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Malua Wildlife Habitat Conservation Bank Launches in Sabah, Malaysia

New Business Model Generates Innovative Product to Support Wildlife Conservation

KOTA KINABALU –The Eco Products Fund, LP, a private equity fund jointly managed by New Forests Inc. of Washington, D.C. and Equator Environmental, LLC of New York City, and the Government of Sabah in Malaysia today launched the Malua Wildlife Habitat Conservation Bank (Malua BioBank, www.maluabiobank.com), a first-of-its-kind business model for rainforest conservation.

Sitting adjacent to the Danum Valley Conservation Area, one of the last pristine lowland tropical rainforests, the Malua BioBank will use a multimillion dollar investment from the Eco Products Fund to restore and protect 34,000 hectares (roughly 80,000 acres) of formerly logged forest. This area provides a crucial buffer between virgin lowland tropical rainforest and oil palm plantations and is home to one of the highest concentrations of orangutans in the world. Clouded leopards, pygmy elephants and over 300 bird species also inhabit the area that will be protected.

“Nothing like this has ever been done for the biodiversity in tropical rainforests,” said David Brand, Managing Director of Sydney-based New Forests Pty Limited, the parent company of New Forests Inc. “The Malua BioBank translates rainforest protection into a salable product so that biodiversity conservation can compete with other land uses on a commercial basis.”

The Malua BioBank will generate Biodiversity Conservation Certificates, with each Certificate representing 100 square meters of rainforest restoration and protection. The sale of Biodiversity Conservation Certificates will endow a perpetual conservation trust and generate a return on investment to both the Sabah Government and the Eco Products Fund.

“The Sabah State Government has been actively seeking innovative ways to balance economic development and rainforest conservation. This project enables private sector companies working in Malaysia or sourcing products from the country to help fund the restoration and protection of a high



conservation value rainforest,” said Sam Mannan, Director of the Sabah Forestry Department. “This project is designed to help economic development and rainforest conservation work for each other, instead of against each other.”

As commodity and crude palm oil prices rise, Malaysia is becoming a hotspot for agricultural expansion. Energy, food and cosmetics companies relying on agribusiness products, particularly palm oil, are increasingly scrutinized for perceived impacts on rainforests. By purchasing Biodiversity Conservation Certificates, buyers can make a credible, long-term contribution to forest conservation. Four firms in Malaysia have already purchased Biodiversity Conservation Certificates and several other firms have expressed interest in the project.

TZ1 Limited, a leading provider of registry services to the voluntary carbon market, has been selected as the global registry for the Malua BioBank’s Biodiversity Conservation Certificates. “The TZ1 Registry will provide a secure online facility enabling efficient issuance, housing, ownership transfer and retirement of Biodiversity Conservation Certificates. This will be the first Biodiversity Registry of its kind in the world,” said Helen Robinson, Chief Executive of TZ1 Registry.

“We are seeing companies becoming increasingly interested in contributing to rainforest conservation in a way that is meaningful and financially sustainable,” said Gerrity Lansing, President of Equator Environmental. “The Malua BioBank provides them with a transparent and cost-effective way of doing this.”

Globally, the Eco Products Fund is seeking to support innovative business models that deliver returns from emerging environmental markets, including biodiversity, carbon and water. New Forests Asia, a wholly owned subsidiary of New Forests Pty Limited, will manage the conservation activities of the Malua BioBank in cooperation with the Sabah Forestry Department. Based in Kota Kinabalu, New Forests Asia has been established in response to the growing demand for eco product development and forestry investment throughout Asia.

“We believe Sabah is well positioned to become a kind of Silicon Valley for innovation in conservation finance,” remarked Brand. “The Malua BioBank model and other initiatives can act as an incubator for emerging business models seeking to support the long-term conservation of high biodiversity areas throughout the world.”



How Does the Malua Wildlife Habitat Conservation Bank Work –

The Sabah State Government has assigned conservation rights for a period of 50 years to the Malua BioBank and The Eco Products Fund, LP has committed up to US\$10 million for the rehabilitation of the Malua Forest Reserve over the next 6 years. The Malua BioBank will sell Biodiversity Conservation Certificates, with each certificate representing 100 square meters of rainforest restoration and protection. The purchase of Biodiversity Conservation Certificates represents a contribution to rainforest conservation in Malua, rather than an offset for rainforest impacts that a company may have elsewhere. Buyers purchasing Biodiversity Conservation Certificates understand and contractually agree that they do not represent an offset against clearing or degradation of other forests. Revenues generated from the sale of Biodiversity Conservation Certificates will be used to recover costs incurred and to endow a trust fund set up to manage the long-term conservation management of the Malua BioBank over the remaining 44-year period of the license. Any profit will be shared between the forest management license holder (Yayasan Sabah, a foundation established by the Sabah Government to improve the livelihoods of local citizens) and the Malua BioBank investor. For more information, please see www.maluabiobank.com

About New Forests Pty Limited

New Forests Pty Limited is an environmental investment management and advisory services firm. In addition to world-leading forestry investment expertise, New Forests is at the forefront of developing and commercializing environmental products and evaluating opportunities from emerging environmental markets for carbon sequestration, biodiversity protection and water quality. New Forests has offices in Sydney, Washington, D.C., San Francisco, and Kota Kinabalu (Malaysia). The company holds an Australian Financial Services License. For more information, please see www.newforests.com.au

About Equator Environmental, LLC –

Equator Environmental specializes in the generation and management of high quality carbon credits and environmental assets derived from reforestation projects, forest conservation and sustainable land management. Equator uses state-of-the-art financial structuring techniques to create diversified revenue streams that benefit governments, timberland owners and local communities who make up its client and partner base. Equator advocates policies that support the development of ecosystem markets and create sustainable cash flows related to the protection and enhancement of the world's ecosystems. For more information, please see www.equator.net

About the Eco Products Fund, LP –

The Eco Products Fund, LP (EPF) is a \$100 million private equity fund that is jointly managed by New Forests Inc. and Equator Environmental, LLC. EPF invests in a portfolio of ecosystem-based instruments associated with wetlands and endangered species conservation, forest- and land-based carbon sequestration, and water quality improvements in the United States and internationally.



About the Sabah Forestry Department –

The Sabah Forestry Department is a state government agency that was established in 1914 and entrusted as the custodian of the State's forest resources. A total of some 3.6 million hectares of forest reserves or about 50% of the total state's landmass are under the jurisdiction of the forestry department. The department aims to place all these forest reserves under Sustainable Forest Management (SFM) based on the state's model forest, Deramakot, which is the first tropical forest to have been certified as a well managed forest under the Forest Stewardship Council (FSC) standards. The Forestry Department is a strong believer in SFM as the way forward to ensure a balanced and perpetual role of the forests for social, environmental and economic gain. Since the statewide adoption of SFM in 1997, the Forestry Department has been actively working with partners to achieve this goal, including seeking potential partners in devising sustainable financing for SFM implementation. For more information, please see www.forest.sabah.gov.my

About Yayasan Sabah –

The Sabah Foundation works to assist the Sabah State Government in strategic development initiatives. The Sabah Foundation is the largest forest concessionaire in Sabah, wholly owned by the State Government. It is responsible for the management of approximately 1 million hectares of forest in Borneo, including forests in the Danum Valley, Maliau Basin and Imbak Canyon. This area is home to the highest biodiversity in Sabah. For more information, please see <http://www.ysnet.org.my>

About TZ1 Limited–

TZ1 Limited is a pre-eminent environmental commodities markets infrastructure provider. As the global trend in managing environmental assets moves towards price-based mechanisms, a robust registry is an essential tool to provide transparency and credibility. Only credible and robust financial infrastructure (with inherent flexibility) will best serve this new marketplace. A core part of the TZ1 business is its Registry service, providing critical market capability and giving the necessary comfort to project developers, buyers and the increasingly important investors in these emerging markets. For more information, please see <http://tz1market.com>