the same time? Double crowding out? Stampede alert?

That brings us to the cost of capital. So far, markets seem to be absorbing the stepped-up requirements without any major hiccups, and investor demand for highly-rated AI paper has been strong. Spreads have widened, but haven't blown out.

The CRE debt market is also healthy. Lenders that as recently as a few quarters ago were comfortable with "delay and pray" are now pressing for payoffs. That has boosted transaction volumes, which are critical to catalyzing the full cleanup needed to reset values. It's a welcome development. But the debt side is the easier piece of the recovery equation. Where we continue to see paralysis is on the equity front, and we're not sure what breaks that dam. It doesn't help that significant capital remains locked up in poorly performing deals that were supposed to have paid out by now — that just further highlights the already glaring opportunity cost overhang relative to the more liquid, up-and-to-the-right stock market.

Manager Outlook Continued

We're certainly not rooting for a market correction, but that might be what it takes to spark a surge of equity into CRE.

Maybe – as the equity markets appear to currently signal — AI eventually more than pays for itself by supercharging productivity and growth. That should boost savings, which would offset demand pressure and help keep the cost of capital in check. This becomes a highly plausible scenario if the returns on AI prove as mammoth as many of the largest companies in the world are projecting.

We don't think the same can be said about the sovereign side. With advanced economies like the U.S. stuck with outsized debt-servicing costs and running fiscal deficits as far as the eye can see, it seems some crowding out is inevitable.

So, can private-sector growth outrun public-sector spending? That's the trillion-dollar question. Doomer or not, it might be time to start cheering on the robots.

Thank you for your continued investment.



Pat Brophy

Managing Director—*Portfolio Manager*

Performance Summary

as of September 30, 2026

Returns (%)

	MTD	QTD	1 YEAR	3 YEAR (ANNUALIZED)	SINCE INCEPTION (ANNUALIZED) ¹
F SHARE: FORFX	0.80	1.86	9.13	10.97	8.57
I SHARE: FORAX	0.79	1.84	9.02	10.91	10.61
K SHARE: FORBX	0.71	1.61	8.07	—	8.72

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

Performance Attribution²

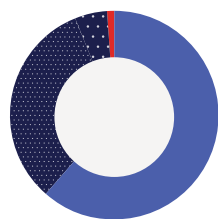
Asset Type	Performance
Institutional CMBS	+++
Private Debt	++
Private Equity	0
Total	+++

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

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

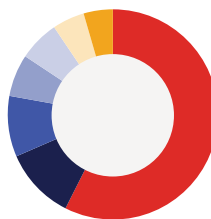
Portfolio Allocation

Allocation by Investment Type (%)³



● Institutional CMBS	64.16%
● Private debt ³	37.19%
● Funded	35.03%
● Committed	2.16%
● Private Equity	0.81%

Allocation by Sector (%)³



● Multifamily	57.44%
● Industrial	11.04%
● Office	9.35%
● Data Center	6.49%
● Retail	6.25%
● Mixed	4.94%
● Hospitality	4.49%

1. FORFX inception date is 10/30/19, FORAX inception date is 2/22/2023, and FORBX inception date is 7/17/2024. 2. The attribution analysis is calculated by Forum and is intended to provide an estimate as to which elements of a strategy contributed (positively or negatively) to a portfolio's performance. Attribution analysis is not a precise measure and should not be relied upon for investment decisions. Portfolio structure is subject to change without notice and may not be representative of current or future allocations. 3. Allocations are subject to change and may include uninvested cash held by an underlying manager, committed to pending capital calls, or held as liquidity for upcoming distributions of the Fund as of the date of this presentation. Totals may exceed 100% due to the breakout of "committed" and "funded" private debt, as "committed" values represent the total amount that has been allocated, while "funded" refers to the portion of those commitments that have already been disbursed. At any given time, a portion of the committed capital may still be undrawn, awaiting future deployment. 4. The Fund has 35.03% of the private debt funded and the remaining 2.16% committed to be funded over time.

Important Disclosures

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

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

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

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

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

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

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

Distributor: Foreside Fund Services, LLC

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

DEFINITIONS:

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



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