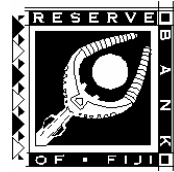


RESERVE BANK OF FIJI



PRESS RELEASE

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RESERVE BANK OF FIJI ANNOUNCES POLICY CHANGES

Following the relaxation of local borrowing by non-resident controlled companies announced at the end of April, the Reserve Bank is relaxing the policy on local borrowing by non-resident individuals.

The new guidelines are as follows:

1. Non-resident controlled companies may now apply for exempted status which would allow non-resident individuals investing in their projects to borrow up to 75% locally under the following conditions:
 - Project would have been 25% completed when the lending policy was implemented in January 2008;
 - Documentary evidence of completion to be verified by a Chartered Accountant;
 - Only stage of project in progress at that time of policy change will be exempted.
2. Non-resident individuals can borrow locally up to 60% to build new residences.
3. Non-resident individuals can borrow locally up to \$100,000 for maintenance and repairs of properties.

Non-resident individuals will still be required to fund acquisition of properties entirely from abroad.

These measures come into effect immediately. Details of these measures are available from the Reserve Bank.

RESERVE BANK OF FIJI

Attach:

Details on Policy on Local Borrowing by Non-Resident Individuals

Policy	Previous Policy	Current Policy
a) Borrowing to purchase properties in exempted tourism projects	Restrictive additions to the exempted list of companies <ul style="list-style-type: none"> • 75% local borrowing allowed purchase of properties in exempted projects; • 100% financing from offshore if project is not in exempted list 	Non-resident controlled companies may now apply for exempted status which would allow non-resident individuals investing in their projects to borrow up to 75% locally under the following conditions: <ul style="list-style-type: none"> - Project would have been 25% completed when the lending policy was implemented in January 2008; - Documentary evidence of completion to be verified by a Chartered Accountant; - Only stage of project in progress at that time of policy change will be exempted.
b) Borrowing to finance construction of residences	<ul style="list-style-type: none"> • 100% financing from offshore 	<ul style="list-style-type: none"> • Allow 60% local borrowing • Debt to Equity ratio of 3:1 to be met • Equity to include amount invested from offshore in the acquisition of land if fully funded from offshore
c) Borrowing to finance house maintenance and repairs	<ul style="list-style-type: none"> • 100% financing from offshore 	<ul style="list-style-type: none"> • Local borrowing allowed up to \$100,000 • No outflows in the form of imports
d) Personal loans	<ul style="list-style-type: none"> • Up to \$100,000 • Funds are to be utilised in Fiji and not to be remitted offshore 	<ul style="list-style-type: none"> • No change
e) Borrowing to finance property acquisition Applies to: <ul style="list-style-type: none"> • acquisition of land with no future plans for development • acquisition of an existing residence • tourism projects that are not in the exempted list • 2nd tier purchases for companies in exempted list 	<ul style="list-style-type: none"> • 100% financing from offshore 	<ul style="list-style-type: none"> • No change

23 June 2008