



## January 2026

Dear Investors and Donors,

Thanks to your commitment to the Northern Forest and its communities, we are deploying capital in impactful and catalytic projects, providing attainable housing and attractive commercial spaces to help revitalize communities and guide growth. And, through the launch of the Northern Forest Fund II in June, we're ensuring we will have the necessary capital to build on our momentum.

In 2025, we opened 18 apartments in the Gehring House in Bethel, ME, and 560 Railroad Street in St. Johnsbury, VT, adding to housing we had previously opened in Millinocket, ME, and Lancaster, NH. We are providing homes for teachers, healthcare workers, municipal and non-profit staff, outdoor recreation and local business employees, and retirees – freeing their old homes up for new residents. These projects literally define *building community*.

We are celebrating strong financial performance, including 100% payment of annual interest and 100% repayment of maturing loans. With this track record and the strong confidence of fund participants, 72% of investors have chosen to roll their mature loans into new investments.

In 2026, we'll be completing a new, multi-family building – built in part using mass timber – in Tupper Lake, NY; beginning renovations on our property in Elizabethtown, NY; and completing renovation of a mixed-use commercial and residential building in Millinocket, ME, for an additional 20 living spaces. We'll also be constructing the first phase of new homes in Greenville, ME, our largest project yet.

Northern Forest Fund capital is critical to our approach to addressing the region's housing issues. It provides steady, fixed-rate dollars that allow us to quickly secure property, leverage additional public and private dollars, and catalyze community revitalization.

Thank you for your commitment and for believing in the New Forest Future.

With gratitude,



Rob Riley, President



Laurel Will, Vice President of Finance

## Investment Funds Fuel New Housing & Community Investments

**\$21.6 million** deployed  
in property development and  
community projects

**83 new homes** built or in  
development

**14 in-town properties**  
revitalized or under development

**5 commercial units and  
community spaces** created,  
housing a book store, a local food  
co-op, a take-out restaurant, and  
an artist-in-residence program

PHOTO: Community leaders, supporters, tenants, board and staff celebrated the opening of 9 apartments in the historic Gehring House in Bethel, Maine, in June 2025.

# 2025 FINANCIAL PERFORMANCE

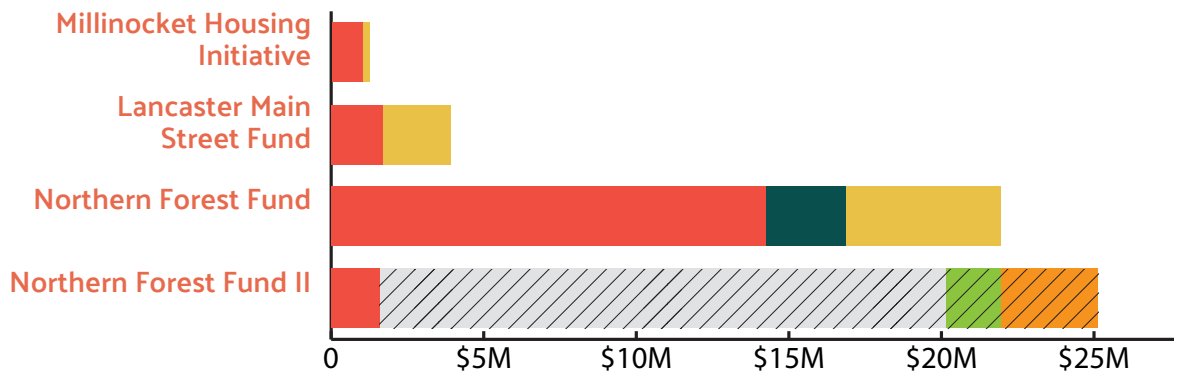
## FINANCIAL HIGHLIGHTS

Financial highlights of 2025 include the successful launch of Northern Forest Fund II, which has already accepted loans from new investors and maturing loans from existing investors who continue to trust the Center to deploy these funds into projects across the region.

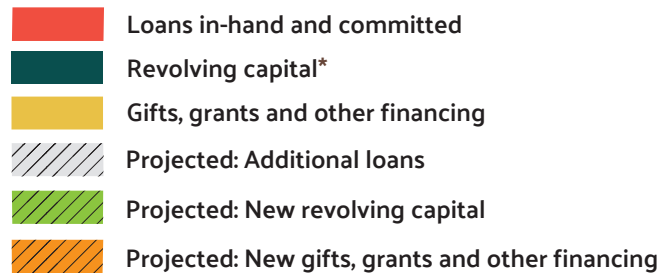
We added a Real Estate Asset Manager to our team in 2025 to oversee our in-service properties. Newly completed Northern Forest Fund projects in Bethel, ME, and St. Johnsbury, VT, are fully rented and generating positive cash flow.

We closed on the sale of a third Millinocket property and entered into a P&S agreement on a fourth. The cash flow from rentals and property sales continues to perform well against our projections.

## Integrated Capital Raised for Property Projects by Fund – Total: \$28,653,839



\* *Revolving capital is a reusable pool of funds deployed for acquisition, pre-development, or interim financing. The funds are replenished for continued investment when they are refinanced out of each use.*

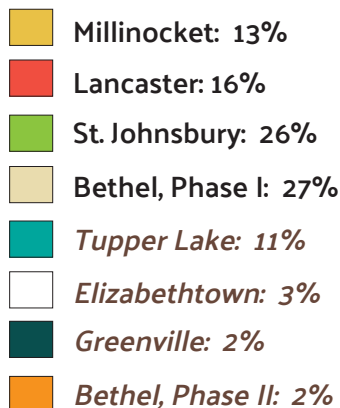
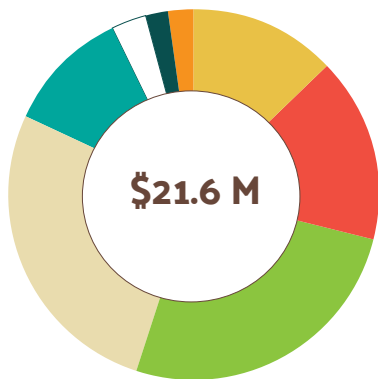


## Integrated and Revolving Capital Catalyze Action

We raise integrated capital – the blend of low-cost loans from our Funds, philanthropic resources, public grants, tax credits, and our own revolving capital (formerly called “permanent capital”) – to allow us to finance housing projects that traditional developers cannot. This revolving capital – donated to us to use in initial property development activities – provides no-cost predevelopment dollars that let

us secure properties quickly, de-risk projects, and attract additional investment. When we’ve secured other capital for the project, such as tax credits and reimbursable public funds, we revolve these funds back to the Center, enabling us to reuse them in the next project to create a continuous pipeline of attainable housing across the region.

## Capital Deployed to Projects by Community; Focal Community Map



*Projects in italics are in development and their cost will rise.*

# 2025 IMPACT HIGHLIGHTS

## Gehring House, Bethel, Maine

### Historic Gem Restored to Provide Attainable Housing



The renovated Gehring House became home to 13 new tenants in 9 apartments in June. These residents contribute to the community through teaching, nonprofit management, forestry, trail building, nursing, hospitality, and other roles. We have maintained public access to a key community trail through the property. The wood products we used in the building will store at least 154,300 lbs of carbon dioxide over their lifetimes. By using wood-based materials instead of materials based on fossil fuels, the project also avoided creating up to 69,100 lbs of carbon emissions.

Cost: \$6 million, including acquisition of 8-acres for future development. Funding: 41% impact investments and 59% gifts, grants, and tax credits.

“We believe the Center’s work is incredibly important. There’s got to be more attainable housing for the people who want to live and work here.”

– Ben Church, resident and professional forester

## 560 Railroad Street, St. Johnsbury, Vermont

### Historic Community Building Transformed into Living Space



Redevelopment of the historic armory at 560 Railroad Street in St. Johnsbury created 9 new homes for residents downtown, within easy walking distance of schools, town services, stores, and the nearby town forest. One commercial space houses a bookstore, while the other is home to a community art space run by our partner, Catamount Arts.

Cost: \$5.9 million. Funding: 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

# PROJECTS UNDERWAY

## Tupper Lake, New York

### Apartment Building Enters Final Phase of Construction



This all-new construction apartment building in Tupper Lake will provide 9 new apartments at an in-town location across the street from the high school and a short walk from public parks, the lake, and local shops. We're using innovative wood products, including pre-assembled floor panels, glue-laminated wood beams, and wood-based insulation, to showcase their advantages for local architects, engineers, and builders. We will also renovate the single-family house next door.

Cost projection: \$4.9 million. Funding projection: 39% impact investments and 61% gifts and grants.

## Millinocket, Maine

### 196 Penobscot Ave, Millinocket



Four apartments and 2 commercial spaces opened January 1 in downtown Millinocket, with an accessible apartment opening soon.

## Elizabethtown, New York

### Hale House Renovation



Architectural planning is complete for 5 apartments in 2 historic buildings, and construction bidding is underway.

## Greenville, Maine

### Spruce Street Neighborhood



Planning is complete for a 28-unit neighborhood development downtown and close to the hospital.



### Thank you + Join Us

Thank you for believing in the New Forest Future and for helping create the housing, commercial spaces, and opportunities that Northern Forest communities need to thrive.

To learn more about making an investment in Fund II, donating to a project, or contributing to our revolving capital reserve, contact:

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603-568-0347

# APPENDIX: 2025 Integrated Capital Report

## CUMULATIVE PERFORMANCE BY FUND, AS OF 12/31/25

	Northern Forest Fund II	Northern Forest Fund	Lancaster Main Street Fund	Millinocket Housing Initiative	TOTAL
Year of fund launch	2025	2021	2018	2017	
Capital Raised	<b>1,577,000</b>	<b>21,950,566</b>	<b>3,921,273</b>	<b>1,205,000</b>	<b>28,653,839</b>
Loans, in-hand and committed	1,577,000	14,239,000	1,685,000	1,000,000	18,501,000
Revolving capital <sup>A</sup>		2,625,000	-	-	2,625,000
Gifts, grants and other financing		5,086,566	2,236,273	205,000	7,527,839
Capital Deployed	-	<b>16,479,150</b>	<b>3,921,273</b>	<b>1,205,000</b>	<b>21,605,423</b>
% capital deployed	-	75%	100%	100%	-
% capital committed to current projects	-	100%	100%	100%	-
Total interest paid	7,911	748,595	104,396	108,173	969,075
Loans repaid	N/A <sup>B</sup>	N/A <sup>B</sup>	710,000	900,000	1,610,000
Beginning of rental operation	N/A	5/1/2025	8/1/2022	9/1/2017	-
Net rental income	N/A	73,658	172,609	183,796	430,063
Property sales (net proceeds)	N/A	N/A	N/A	447,077	447,077

NOTES: **A)** Revolving capital is a reusable pool of funds deployed for acquisition, pre-development, or interim financing. The funds are replenished for continued investment when they are refinanced out of each use.

**B)** No loans to Northern Forest Fund I or II had matured as of 12/31/2025.

### INVESTMENT PORTFOLIO KEY STATS

INCEPTION TO 12/31/25

Number of investments ..... 115

Number of new investments in 2025 ..... 17

Average Investment ..... \$160,000

Blended cost of capital in our funds ..... 1.86%

Investment rollover rate of maturing notes in new funds ..... 72%

Dollars rolled over ..... \$1,245,000

### DOLLARS INVESTED

BY INVESTOR TYPE

