



HOUSING AUTHORITY

PROSPECTUS

Dated: 27th April, 2017

CONTENTS

1. The Offer

- Includes information on the following
 - (i) Main Terms of Offer
 - (ii) Guarantors
 - (iii) Security
 - (iv) Purpose of Loan
 - (v) Places of Inspection of Documents

2. Tender Form

3. Corporate Profile

- Includes
 - (i) Brief History of Housing Authority
 - (ii) Mission/Vision/Philosophy
 - (iii) Directors

HOUSING AUTHORITY

PROSPECTUS OF CASH OFFER AUTHORISED BY HOUSING ACT

(No. 1 of 2017)

\$10,000,000 HOUSING BONDS
TO BE ISSUED BY TENDER

REGISTERED BONDS

Term	Repayable at Par
2 years	12/05/2019
3 years	12/05/2019 – 2020
5 years	12/05/2020 – 2022
7 years	12/05/2021 – 2024

Bonds will be available for Tender from 9.00am to 3.00pm from 1st to 10th May 2017 and between 9.00am to 12.00 noon on 11th May 2017.

MINIMUM INVESTMENT

Competitive \$10,000.00
Non-Competitive \$ 500.00

GOVERNMENT GUARANTEED - TRUSTEE INVESTMENT

1. **Competitive & Non-Competitive Tenders**

Tenders will be received on a competitive or non-competitive basis as follows: -

Competitive Tenders will be accepted for a minimum nominal amount of \$10,000.00 and for multiples of \$1,000.00. Each Tender must be submitted on a percentage yield per annum basis and must be expressed to the second decimal place (e.g. 3.65%/4.50%). Decimal points beyond two places will be disregarded. Each Tender must be for one rate and be made on the form attached to this Prospectus.

Non-Competitive Tenders will be accepted for a minimum nominal amount of \$500.00 and for multiples of \$100.00 up to a maximum amount of \$500,000.00 limited to one Tender only. These tenders will be accepted at the weighted average yield of accepted competitive tenders only.

2. **Lodgment of Tenders**

All tenders must be lodged at the Reserve Bank of Fiji, Pratt Street, Suva and placed in the special Tender Box at the "Enquiries" Counter Location Tower Two of the Bank between the hours of 9.00am to 3.00pm from 1st to 10th May 2017 and between 9.00am and 12.00 noon on 11th May 2017.

3. **Payment**

A separate cheque for each Tender for the full face value of the amount tendered for must accompany each Tender lodged. If the settlement amount for an accepted Tender exceeds the Face Value, the successful bidder is to settle the difference by 12.00 noon on 12th May 2017. If however, the settlement amount is lower than the Face Value, then any excess payment will be refunded on the day following the allotment of tenders. No interest will be payable on any amount refunded.

4. **Allotment**

Competitive Tenders: Allotments will be made in ascending order of percentage yield tendered. The Housing Authority reserves the right to reject any Tender or to allot a lesser amount than that tendered for. Letters of allotment will be dispatched on 12th May 2017 together with:

- (a) Refund cheque (*for the difference in the nominal amount tendered*);
- (b) Cheques for unsuccessful tenders.

Non-Competitive Tenders: Will be allotted in full.

Registered Bond Certificates will be issued within thirty days of the closing of the Tender.

5. Interest and Repayment

Interest is due on the 12th May and 12th November each year during the duration of the loan and will be paid by the Registrar. Cheques will be forwarded at the Bondholder's risk to the Bondholder's registered address or to any bank in Fiji, which he may nominate. In the case of joint holders of stock, interest will be paid to the person first named in the Tender form.

The registered Bond Certificate must be presented to the Registrar for payment at maturity.

6. Early Redemption

The Housing Authority will have, on the expiry of the minimum period from the date of issue specified below, the option of redeeming all or part of this issue of bonds at par on giving not less than three (3) months' notice in the Fiji Republic Gazette and at least one daily newspaper circulating in Fiji of its intention to do so and upon expiration of the said three months the principal shall become payable and interest shall cease to accrue.

Bonds Repayable On	Redemption Option from
12/05/2019	-
12/05/2020	12/05/2019
12/05/2022	12/05/2020
12/05/2024	12/05/2021

7. Registration & Transfer of Bonds

Bond can be registered in the name of one, two or three individuals or of corporate bodies but not in the name of unincorporated Trusts, clubs, societies, etc.

No notice of any trust, expressed, implied or constructive, in respect of any Bond shall be entered on the register or be received by the registering Authority.

8. Trustee Investment

This issue of Bonds is an authorised investment for Trustees in Fiji under Section 121 (e) of the Trustees Act Cap.65.

9. Security

Repayment of principal is guaranteed by the Government of Fiji. A copy of this Guarantee may be inspected by any interested party at the Housing Authority Head Office in Valelevu, Nasinu or the Reserve Bank of Fiji in Suva.

10. Registry

The Registry of the Bonds will be at the Principal Office of the Reserve Bank of Fiji in Suva. The registrar shall not be liable for any error or omission therein or for any default by the Housing Authority in the performance of the Housing Authority's obligation to the holder of any securities.

11. Purpose of the Loan

The funds raised by the Housing Authority will be used to acquire new land and carry out its land development projects for fully serviced lots and provide cash loans to its customer for new house constructions, purchase of new houses. Thus, any investor in Housing Bonds is making a positive contribution to providing homes for low to middle income groups who would not normally have direct access to monies to finance the purchase of homes for their families.

12. Inspection of Documents

Potential investors who would like to view the Annual Reports for the Housing Authority may see it on request at the Head Office of the Housing Authority, situated at Valelevu in Nasinu.

Tender Form
HOUSING AUTHORITY
ISSUE BY TENDER OF HOUSING BONDS

<u>Term</u>	<u>Bonds Repayable On</u>	<u>Redemption Option From</u>
2 years	12/05/2019	
3 years	12/05/2020	12/05/2019
5 years	12/05/2022	12/05/2020
7 years	12/05/2024	12/05/2021

(Please place a tick on the line of your preference)

1. TO: The Housing Authority, Private Bag, Nasinu, Fiji

In accordance with the terms of the Prospectus of the Issue dated: _____

I/We hereby Tender for Bonds to a total Face Value of \$ _____
 (_____ dollars).

I/We undertake to accept the same or any lesser amount that may be allotted to me/us at: -

_____ The weighted average yields of accepted competitive tenders.

_____ The yield of _____ % per annum.
(Place a tick in the box that is applicable)

2. My/our cheque for \$ _____ for the full face value of Bonds tendered for is enclosed.

3. The Bond is to be registered in the name(s) given below.

(a) **NAME IN FULL (BLOCK LETTERS)** _____

(b) **POSTAL ADDRESS (BLOCK LETTERS)** _____
 _____ TEL NO: _____

4. Please forward Bond: -

* (a) By post to me at the above address
 * (b) To (Bank) _____ (Branch) _____

5. Please forward interest cheque: -

* (a) By post to me at the above address.
 * (b) To Bank _____ (Branch) _____
 for credit of Account No: _____ in the
 name of _____

Signature(s) of applicant(s). (If signing on behalf of a corporate body indicates what capacity and stamp with Company stamp).

Date: _____ (* Strike out whichever is not applicable)

SUMMARY OF THE TERMS OF THE BOND ISSUE

ISSUER:

The Housing Authority with the consent of the Minister for Local Government, Housing, Squatter Settlement & Environment.

CREDIT SUPPORT:

The Government of Fiji guarantees payment of principal.

AMOUNT OF THIS ISSUE:

The amount of this particular issue will not exceed an aggregate value of \$10,000,000.00. Further issues will be made from time to time.

DATE OF ISSUE:

12th May 2017

MATURITY:

The principal will be repaid on 12th May as it becomes due.

COUPON RATE:

The practice will be followed whereby the market determines the rate through a process of competitive tenders. Hence, the coupon rate will be the weighted average of competitive bids of the successful bids.

INTEREST PAYMENT DATES:

Interest will be paid every six (6) months.

REGISTRAR TO THE ISSUE:

The Registry of the Bonds will be at the Office of the Reserve Bank of Fiji, Suva, Fiji.

PURPOSE OF ISSUE:

The funds raised from the issue of these Bonds will be applied by the Housing Authority to purchase new land, carry out land development projects, construct new houses for sale, provide cash loans for house constructions, purchase of new houses, and refinancing loans from other banks. Housing Authority will continue to place high priority towards affordable housing packages for low to middle income earners.

AUTHORISED SECURITIES STATUS:

The Housing Bonds will qualify:

- ▶ as prescribed securities for insurance companies in accordance with Section 34 of the Insurance Act and the Insurance Regulations 1979;
- ▶ as an authorised investment for trustees in Fiji.


[Isikeli Navuda]

ACTING CHIEF EXECUTIVE OFFICER

27th April, 2017

HISTORICAL BACKGROUND

The Housing Authority was established by an Act of Parliament in 1955, and later became an operating entity in 1958. The Authority began operations with the development of rental flats and progressed into the development of lots and the designing and building of homes.

The rental function of the Authority was separated from its core operations in 1989 and the Public Rental Board was created.

In 1996, Housing Authority was declared a Commercial Statutory Authority and is now required to provide returns to Government. The Authority moved away from the designing and building of homes to concentrate on the production of fully serviced lots and the provision of mortgage financing in 1997.

With the initial vision to provide affordable housing for low-income earners in urban centers who would otherwise be unable to secure a permanent residence for themselves, the Authority has in recent years expanded its services to include mortgage financing for middle to high-income earners. Its new direction and vision “Helping Fijians own affordable homes” was launched in November 2013.

The Authority is committed to provide affordable housing to low income earners and provide loans at low interest rate of 4.75% to 7.50% (variable interest rates) p.a.

NATIONAL HOUSING POLICY

The National Housing Policy was launched in March, 2011 by the Fijian Government through the Ministry of Local Government, Urban Development, Housing & Environment to provide a clear and strategic framework for all housing stakeholders to operate toward a common goal of providing a home for every Fijian within the next 10 years.

The Fijian Government will not provide free housing but would assist in creating an environment to ensure that this goal of making safe, affordable and decent housing for every Fijian within the next 10 years is achieved.

The Housing Authority of Fiji is tasked with ensuring that Fiji’s rental population transit to permanent home ownership options by working with the Itaukei Land Trust Board to convert available land into housing projects and by providing competitive home loan options.

With the numerous housing projects being undertaken around the country, Housing Authority is focused on building strong relationships with our contractors, development partners, statutory agencies and Government to ensure we deliver housing subdivisions that will positively build our nation.

HOUSING DEVELOPMENT PROJECTS

The Authority has realigned its core function to be Fiji’s premier developer of land and housing packages, in addition to building communities we are also developing commercial

and industrial lots within the subdivisions to ensure that its residents have access to all the modern conveniences as well as have an opportunity to be employed within the community and contribute to Fiji's growing economy.

Housing Authority is embarking on new projects at Tavakubu, Koronisalusalu, Davuilevu, Veikoba and Covata which are anticipated to commence from 2017/18. For Tacirua Stage 2; we have assisted 605 families out of the anticipated 1129 lots, while 120 lots are expected to be delivered by June 2017.

Wainibuku project was completed in 2015 delivering 263 lots and subsequently sold out in 2016. Nepani is anticipated to be completed by December 2017 delivering 172 lots.

The Housing Authority data base records up to 11,000 potential customers as at Feb 2017. Applicants incomes are periodically evaluated and potential customers are systematically allocated lots for the respective new subdivision.

HOW THE HOUSING AUTHORITY ASSISTS ITS CUSTOMERS:

Applicants may apply for a loan for any of the following purposes:

1. To purchase a fully serviced lot and construct a new house.
2. To build a house on land which the potential customer already legally owns or leases.
3. To buy a dwelling house.
4. To carry out extensions to the existing house
5. To renovate or alter the existing house subject to regulatory requirement.
6. To carry out repairs to the house or build a new one after the effects of a hurricane or other natural disasters.
7. To refinance or pay off a customers' loan from another lender to enable the debt to be transferred to the Housing Authority.
8. The Authority also assists customers in obtaining and transferring their savings with the Fiji National Provident Fund to pay off their loan with Housing Authority.
9. To carry out other improvements to clients' property like fencing, building of retaining walls etc.

All mortgages are insured automatically under a Mortgage Protection Insurance scheme provided through the Housing Authority. This insurance facility ensures that the loan will be

fully repaid in the event the mortgagor (or joint mortgagors) dies or becomes totally disabled through injury, sickness or disease before the loan amount is fully paid.

HOW MUCH CAN BE BORROWED

The loan amount that the Authority approves depends on the clients' income, age and other financial commitments. In addition, the customer can obtain 51% of his/her savings from the Fiji National Provident Fund if they are first home buyers. Alternatively, a cash deposit may be made as a down payment (10%).

The amount of funds a customer borrows depends on his/her earning capacity and his/her ability to repay the loan during the loan term.

Before granting the loan, the Housing Authority has to be sure that the customer can repay loan without difficulty while he/she also continues to meet his/her normal living costs.

We anticipate and encourage applicants to repay their loans by a direct deduction from their salaries/wages.

WHAT IS THE TERM OF THE LOAN

Loans will be granted for a period dependent upon the tenure of the land, applicant's income and age and the type of building.

In general, the loan term for timber and concrete houses will not exceed 30 years.

Interest will be charged at rates determined by the Authority from time to time. Presently, variable rate of 7.50% per annum is charged to all land, home and cash loans. Moreover, the home loan packages are as follows:

- 4.75% for first 12 months
- 7.50% variable interest rate

HOUSING AUTHORITY OFFICE'S

The Housing Authority's head office is located at Saqa Street; Valelevu in Nasinu. It also has two divisional offices located in Lautoka and Labasa while there is one customer relations offices situated in Suva. Permanent staff number of 137 approximately, drawn from disciplines appropriate to the diverse operations of the Housing Authority.

OUR VISION STATEMENT

Helping Fijians own affordable homes.

OUR MISSION

The purpose of Housing Authority is to provide access to housing solutions for all Fijians through;

- Development of available fully serviced lots and construction of home units
- Affordable home loan packages to our low income customers
- Building happy communities

OUR CORPORATE OBJECTIVES

To operate as a successful business enterprise, the Authority will seek to achieve the following objectives:-

Market and Growth

- The Housing Authority currently serves all interested customers with their housing needs with income levels up to \$50,000.00. We intend to become the market leader in provision of well-developed and affordable lots plus mortgage financing.

Our Customers

- The Housing Authority will be responsible to the needs of our customers and would strive to maintain a friendly and healthy relationship by providing attractive loan packages and efficient customer service. Low-income customers will be our primary focus with subsidization wherever possible.

Consequently, as the prospectus highlights, an investment in Housing bonds, being government guaranteed is a secure one, paying current market interest rates and most importantly, you as the investor would be making a positive contribution towards the provision of housing to our people.

Secondly, the building industry contributes positively to the gross Domestic Product (GDP) and as Housing Authority is a major player in the industry, an investment in housing bonds is not only a social contribution but also contributes economically in terms of stimulating the national economy.

OUR SOCIAL OBJECTIVES

Government's social objectives in relation to housing will be carried out by the Authority for middle to low-income earners as follows:-

- Priority for the allocation of lots will be given to low-income earners and Public Rental Board tenants. Special assistance shall be given to those whose needs have not been adequately met in the private sector.
- Continue to develop innovative ways to assist defaulting customers who face financial hardship, enabling them to meet loan repayments and retain their homes.

- Housing allocations will be fair, equitable and non-discriminatory.
- Customers will have access to good quality and affordable housing that meets their needs.

OUR CORPORATE VALUES

- We will encounter all challenges to be the leader in housing
- We will provide excellent services promptly, effectively and courteously
- We will be innovative in meeting the needs of our customers and stakeholders
- We will understand, appreciate and involve all staff
- We will do business in a transparent, ethical and honest manner

OUR CORPORATE SOCIAL RESPONSIBILITY

The Authority in keeping with its social objectives facilitates the following:

- **Loan Rehabilitation Policy**

To fulfill the Fijian Governments National Housing Policy and Authority to assists its customers including village housing scheme who have paid more than the principal loan amount but continue to face financial difficulties to fully repay their loans under one or more of the following criteria:

- a. Customers who have retired and are over 55 years of age
- b. Customers who are medically proven unfit to work
- c. Customers who are physically or mentally disabled
- d. Customers who are currently unemployed.

Customers who have paid between 2 to 3 times the loan amount qualify for \$5,000 Government Grant assistance, however, for exceptional cases a grant up to \$10,000 may be granted by the Authority subject to Board's approval.

An independent audit review is carried out for each customer to qualify for this grant.

- **Customer Counseling**

The authority has taken the initiative to offer clients counseling on managing their finances to ensure that they continue to meet their loan repayment.

- **Environmental Impact Study**

All land development undertaken by the Authority is preceded by an Environmental Impact Study.

BOARD OF DIRECTORS

Mr. Umarji Musa	–	Board Director/Acting Board Chairman
Mr. Nesbitt Hazelman	–	Board Director
Mr. Roveen Permal	–	Board Director
Mr. Craig Strong	–	Board Director