

IBN 20 0101

IBN 38 0101

**Workers' Housing Fund**

**Prospectus**

**Bond issue – 1996**

## **Declaration by the issuer and securities firm**

### **Declaration by the issuer**

The Managing Director of the Workers' Housing Fund, national ID no. 460169-2329, Suðurlandsbraut 24, 108 Reykjavík, hereby declares that this prospectus is prepared to the best of our knowledge, in full accordance with the facts and omitting no important factors.

Reykjavík, March 28, 1996

Workers Housing Fund

Sigurður E. Guðmundsson, Managing Director

National ID no. 180532-7819

### **Declaration by the securities company, manager of the issue and listing**

The manager of this issue and its listing on Iceland Stock Exchange, VÍB Securities hf., 571186-1959, Kirkjusandur, 155 Reykjavík, has in consultation with the Workers' Housing Fund produced this prospectus which is based on information from the Fund. VÍB Securities hereby declares that this prospectus is prepared to the best of its knowledge, and VÍB Securities considers that it presents a thorough description of the Housing Authority Bonds.

Reykjavík, March 28, 1996

VÍB Securities

Sigurður B. Stefánsson, Managing Director

National ID no. 250247-4949, Brekkugata 16, Hafnarfjörður

## General information about the issue and listing

**Issuer:** The Workers' Housing Fund, national ID no. 460169-2329, Suðurlandsbraut 24, 108 Reykjavík

**Purpose** To procure capital for financing the social housing system.

**Manager:** VÍB Securities hf., 571186-1959, Kirkjusandur, 155 Reykjavík, manages phases 1 and 2 of the issue and acts as an intermediary with Iceland Stock Exchange.

**Housing Authority Bonds Class 1/1996:** The issue comprises Housing Authority Bonds Class 1/1996, with a date of issue on January 1, 1996. The bonds are indexed against the Consumer Price Index for a period of 24 years with 22 annuity payments, the first on January 1, 1999.

**Housing Authority Bonds Class 2/1996:** The issue comprises Housing Authority Bonds Class 2/1996, with a date of issue on January 1, 1996. The bonds are indexed against the Consumer Price Index for a period of 42 years with 40 annuity payments, the first on January 1, 1999.

### Issue amount:

**Phase 1:** Bonds have already been sold in a closed offering to the nominal amount ISK 724,000,000 in class 1 and ISK 1,508,000,000 in Class 2, a total of ISK 2,232,000,000. The sales value was ISK 1,430 million.

Phase 1 lasted from January 15 to March 15, 1996.

**Phase 2:** Bonds will be sold to a sales value of ISK 1,500 million in Phase 2 in a public offering, to an estimated nominal amount of ISK 2,340,000,000. Phase 2 will last from April 1 to June 30, 1996.

It is planned to sell ISK 5 billion at market value in 1996 in a total of four phases. This amount is estimated to correspond to a nominal amount of ISK 7,800 million.

It is aimed to make the issues in phases until the end of 1998. The State Housing Authority intends to invite bids for each phase from securities companies at each time. information about the scope of the phase will be sent to Iceland Stock Exchange.

**Date of issue:** January 1, 1996

**Indexation:** The bonds are indexed against the Consumer Price Index.

<b>Yield and price:</b>	The yield depends upon the phase.
<b>Phase 1:</b>	<p>Class 1/1996 – The yield at each time was based on the most favourable buying yield for the most recent 25-year Housing Bond class on Iceland Stock Exchange, less 3 basis points.</p> <p>Class 2/1996 – The yield at each time was based on the most favourable buying yield for the most recent 25-year Housing Bond class on Iceland Stock Exchange, less 7 basis points.</p>
<b>Phase 2:</b>	<p>Class 1/1996 – The yield at each time will be based on the most favourable buying yield for the most recent 25-year Housing Bond class at securities companies, plus 6 basis points.</p> <p>Class 2/1996 – The yield at each time will be based on the most favourable buying yield for the most recent 25-year Housing Bond class at securities companies, less 3 basis points.</p> <p>Issue price depends on the yield at any time. Details of issue price can be obtained from VÍB.</p>
<b>Maturity:</b>	<p>Class 1/1996 – 24 years</p> <p>Class 2/1996 – 42 years</p>
<b>Due dates:</b>	The bonds carry annuity payments of interest and instalments on January 1 each year, from January 1, 1999 inclusive. The total number of repayments is 22 in class 1/1996 and 40 in class 2/1996.
<b>Underwriting:</b>	Phase 2 is underwritten by VÍB Securities in two parts, ISK 800 million on May 15 and ISK 700 million on June 30. VÍB also underwrote Phase 1.
<b>First day of sale:</b>	The first day of sale in Phase 2 is April 1, 1996.
<b>Sale period:</b>	<p>The sale period in Phase 2 is from April 1 to June 30, 1996.</p> <p>The sale period in Phase 1 was until March 13, 1996. The total sale period is planned to last until December 31, 1998.</p>
<b>Units:</b>	The bonds are issued in two units: ISK 1,000,000 and ISK 10,000,000.
<b>Information and documents:</b>	All further information can be obtained from VÍB and the Workers' Housing Fund.
<b>Listing:</b>	The Housing Authority Bonds will be listed on Iceland Stock Exchange. Listing is requested for the class in its entirety.

<b>Market making:</b>	VÍB will manage market making on Iceland Stock Exchange.
<b>Terms:</b>	The issue is an open offering. The bonds will be sold against immediate payment. No restrictions are imposed on resale of the bonds. The Workers' Housing Fund guarantees prompt and smooth payment of the bonds. No special rights attach to purchases of Workers' Housing Fund bonds.
<b>Lapse:</b>	Claims vested in bonds lapse ten years from the due date, according to Art. 4 of Act no. 4/1905.
<b>Default and penalty interest:</b>	If the issuer does not pay on the due date and if the owner presents the bond then, the issuer shall pay penalty interest from the day it is presented until the day of payment. Penalty interest will be as determined by the Central Bank of Iceland.
<b>Taxation and stamp duty:</b>	Tax treatment of the bonds is according to general rules on the tax treatment of securities, i.e. the bonds are liable for net worth tax but interest income on them is tax-free for private individuals under current law. The bonds are exempt from stamp duty.
<b>Authorisation in law:</b>	The bonds are issued in accordance with Art. 48 of Act no. 97/1993, with authorization in the treasury's credit budget.
<b>Disputes:</b>	Action on any dispute arising from these bonds may be brought in Reykjavík District Court.

# STATE HOUSING AUTHORITY

## General bond offering

*Class 1/1996*

*Class 2/1996*

*Phase 3*

### Supplement to previous prospectus

- Sellers: Kaupthing hf. and Kaupthing Norðurlands hf.
- Offering amount: ISK 1,000,000,000.
- Yield: Class 1/1996 – The yield at each time will be based on the most favourable buying yield for the most recent 25-year Housing Bond class at securities companies.
- Class 2/1996 – The yield at each time will be based on the most favourable buying yield for the most recent 25-year Housing Bond class at securities companies, less 0.15%.
- Sale period: July 15-October 15, 1996
- Market making: Kaupthing and Kaupthing Norðurlands undertake to buy bonds from the above classes for at least ISK 100 million per month, provided that such an amount of bonds is offered for sale at a price which is acceptable to them.
- Underwriting: Kaupthing and Kaupthing Norðurlands guarantee the sale of Housing Authority Bonds as follows:
- I) Up to ISK 500 million in sales value, no later than August 31, 1996.
  - II) Up to ISK 500 million in sales value additionally, no later than October 15, 1996.
- Other matters: The prospectus may be obtained from Kaupthing hf., Ármúli 13A, Reykjavík, and Kaupthing Norðurlands hf., Kaupvangsstræti 4, Akureyri.