



**THE TRINIDAD AND TOBAGO
HOUSING DEVELOPMENT CORPORATION**

**TT\$500,000,000.00
FIXED RATE BOND**

Guaranteed by the Government of the Republic of Trinidad and Tobago

Agent: Central Bank of Trinidad and Tobago Eric Williams Financial Complex, St. Vincent Street, Port of Spain.

“The Securities and Exchange Commission has not in any way evaluated the merits of the securities offered hereunder and any representation to the contrary is an offence.”

INFORMATION MEMORANDUM

THE BONDS

The Trinidad and Tobago Housing Development Corporation (the “Corporation”) proposes to raise up to TT\$500,000,000.00 through the issue of fixed rate bonds (the “Bonds”) pursuant to a Trust Deed made with Republic Bank Limited, Trust and Asset Management Division.

The Bonds will be issued with the following features:

Approximately TT\$500,000,000.00 8.25% Fixed Rate Bonds due 2024

The Central Bank of Trinidad and Tobago will auction the Bonds via the single price auction system.

As far as possible, applicants will be allotted bonds to the fullest extent of their applications.

The auction of the Bonds will be opened at 10:00 a.m. on **January 29, 2009** and closed at 1:00 p.m. on **February 13, 2009**.

TERMS OF ISSUE

1. Authority

These Bonds will be issued pursuant to Sections 13 and 14 of the Trinidad and Tobago Housing Development Corporation Act No. 24 of 2005.

2. Use of Proceeds

The proceeds of this issue will fund the implementation of certain aspects of the Government’s Accelerated Housing Programme. The four (4) main components are the Urban Renewal Programme, Construction of Units for sale, Construction of Rental Units and Infrastructural Costs (construction of sewerage treatment plants, upgrading of water, electricity supply, roads and drainage).

The Bonds are eligible for inclusion in the Statutory Fund of Insurance Companies and will be considered as assets in and originating in Trinidad and Tobago within the meaning of Sections 47 (1) and 186 (3) respectively of the Insurance Act, 1980 and will also be accepted without limit for appropriate deposit purposes in accordance with Section 29 of the Insurance Act.

3. Date of Issue

The date of issue of the Bonds is **February 17, 2009**.

4. Agent

The Central Bank of Trinidad and Tobago has been appointed sole and exclusive agent for the raising and management of this issue of Bonds.

5. Method of Payment

The full purchase price is payable on the settlement date.

Payment will be made in Trinidad and Tobago dollars.

6. Security

The principal monies and interest represented by the Bonds will be guaranteed irrevocably and unconditionally by the Government of the Republic of Trinidad and Tobago pursuant to the Guarantee of Loans, (Statutory Authorities) Act, Chap.

71:81 of the Revised Laws of the Republic of Trinidad and Tobago.

7. Interest

Interest on the Bond is payable semi-annually on August 17 and February 17. Interest will accrue from **February 17, 2009** and the first payment will be made on August 17, 2009. Interest will be calculated at a rate of 8.25% per annum on a 365-day basis.

8. Business Day

In the event that a payment date occurs on a day other than a Business Day, such payment will be made on the Business Day following that date.

9. Redemption

Any bond forming part of this issue, if not previously cancelled or redeemed by purchase in the open market, will be repaid at par on February 17, 2024.

10. Applications and General Arrangements

Applications will be received at the **DOMESTIC MARKET OPERATIONS DEPARTMENT, CENTRAL BANK OF TRINIDAD AND TOBAGO, CENTRAL BANK BUILDING, ST. VINCENT STREET, PORT-OF-SPAIN**. Applications must be for \$1,000.00 face value or multiples thereof. No allotment will be made for any amount less than \$1,000.00 face value.

Government Securities Intermediaries will act as counterparties to the Central Bank in the auction and will thereafter provide a market for the bonds. The public can bid competitively or non-competitively by submitting the relevant application forms along with payment to selected Government Securities Intermediaries. The minimum allotment that can be obtained through a non-competitive bid is \$1,000.00 face value and the maximum is \$100,000.00.

Registration of bondholders will be made by book entry at the Central Bank of Trinidad and Tobago in the name of each subscriber.

The Prospectus is available at www.central-bank.org.tt and from any Government Securities Intermediary. The Trust Deed, Application Forms and Transfer of Ownership Forms may be obtained at the offices of all Government Securities Intermediaries.

THE ISSUER

1. Overview

Legislative Framework and General Overview

The Trinidad and Tobago Housing Development Corporation was established under and by virtue of the Trinidad and Tobago Housing Development Corporation Act No. 24 of 2005 (the “Act”), which came into operation on October 1, 2005 by Proclamation of the President of the Republic of Trinidad and Tobago.

The Corporation is the legal successor-in-title of the National Housing Authority (the “Authority”). By virtue of section 41 (1) of the Act all assets, liabilities and obligations of the Authority were transferred to and vested in the Corporation. Section 41

(2) (a) of the Act provides that every contract existing before the appointed day to which the Authority was a party, whether in writing or not, shall be construed and have effect as if (i) the Corporation was a party instead of the Authority (ii) for any reference to the Authority whether expressed or implied, there were substituted as respect anything falling to be done on or after the appointed day, a reference to the Corporation...”

In accordance with Section 41 (2) (e) of the Act any security provided by or for the Authority that before the appointed day was held as security for the payment or discharge of debts or liability or obligation, whether present, or future, actual or contingent, shall be held by and made available to a holder, as security for the payment or discharge by the Corporation of that debt or liability or obligation, and any such security which extends to future advances and future liabilities shall on and from the appointed day, be held by and be available to the holder as security for future advances and future liabilities of the Corporation in the same manner and in all respect as future advances to or liabilities of the Authority were secured immediately before the appointed day.

Section 13 of the said Act outlines the powers and duties of the Corporation. Section 14 of the Act outlines the powers of the Corporation. Section 13 (1) (c) of the Act provides that it shall be the function and duty of the Corporation to “implement the broad policy of the Government in relation to Housing...” The Trinidad and Tobago Housing Development Corporation has therefore a statutory responsibility to execute the national policy on Housing.

Furthermore, by Section 10 (2) of the Act the Corporation may prepare and execute proposals, plans and projects for (i) the erection, conversion, improvement, distribution and extension of any houses for sale, lease rental or other purpose; and (ii) the clearance and re-development of slum areas.

By Section 42 of the Act the Minister may make regulations in respect of the Act. By Section 43 of the Act the board of the Corporation may, with the approval of the Minister, make regulations under the Act.

Applicable legislation relating to the Corporation’s execution of its statutory duties and performance of its operations, is deemed to include

- Income Tax Acts
- Pensions Act
- Conveyancing & Law of Property Ordinance
- State Lands Act
- The Trinidad and Tobago Housing Development Corporation (Vesting) Act No. 10 of 2004 (formerly the National Housing Authority (Vesting) Act No. 10 of 2004)
- Landlord and Tenant Ordinance

- Freedom of Information Act
- Companies Act

With an ambitious Housing Policy to be implemented through an Accelerated Housing Programme, the Corporation has departed greatly from its traditional role of a landlord of subsidized flatted or rental accommodation and it has now adopted a modern approach to its role as a housing service provider through new graduated scales of ownership – viz.

- Rental
- Rent to own
- Outright Purchase

The Corporation has been established to function as an efficiently managed, fully self reliant modern organization.

The recent restructuring of the Corporation has resulted in:

- A better balance between skills and the work to be performed
- The adoption of modern management and automated systems to create a fully self-reliant organization
- Implementation of software to facilitate the management of all aspects of the Corporation’s operations
- An ongoing aggressive collection drive of both mortgage and rental arrears which has resulted in a revenue increase of 50%

Currently the Corporation’s fixed assets are to be revalued thereby increasing our net asset base.

The current Strategic Plan outlines the following Vision and Mission Statements for the Corporation:

Vision statement

The Trinidad and Tobago Housing Development Corporation will provide every citizen with access to an adequate and affordable level of housing by the year 2020.

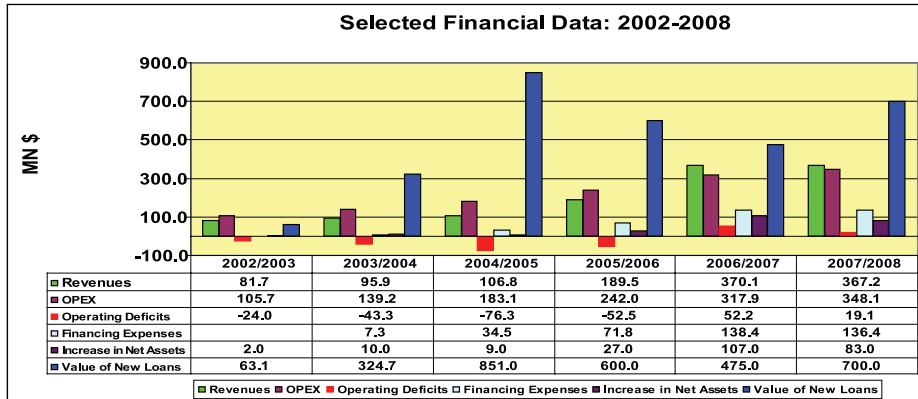
Mission statement

The Trinidad and Tobago Housing Development Corporation will implement the Government’s housing policy in a cost effective and efficient manner. Therefore it will examine the need for and facilitate the provision of affordable housing solutions, especially for low to middle income citizens of Trinidad and Tobago.

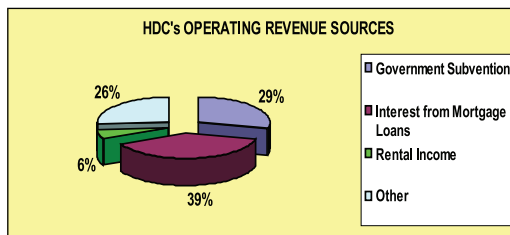
Consequently, it will effectively manage its resources, create an environment conducive to employee development, organization efficiency and responsiveness to its authorized publics. It will develop a cadre of highly trained and motivated staff, capable of providing quality service and customer satisfaction.

2. Financial Information

The Graph below highlights the historical financial performance of the Corporation over the fiscal years 2002/2003 to 2007/2008.



The Corporation's Operating Revenues are derived as shown below:

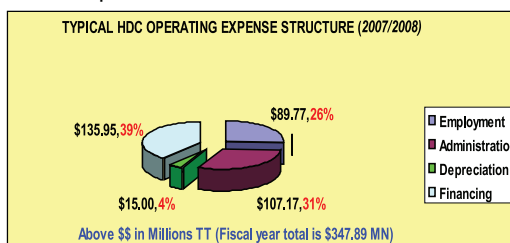


With the increasing demand for affordable housing, revenue growth is projected to increase by some 20% as more mortgage deals are closed.

The Corporation has substantial assets in terms of land and buildings both in Trinidad and Tobago, in some instances undeveloped land (Greenfield Sites) and on other developed lots. Its asset portfolio includes over 6,000 rental apartments and over 20,000 mortgage units.

Operating Expenses

The following was the operating expense structure applicable to the Corporation for 2007/2008:



Financing Expenses

In May 2003, the predecessor-in-title of the Corporation was facilitated with a Fixed Rate Loan with a principal value of TT\$20,000,000.00 for a period of three (3) years with payments of principal and interest being made semi-annually. Additionally, in August 2003 a Non-Revolving Bridging Facility was granted in the amount of TT\$300,000,000.00 for five (5) years. This increased in the 2006/2007 fiscal year to TT\$450,000,000.00. Both loans were to assist in the rehabilitation and construction of housing units respectively.

In 2005 the predecessor-in-title of the Corporation raised TT\$1,381M through the issue of fixed rate bonds pursuant to a Trust Deed between The Authority and Republic Bank Limited, Trust and Asset Management Division. On 16th August, 2005 the Minister of Finance approved the borrowing to facilitate the on-going construction of housing units under the Government's Housing Programme as follows:

Issued in three (3) tranches:

1st : TT\$306M Fixed Rate Bonds due on August 23, 2025

2nd : TT\$600M Fixed Rate Bonds due on December 12, 2030

3rd : TT\$475M Fixed Rate Bonds due on October 10, 2021

The interest is payable semi-annually and calculated at a rate of 7.0% per annum on a 365 day basis. The full purchase price is payable on the settlement date in Trinidad & Tobago Dollars.

In September 2008 an additional TT\$700M was raised through the issue of fixed rate bonds pursuant to a Trust Deed made with Republic Bank Ltd. Trust & Asset Management Division. On 19 September 2008, the issue was fully subscribed and was used to fund the implementation of certain aspects of the Government's Accelerated Housing Policy.

The interest is payable semi-annually and calculated at a rate of 8.7% per annum on a 365 day basis. The full purchase price is payable on the settlement date in Trinidad and Tobago Dollars.

Financial Strategies

The Corporation continues to implement strategies geared towards improving its operating ratio. In addition, the Corporation is engaged in a more aggressive collection programme both in terms of rental and mortgage collections.

The Corporation intends to move towards means testing in establishing rental payments.

3. Strategic Plan

The Strategic Plan envisions the transformation of the Corporation from its traditional role of landlord providing highly subsidized rental accommodation, and mass housing, into a proactive, customer driven, business oriented provider of high quality housing developments, through strategic alliances with the private sector within designated growth pole areas. The main features of the strategic plan include:

- Examination of the housing market with a view to determining innovative solutions culturally acceptable and affordable to the target groups.
- Securing beneficial contractual arrangements with private sector developers to design and/or construct and dispose of housing units by joint venture or other suitable arrangement.
- Establishing a culture of high performance and customer satisfaction by the institutional strengthening of the Corporation's processes and systems, including Governance and Performance Management.

- Establishing and maintaining working relationships with external agencies in order to reduce the cycle time for the delivery of New Housing Developments and to obtain high standards of quality and service on a timely and consistent basis.

- Implementing Corporate Communication strategies that establish the HDC brand as a best-in-class community-focused organization

4. Organizational Structure

A Board of Directors has been appointed by the President of the Republic of Trinidad and Tobago responsible for policy decisions. An Executive Management Team headed by the Managing Director manages the Corporation and implements decisions of the Board.

The members of the Corporation's Board of Directors are as follows:

- Mr. Sydney Mc Intosh - **Chairman**
- Ms. Macrina Peters - **Member**
- Mr. Faris Al-Rawi - **Member**
- Mr. Geoffrey Herrera - **Member**
- Mr. Patrick Rambert - **Member**
- Mr. Rajnath Chankar - **Member**
- Mr. Clifton Winchester - **Member**
- Ms. Abigail Cox - **Member**

The members of the Corporation's Executive Management Team are as follows:

- Managing Director (Ag.)** - Ms. Margaret Chow
- Corporate Secretary** - Mr. Charles Bourgeois
- Divisional Manager Project Management (Ag.)** - Mr. Reynold Patrick
- Divisional Manager Corporate Services** - Mr. Troy Ramcharan

5. Policy Issues on Housing

The Government has mandated the delivery of 10,000 new homes annually over the ten (10) year period 2002 -2012 to meet the acute shortage of housing in the country. The Ministry of Planning Housing and the Environment, through The Trinidad and Tobago Housing Development Corporation (HDC) has been charged with the responsibility of facilitating the delivery of the units. The programme is multifaceted through the following components: Joint Venture, Infill, Urban Renewal, New Towns and Subsidized Infrastructure.

There are approximately one hundred and seven thousand (107,000) persons on the applicant database held by the Ministry of Housing, indicating that a large number of applicants:

- Cannot afford a mortgage (pure rental necessary)
- Can only access the "rent-to-own" facility
- Can only access a mortgage between \$100,000 and \$150,000
- Require a level of subsidy from the State

Government policy dictates that adequate infrastructure must be provided on all housing sites. The Ministry of Planning Housing and the Environment is of the view that adequate infrastructure allows the construction of a range of housing types without compromising quality of life. In many of the previous housing developments, housing lots were allocated to persons who for various reasons have not constructed houses. The HDC is now utilizing these vacant lots to construct houses through the **Infill programme**. This programme is geared to develop small contractors - who may not possess

the financial resources to approach the banking sector for funding - and to provide an avenue for beneficiaries of government lots to construct homes at affordable rates. The government is geared to assisting in the development of the small entrepreneur.

Few rental units have been constructed over the past twenty (20) years. It is therefore proposed to construct an ample number of these units to meet the demand for this type of housing as an integral part of the comprehensive housing policy. The urban renewal program will contain a substantive component for rental housing. Construction of such apartments has commenced.

In many instances, the applicants found on the Corporation's database are unable to service a mortgage; however they may possess adequate funds to provide a small down payment on a housing unit and can afford a monthly rent. These persons can be accommodated under the **rent-to-own programme**. Persons who do not meet the financial requirements to secure mortgage financing will be given consideration for rental accommodation based on their income levels. An individual will be allowed to enter occupation of a unit by way of an agreement of a License to Occupy for a period of five years with the option to purchase. If the tenant is still unable to qualify for a mortgage after five years the option will be extended for a further three years. At the end of the period, two thirds of the rental payment will be applied as a deposit towards the purchase of the property and the rental tenancy will be converted into a mortgage. However, in the interim the government would be expected to provide funding for these units.

In order to sustain the positive developments in housing, funding arrangements have now become the number one priority.

GENERAL INFORMATION

(i.) The Corporation has obtained all necessary consents and authorizations in connection with the issue and performance of the Bonds. The issue of the Bonds is authorized under the Act.

(ii.) The Bonds are eligible for inclusion in the Statutory Fund of Insurance Companies and will be considered as assets in and originating in Trinidad and Tobago within the meaning of Sections 47 (l) and 186 (3) respectively of the Insurance Act 1980.

(iii.) Copies of the Trust Deed may be inspected on any business day (Saturday, Sunday and public holidays excluded) from 9.00 a.m. to noon at the Head Office of the Corporation and Central Bank of Trinidad and Tobago.

(iv.) The Corporation is not involved in any litigation or arbitration proceedings relating to claims or amounts which are material in the context of the issue of the Bonds nor so far as the Corporation is aware are any such litigation or arbitration proceedings pending or threatened.

List of Government Securities Intermediaries

- ANSA Merchant Bank Limited
- Caribbean Money Market Brokers Limited *
- Citicorp Merchant Bank Limited
- First Citizens Bank Limited
- Intercommercial Trust and Merchant Bank
- Republic Finance and Merchant Bank Limited
- RBTT Merchant Bank and Finance Company Limited
- ScotiaTrust and Merchant Bank (Trinidad and Tobago) Limited
- FirstCaribbean International Banking and Financial Corporation Limited
- Trinidad and Tobago Unit Trust Corporation *

* Intermediaries designated to accept bids from the public