



INTEGRATED CAPITAL REPORT 2024

- ⌄ NORTHERN FOREST FUND
- ⌄ LANCASTER MAIN STREET FUND
- ⌄ MILLINOCKET HOUSING INITIATIVE

January 2025

Dear Investors and Donors,

Thanks to your generous support, in December 2024 we exceeded our goal of fully capitalizing the \$30-million Northern Forest Fund to fuel high-impact property redevelopment and community investment projects in 10 focal communities across the region. This exciting milestone has positioned us to take on larger and more impactful projects to revitalize communities, renovate landmark properties, and create new housing opportunities for the area’s workforce.

In 2024, we deployed \$11 million of integrated capital into construction projects including the Gehring House in Bethel, Maine; 560 Railroad Street in St. Johnsbury, Vermont; and 196 Penobscot Avenue in Millinocket, Maine, that will result in 23 new living and four new commercial spaces. In 2025, we will finish those projects and begin construction of projects in Tupper Lake and Elizabethtown, New York, and Greenville, Maine, creating an additional 44 homes, bringing us closer to our goal of creating 100 new homes by 2030.

Our integrated investments catalyze practical solutions to challenges facing rural communities, creating jobs, attracting additional investment, retaining young people, strengthening local economies, and deepening forest stewardship in places that have largely been left behind. Our community-driven, impact-first investing approach is now a proven model for long-term, meaningful change. With your support, we are redefining what impact investing and philanthropy can look like and achieve.

Throughout 2024, we managed Northern Forest Fund cash in short-term, interest-bearing treasury and certificate accounts, ready to deploy when construction ramped up, which it did in the third quarter. We maintained 100% repayment of maturing legacy fund investments from the Millinocket and Lancaster funds, many of which were reinvested into the Northern Forest Fund. All three investment funds continue to meet or exceed our financial performance benchmarks.

Looking ahead, we’re designing our next regional investment fund offering to accept rollovers and new investments. At the same time, we’re developing additional housing projects that incorporate innovative uses of wood products and will be affordable to area workers. Your investment is shaping the future of this region, and we are grateful for your partnership in this vital work.

Thank you for your continued confidence in the Center’s impact investment funds and the New Forest Future.

With gratitude,

Rob Riley, President

Laurel Will, Vice President of Finance

Quality Homes Helped Attract Young Workers to Millinocket

Outdoor educator and librarian get their starts in homes renovated by the Center

Dan Rogan, Katahdin Region Coordinator for the Outdoor Sports Institute

“The Northern Forest Center is the reason I was able to find a place to live in this region.

“Moving from Minnesota to Maine was daunting, especially with the housing shortage. But my employer, the Outdoor Sport Institute, rented a house that the



Northern Forest Center owned and renovated. I was a little unsure about making the move to Millinocket until I learned that house was available for me. Once I heard that, I thought, ‘OK, I’m going to jump right into Maine then.’

“It changed everything. It wasn’t just about work—it allowed me to start building my life here.”

Diana Furukawa, Director of the Millinocket Memorial Library

When Diana moved to Millinocket after college, she was the first person to live in one of the properties the Center had purchased and renovated. “It was a great home base for entering the community. It was easily walkable to downtown; a quality place to live.



“The amount of change I’ve witnessed is really inspiring. I can see the differences that little things are making. It’s very motivating.”

FINANCIAL PERFORMANCE

Financial milestones in 2024 include full capitalization of the Northern Forest fund and significant cash deployment into purchases and renovations on projects across the region. In addition, 70% of investors with mature loans reinvested their capital into the Northern Forest Fund, and many investors donated their interest to the fund.

The first two sales of real estate from our Millinocket portfolio outperformed our financial pro forma and proved the success of our strategy to purchase, renovate, rent, and finally sell significantly improved properties to support community revitalization.

INVESTMENT FUNDS PERFORMANCE AS OF 12/31/2024

	Northern Forest Fund	Lancaster Main Street Fund	Millinocket Housing Initiative	TOTAL
Year of fund launch	2021	2018	2017	
Total loans committed to fund	17,754,000	1,685,000	1,000,000	20,439,000
Total loans in hand	15,684,000	1,685,000	1,000,000	18,369,000
Investment deployed to building projects	8,037,772	1,685,000	1,000,000	10,722,772
Gifts and grants deployed to building projects	2,906,708	2,236,273	205,000	5,347,981
Bridge financing secured and repaid	N/A	1,700,000	N/A	1,700,000
Total interest paid	475,533	96,030	103,482	675,045
Loans repaid	N/A ^A	285,000	750,000	1,035,000
Date rental operations began		8/1/2022	9/1/2017	
Net rental income	N/A ^B	90,135	186,346	276,481
Property sales (net proceeds)	N/A	N/A	312,045	312,045
Income from cash management ^C	419,886	31,706	0	451,592

NOTES: **A)** No loans to the Northern Forest Fund had matured as of 12/31/2024. **B)** No buildings fully funded by the Northern Forest Fund were in service as of 12/31/2024. **C)** Cash not yet deployed into projects is managed in high yield savings accounts, short-term CDs, and US Treasury bills.

NORTHERN FOREST FUND FOCAL COMMUNITIES



2024 IMPACT HIGHLIGHTS

Gehring House, Bethel, Maine

Restoring Historic Gem, Creating 9 Modern Apartments



The renovation of the historic Gehring House will create nine high-quality apartments that are affordable for local workers and families. It will also maintain public access to a key community trail, and support sustainability goals by restoring original features and using locally sourced materials.

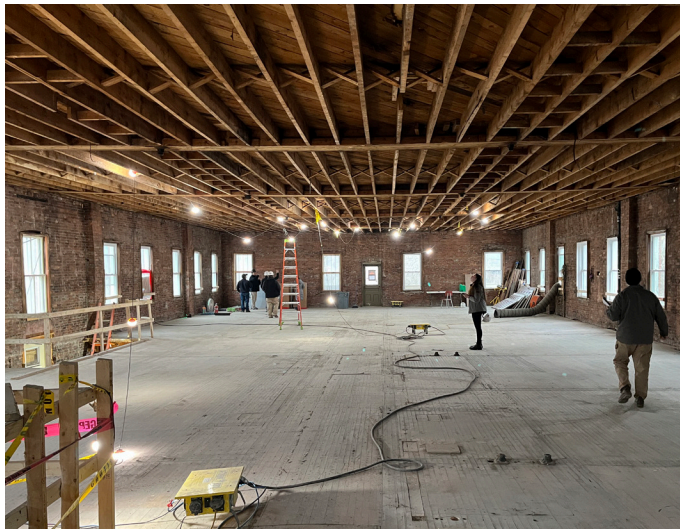
Cost projection: \$5.9 million, including acquisition of 8-acres for future development. Funding projection: 42% impact investments and 58% gifts, grants, and tax credits.

“Gehring House has played an important part in Bethel’s history. It’s wonderful to see this historic gem come alive again and know that it will provide much-needed homes for people in our community.”

– Robin Zinchuk,
Former Executive Director,
Bethel Chamber of Commerce

560 Railroad Street, St. Johnsbury, Vermont

Historic Community Building Transformed into Living Space



Redevelopment of the historic 1909 armory at 560 Railroad Street in St. Johnsbury is a pivotal investment in the community’s future. This iconic structure will soon be a vibrant hub for 9 middle-market apartments, a new local business, and a Catamount Arts’ artist-in-residence program.

Cost projection: \$5.9 million. Funding projection: 67% impact investments and 33% gifts, grants, and tax credits.

“A key challenge for our staff is finding quality housing, and the 560 Railroad Street project is poised to fill this desperate need for middle-income professionals.”

– Shawn Tester, CEO,
Northeastern Vermont Regional Hospital

2024 IMPACT HIGHLIGHTS

196 Penobscot Avenue, Millinocket, Maine

New Commercial Space and Apartments Brighten Downtown



This mixed-use redevelopment will brighten Millinocket's main street with 5 high quality apartments and 2 commercial spaces, one of which will be home to a new Wabanaki Youth and Cultural Center. We're showcasing the use of wood products in this renovation, using modern wood pellet boilers for heat, Timber HP's cellulose insulation, restored and new wood flooring, and new wood siding from Maine.

Cost projection: \$1.7 million. Funding projection: 76% impact investments and 24% gifts and grants.

Lancaster, New Hampshire

PJ Noyes Building Inspires



Our redevelopment of the Parker J. Noyes building created high-quality apartments, contributed to the expansion of businesses on Main Street, and inspired a local business to undertake similar projects to create housing for their employees. The Noyes project has contributed to several positive trends in Lancaster, including a 14% increase in first-floor Main Street occupancy and a 3.1% increase in population under the age of 45.

Elizabethtown & Tupper Lake, New York

Adirondack Projects Begin in 2025



Community excitement is high for our upcoming

renovation of the historic Hale House and Law Library buildings in Elizabethtown and

redevelopment of two key properties on Park Street in Tupper Lake. The projects will create 15 new high quality, highly visible, in-town homes for middle-income workers who contribute to the region's vibrancy. As in other communities, the lack of housing availability makes staff recruitment difficult for the hospital, schools, and other employers, all of which are close to the properties.