



JSE AFRICA STRATEGY

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Johannesburg, 2 April 2012 - The JSE announced today that it is evolving its strategy for growing its investment offering from the rest of the continent as appetite for African investments continues to rise. The exchange already offers trade in a wide range of investment instruments focused on Africa outside of South Africa. To enhance this, the JSE's Africa strategy will now include companies listed directly on the Main Board and AltX as well as offering depository receipts and a broader range of exchange traded funds and debt instruments.

As a result, the JSE will move the companies listed on its Africa Board directly to the JSE's Main Board. Smaller and medium-sized companies in the rest of Africa fulfilling the criteria of AltX will from now on be encouraged to list; previously the Africa Board only catered for Main Board listings.

"The JSE's existing African offering includes 12 African companies," says Siobhan Cleary, Director of Strategy and Public Policy at the JSE. "In future, there will be no differentiation (for listing purposes) between African and non-African companies. For equities, this will mean that we will list the companies on the Main Board or AltX as applicable. We will also actively market and profile the African companies that are already listed."

There are several reasons why the JSE feels now is an appropriate time for this strategic shift. First, the October 2011 announcement by National Treasury that companies previously viewed as foreign listings would in future be treated as domestic makes it easier for South Africans to invest in JSE-listed African stocks. That makes capital raising by foreign companies easier. Second, the JSE has developed good relations with several stock exchanges on the continent. Third, investment flows into the continent's markets and the number of funds focused on the region are increasing as investors search for high returns in previously unexplored emerging markets.

"All of this means that there is an opportunity for the JSE to work with these exchanges and various development institutions to build capacity on the continent. It also gives the JSE the opportunity to evolve its Africa strategy. This has meant looking critically at what issuers - companies, governments and others - from the rest of the continent are looking for, and aligning their needs with the JSE's objectives," says Cleary.

"This evolution in JSE's strategy is a step in the right direction in the quest to increase capital flows into the rest of Africa," says Nathan Mintah, Chairman of the JSE's Africa Advisory Committee. "Offering issuers and investors the 'whole JSE' market platform for access to instruments across the capital structure in equities, mezzanine, and fixed income combined with the JSE's liquidity will clearly benefit all stakeholders and serve as a catalyst for product innovation in areas such as exchange traded products for the rest of Africa."

The JSE is also working at diversifying the instrument range it offers investors from the rest of the continent. "We already have four interest rate instruments from the rest of the continent, as well as an African exchange traded product. We will give increased focus to listing further debt and quasi-equity products in future," says Cleary. "These will also include Depository Receipts (DRs), which are traded like shares and offer investors the same economic, corporate and voting rights as holding underlying shares directly. DRs enable issuers to reach investors located outside their home markets while reducing the risk of cross-border investment."

DRs will provide a way for African companies to raise capital on the JSE without requiring a secondary listing. DRs are applicable for African companies regardless of whether they have an existing listing on an African exchange or any other exchange. Freely traded in South African Rands, this will allow African companies to market themselves to both South African and international investors.

The JSE's Africa Board attracted two high quality listings, Trustco from Namibia and Wilderness Safaris from Botswana, with interest shown by others.

However, the JSE has found that companies wanted to be ranked with their sector peers. The Africa Board did not enable companies to be listed in their industry sectors and the exchange's finding is that this hampered enthusiasm of some prospective issuers. Another factor previously curbing appetite for Africa Board listings was a misperception that the Africa Board was less visible than a Main Board listing, even though the Africa Board was in fact part of the Main Board.

"The JSE strategy to focus on Africa was as right in 2009, as it is now. Trustco's strategy to focus not only in Namibia but on Africa was right then, as it is now. This repositioning of Trustco allows the Company, whilst keeping its African identity, to be benchmarked against its peers, on a world class platform. This can only be beneficial to Trustco and the extensive African investment community," says Quinton van Rooyen, Trustco Group MD.

The JSE believes that its approach provides a workable solution to the sometimes complex issue of investment on the continent. The JSE's approach also contributes to the development of markets within their own economies.

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