

Speech at the launch of the municipal retail bonds

07 August 2007

SUMMARY OF A STATEMENT BY EXECUTIVE MAYOR OF JOHANNESBURG, CLR AMOS MASONDO, ON THE OCCASION OF THE LAUNCH OF THE MUNICIPAL RETAIL BONDS (JOZIBONDS).

The City of Johannesburg has launched a retail bond, an investment targeting individuals and the residents, to build the much needed infrastructure and to encourage a culture of savings amongst the citizens.

The bond enables the public to invest in local government and raise extra money in the process. The City on the other hand will be able to raise loans from the residents, have a sizeable capital budget and build permanent works such as roads and houses.

All citizens or permanent residents of South Africa, who are 18 and above and who hold a bar-coded identity document and a valid South African bank account into which their interest can be paid are eligible to subscribe.

This bond is issued under the City of Johannesburg's Domestic Medium Term Note Programme. Each subscription or investment can be made at a minimum amount of R1 000-00, with the option of two, three and five-year maturities.

The three categories of the bond, all of which will be listed on the main board of the Johannesburg Stock Exchange (JSE), will attract interest commensurate with their respective term of investment. They will be priced using the three-month Johannesburg Interbank Agreed Rate as a benchmark. Interest will be paid by electronic transfer directly into the bondholders' designated bank accounts on a quarterly basis.

The initial offer for the subscription closes on the 7th September 2007. Issuing of the bonds to successful subscribers and listing on the JSE is scheduled for the 21st September 2007.

This is a historic initiative. The City of Johannesburg scores a first by being the only City in Africa to issue retail municipal bonds, which will be listed on a Stock Exchange. This follows the international trend of retail bond listings by cities in Mexico (Mexico City) and Columbia in (Bogota).

The low entry level of just R1 000-00 makes these retail bonds very affordable especially as no fees, commissions, charges or costs are payable when purchasing the bonds and holding them to maturity. It is important to note, however, that a small penalty of 1.5% will be levied if the funds are withdrawn before the investment matures. Given this fact, we are encouraging the investors to hold on to their bonds until maturity.

Subscribing to Jozibonds is easy. Application forms and brochures are available from South African Post Office outlets in Gauteng. Alternatively, investors can apply through their JSE broker.

The bonds are JSE listed and can be sold nationwide through the JSE broker network. The application booklet and brochure is only available in Gauteng Post offices. The brochure and application booklet are also available on the City of Johannesburg's website, so an investor

can download them, print them and hand them to a post office (nationwide).

The City has embarked on a community outreach communication programme with 30 Jozibond ambassadors deployed to communities such as Alexandra, the Greater Soweto area, Orange Farm and Diepsloot.