

# **Fundraising Update**

**To Accelerate the Construction of the  
“Long Term Coastal Protection Solution”  
in St Francis Bay**

**(Restoration of our River, Spit and Beach)**

**January 2024**

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## INTRODUCTION

The SFPO NPC appointed Advisian to design a Long Term Coastal Protection Solution for St Francis Bay in 2017, and completed the Preliminary Design in February 2018. This solution formed the basis of the application for the Environmental Application and its subsequent approval in April 2022. The SFPO NPC launched a fundraising drive in 2021 to accelerate the construction of the Long Term Coastal Protection Solution to restore our beach in St Francis Bay. The court action against the Municipality to terminate the SRA by a small group of property owners forced us to delay this process. The recent judgement from the Supreme Court of Appeal has allowed us to resume our fundraising activities, as we have certainty of the future levy income stream which is required to fund the SRA's projects and operations. The fundraising drive was announced at our AGM on December 20, 2023.

In terms of our EIA approval we are required to have the funds available before we commence the construction of any phase

## PBO NPC

We set up a separate NPC to house the funds raised. We registered this NPC with SARS as a PBO (Public Benefit Organisation) and SARS granted it Section 18A tax status. This allows the PBO NPC to issue tax certificates for donations allowing donors, who are South African taxpayers, to claim a portion of their donation against their taxable income.

## CONTRIBUTION OPTIONS

The Fundraising team have spent the past month, since the SFPO AGM, talking to many property owners about their participation in funding the acceleration of the Long Term Coastal Protection Solution. This interaction with property owners is ongoing, and we welcome participation and engagement from any property owners who are willing to support this fundraising initiative.

We have identified two contribution options : a **donation** and a **loan**.

You can contribute either a donation or a loan, or a combination of both a donation and a loan.

## 1. Donation

A donation is our **preferred** funding option, as we would not need to pay the contribution back.

The key benefit to the donor is the tax benefit available under Section 18A Tax Act, as the PBO NPC is registered with SARS as an approved PBO (Public Benefit Organisation) with Section 18A status.

## 2. Loan

A loan can be offered at either a zero rate of interest, or an interest rate linked to the inflation rate.

### a) Zero interest rate

Our **preferred loan option** would be at a **zero rate of interest**. It would allow us to increase our loan cap above the currently calculated R60m, as we would avoid both the compound effect of the interest on the loan balance, and we could focus on repaying the loan capital as fast as our levy collection allows.

### b) Inflation linked rate of interest

Alternatively you can offer a loan at an **interest rate linked to the inflation rate** (currently 5.5%). This means that you neither make money nor lose money on the loan.

The decision of which option, or a combination of both, depends on the personal circumstances and preferences of each property owner.

## BENEFITS OF ACCELERATING THE BEACH RESTORATION

The benefits of accelerating the restoration of our beach include:

- The doubling in value on average of properties in St Francis Bay between 2018 and 2023 demonstrated how quickly we were able to restore investor confidence in our Village. This was accomplished with:
  - the installation of a network of CCTV cameras that radically improved the security of our Village
  - the resurfacing of our arterial roads, and
  - an approved Environmental Authorisation for the proposed Long Term Coastal Protection Solution designed by Advisian, an international Engineering Consulting group, with Coastal Engineering expertise.
- We expect the restoration of our beach to have a similar effect on the value of our properties over the next 5 years.
- The quicker we can restore our beach, the sooner we will experience and enjoy the recreational value of our beaches once again, continued growth in the value of our properties, and reduction in the cost of maintaining the rock revetments currently defending the canals and many properties overlooking the beach.

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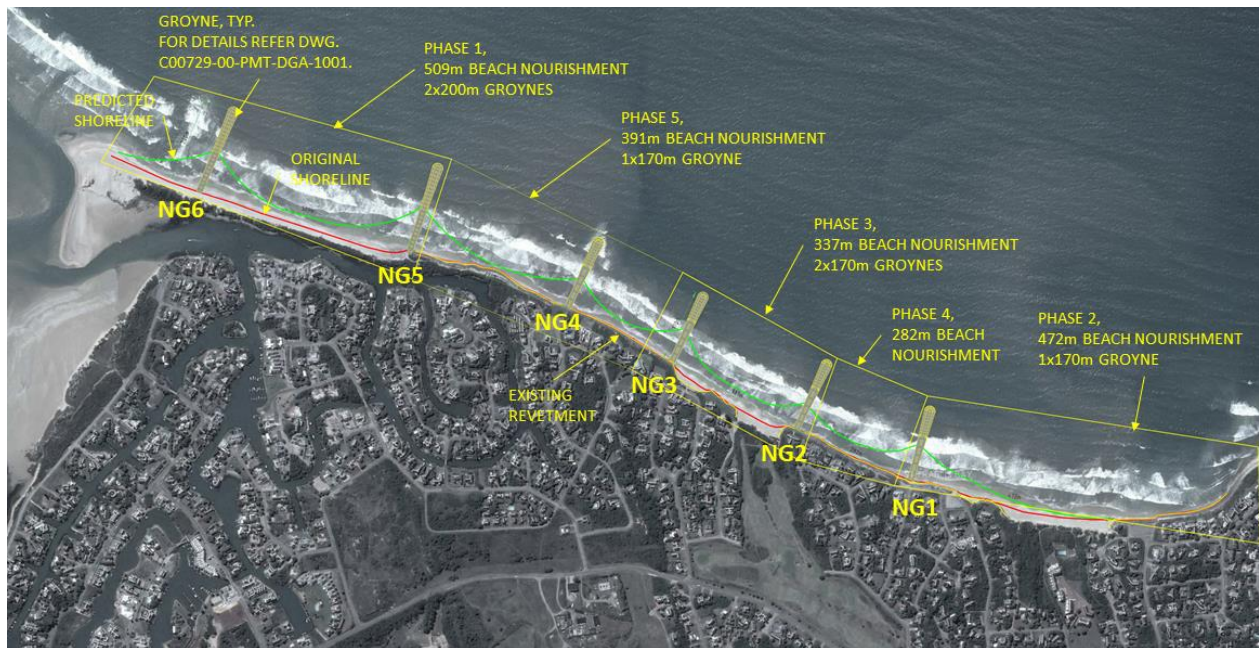
## CURRENT FINANCIAL STATUS

The estimated cost of this project is based on the costs of R105m estimated in 2018, escalated to R160m in 2024. These are estimates that will be verified by the bill of quantities re-calculated as part of the detailed design Advisian is currently undertaking, and the prices submitted by the tendering contractors. The current status of the fundraising is shown below. A condition of the Environmental Authorisation is that we cannot start work on a phase unless we have the cash in the bank to pay for it. There are 5 phases, as shown in the picture in the next section. We have set our initial fundraising target of R110m which we estimate will allow us to complete phases 1 (Spit) and 2 (Main Beach). Should we raise additional funds over and above R110m then we will progressively add phases 3, 4 and 5.

• <b>Target</b>	<b>Rm</b>
▪ <b>Total</b>	<b>160</b>
▪ <b>Phase 1 &amp; 2</b>	<b>110</b>
▪ <b>Phase 3, 4 and 5</b>	<b>50</b>
• <b>Raised to-date (31/01/2024)</b>	
▪ <b>Total</b>	<b>86.5</b>
▪ <b>Consisting of:</b>	
○ <b>Existing cash</b>	<b>34</b>
○ <b>Riparians</b>	<b>6</b>
○ <b>River Comm/Estates</b>	<b>2</b>
○ <b>Donations</b>	<b>5.5</b>
○ <b>Loans</b>	<b>39</b>
• <b>Still to be raised</b>	
▪ <b>Total required</b>	<b>160</b>
▪ <b>Raised to-date</b>	<b>86.5</b>
▪ <b>Still required by Phase</b>	<b>73.5</b>
○ <b>Phase 1 &amp; 2</b>	<b>23.5</b>
○ <b>Phases 3, 4 &amp; 5</b>	<b>50</b>

# LONG TERM COASTAL PROTECTION SOLUTION

The preliminary design included 5 phases as follows:



## Map showing the Long Term Coastal Protection Solution's 5 phases

Advisian started the preparation work required before construction can begin on December 4, 2023. This work includes:

- the completion of the necessary surveys required for this design
- the completion of the detailed design of the Long Term Coastal Protection Solution, including the exact positioning of the groynes
- the calculation of the bill of quantities to support the cost estimates for the construction work
- the preparation of the Contractor Tender documents

This work will be finished by the end of March.

The Tender process will be completed during April, with work expected to start in May 2024. The construction is expected to be completed in 4-8 months depending on the final scope of work included ie Phase 1, Phases 1 & 2, or Phases 1 to 5. The final scope will depend on the amount of funds raised and the prices tendered by the Contractors.