

Introduction

- The City of Johannesburg is launching 2, 3 and 5 year Retail Bonds paying attractive interest rates linked to JIBAR
- The aim is to create a “Proud Johannesburg Resident” campaign whereby COJ residents can invest directly in the City and also intends to encourage savings
- Better service delivery will be facilitated using the proceeds through
 - Better roads
 - Clinics
 - A cleaner City
 - New stadiums for 2010
 - Clean water and sanitation
 - A brighter City (electrification)
- Everybody wins!

Term Sheet

Note: *All rates as at 23 July 2007

▪ Issue amount:		Up to R1 billion
▪ Issuer:		City of Johannesburg Metropolitan Municipality
▪ Issuer credit rating:		A+ (Fitch rating)
▪ Maturity:		2, 3 and 5 years
▪ Interest:	2 year:	3-month Jibar + 0.05%, paid quarterly in arrears
	3 year:	3-month Jibar + 0.25%, paid quarterly in arrears
	5 year:	3-month Jibar + 0.40%, paid quarterly in arrears
▪ Interest rate*:	2 year:	9.917% (NACQ), or 10.292% (NACA) 3 month floating 9.99% (NACQ), or 10.371% (NACA) 2 year fixed equivalent
	3 year:	10.117% (NACQ), or 10.507% (NACA) 3 month floating 10.05% (NACQ), or 10.435% (NACA) 3 year fixed equivalent
	5 year:	10.267% (NACQ), or 10.669% (NACA) 3 month floating 9.93% (NACQ), or 10.306% (NACA) 5 year fixed equivalent
▪ Pricing at issue:		100% of par
▪ Listing and trading:		Johannesburg Securities Exchange (JSE)
▪ Documentation:		DMTN Programme
▪ Market maker:		Standard Bank
▪ COJ bid offer spread:		25bps (99.75-100.00)
▪ Minimum investment on primary offering:		R1,000
▪ Minimum trading denomination:		R1,000
▪ JSE Stockbroker commission:		50 bps of nominal bonds allocated

* Using Jibar of 9.867% as of 23 July 2007, to be finalised using Jibar as on listing date.

Comparative Pricing

2 year Retail Bond

Retail product	Return
City of Johannesburg Retail Bond	3- mth JIBAR + 5 bps
Standard Bank Retail Note*	3- mth JIBAR – 10 bps
Government Retail Bond ^{Fixed **}	3- mth JIBAR – 105 bps
Money Market Call Account ***	3- mth JIBAR – 105 bps
Standard Bank MM Unit Trust ****	3- mth JIBAR – 101 bps
Standard Bank Fixed Deposit ^{Fixed}	3- mth JIBAR – 89 bps
Standard Bank OST *****	3- mth JIBAR – 161 bps

3 year Retail Bond

Retail product	Return
City of Johannesburg Retail Bond	3- mth JIBAR + 25 bps
Standard Bank Retail Note*	3- mth JIBAR + 0 bps
Government Retail Bond ^{Fixed **}	3- mth JIBAR – 113 bps
Money Market Call Account ***	3- mth JIBAR – 105 bps
Standard Bank MM Unit Trust ****	3- mth JIBAR – 101 bps
Standard Bank Fixed Deposit ^{Fixed}	3- mth JIBAR – 103 bps
Standard Bank OST *****	3- mth JIBAR – 161 bps

5 year Retail Bond

Retail product	Return
City of Johannesburg Retail Bond	3- mth JIBAR + 40 bps
Standard Bank Retail Note*	3- mth JIBAR + 15 bps
Government Retail Bond ^{Fixed **}	3- mth JIBAR – 113 bps
Money Market Call Account ***	3- mth JIBAR – 105 bps
Standard Bank MM Unit Trust ****	3- mth JIBAR – 101 bps
Standard Bank Fixed Deposit ^{Fixed *****}	3- mth JIBAR – 78 bps
Standard Bank OST *****	3- mth JIBAR – 161 bps

Notes:

- All rates as at 23 July 2007
 - Using Jibar of 9.867% as of 23 July 2007, to be finalised using Jibar as on listing date
 - All rates quoted NACQ
- * Standard Bank retail note: comparative price at issue (indicative 2 year)
- ** 2-year RSA Government Retail Bond (8.90%), 3-year RSA Government Retail Bond (8.66%), 5-year RSA Government Retail Bond (8.41%)
- *** Money market call account (8.81%) for investments R250,000-R499,999
- **** Standard Bank Money Market unit trust (8.85%)
- ***** Standard Bank ordinary fixed deposits rates : R10k and above: (18 mth to under 24 mth) 9.07%; (36 mth to under 48 mth) 8.76%; 48 mth to under 60 mth) 8.76%
- ***** Standard Bank online share trading (OST): overnight interest on cash balances: 8.26% (for cash balances of R100,001-R250,000)

Benefits of the Retail Bonds

- Competitive wholesale interest rates for retail investors
- Any person over 18 years or any legal entity can invest
- Affordable – minimum investment of R1000
- No maximum restriction on the amount invested*
- No service or commission charges for investors in the primary offer and no UST (only brokerage and bid offer spread in the secondary market)
- The retail bonds offer an alternative asset class to retail investors looking to maximise their returns over the medium term
- Stable interest income paid regularly
- Safe and reliable investment option
- Liquid investment – can be traded with Standard Bank as market maker
- Use tax allowance

* City of Johannesburg reserves the right to limit institutional investors

Process:

- Order book will be open from 8 August to 7 September 2007
- Orders can be submitted via your JSE Stockbroker or Standard Bank's Online Share Trading (0860 121 161)
- Orders can also be submitted through any Post Office in Gauteng and traded through the call centre
- Settlement, listing and trading on the JSE occurs on 21 September 2007
- Additional information can be obtained from the call centre on **0860 11 JOZI** (0860 11 5694) or through the City of Johannesburg website - www.joburg.org.za (under Retail Bond section)