

Tel: +27 (0)11 682 0911

Physical address:

522 Impala Road
Glenvista 2058
South Africa

Postal address:

PO Box 1127
Johannesburg 2000
South Africa

Reference: RW/MLM
Enquiries: Allarice Bosch
Direct line: 011 682 0294
Email: abosch@randwater.co.za

Date: 09 December 2025

For the Attention of: Dumisani Mabuza (Municipal Manager)

By Email: mmsecretary@merafong.gov.za

MERAFONG LOCAL MUNICIPALITY

P.O BOX 3
CARLTONVILLE
2500

Dear Mr. Mabuza

**RE: ACCEPTANCE OF THE MUNICIPALITY'S REVISED REPAYMENT PLAN FOR
CURRENT ACCOUNT AND HISTORIC DEBT**

1. Rand Water acknowledges receipt of Merafong Local Municipality's (**"the Municipality"**) written repayment proposal submitted following the meeting held on 2 December 2025, attended by representatives from Rand Water, the Municipality, the Department of Cooperative Governance and Traditional Affairs (**"COGTA"**), and the Provincial Treasury.
2. Rand Water appreciates the Municipality's efforts to produce a structured and implementable repayment plan that deals comprehensively with the current account as well as the historic debt and notes the Municipality's stated commitment to restoring its payment performance.

Tel: +27 (0)11 682 0911

Physical address:

522 Impala Road
Glenvista 2058
South Africa

Postal address:

PO Box 1127
Johannesburg 2000
South Africa

3. **Rand Water hereby formally and unambiguously accepts the Municipality's full revised repayment proposal**, including all repayment measures relating to the current account invoices, interest accruals, and the historic debt. Rand Water's acceptance extends to the entire repayment structure.
4. As part of this acceptance, Rand Water records the following to ensure that both parties share a common understanding of the Municipality's repayment obligations:
 - 4.1 In respect of the November and December 2025 invoices, Rand Water records and accepts that the Municipality has committed to making a payment of R20 million for the November 2025 invoice and a payment of R20 million for the December 2025 invoice, payable by no later than 31 December 2025 and 31 January 2026 respectively.
 - 4.2 Rand Water further notes and accepts that any shortfalls on the November 2025 and December 2025 invoices shall be settled in full by no later than 31 March 2026.
 - 4.3 the payment of monthly invoices in full from February 2026 onwards; and
 - 4.4 the five-year repayment programme for the historic debt commencing 1 July 2026
5. In addition, Rand Water proposes that the parties finalise and sign the Debt Settlement Agreement ("**DSA**") during December 2025. This will allow Rand Water to suspend the charging of interest on the anticipated current account shortfalls for December 2025 and January 2026. In parallel, we are continuing to develop additional debt-relief mechanisms that will be presented to the Municipality in the new year. These mechanisms are contingent on the conclusion of the DSA and will incorporate the proposed SPV structure.



RAND WATER

Tel: +27 (0)11 682 0911

Physical address:

522 Impala Road
Glenvista 2058
South Africa

Postal address:

PO Box 1127
Johannesburg 2000
South Africa

6. The only clarification Rand Water deems necessary relates to the wording in the section titled "Historic Debt Prior to 1 July 2025", where the proposal states that the Municipality will make payments of R25 million every four months. For correctness, Rand Water records that equitable share transfers occur in March, July, and December, and not every four months. Accordingly, Rand Water accepts the Municipality's commitment to pay a minimum of R25 million upon each equitable share allocation, in line with the nationally determined disbursement cycle.
7. This clarification does not alter or limit Rand Water's acceptance of the repayment plan. It simply ensures that both parties operate from a shared and accurate understanding of the repayment timeline.
8. Rand Water remains committed to continuously providing bulk potable water services to the Municipality subject to a corresponding duty of payment of bulk potable water services.

We trust you will find the above in order.

Yours faithfully

Matshidiso Nyembe

GROUP CHIEF FINANCIAL OFFICER