46. Events after reporting date

Continued disposal of non-core assets

The Group is considering disposing of certain businesses. To date, six agreements have been reached for the sale of a number of businesses that are classified as held for sale at 31 July 2019 for an estimated total consideration of R169 million.

Various disposal processes are expected to be realised, but have not met the criteria to be recognised as assets held for sale by 31 July 2019.

Lebashe investment

On 11 October 2019, EOH shareholders were advised that Lebashe had formally notified EOH of its intention not to subscribe for the R250 million third tranche of the subscription undertaking. Lebashe took a conscious decision to allow EOH to establish a new independent Board of directors (New Board) without representation from Lebashe until after the conclusion of the ENSafrica investigation and the determination of the impact thereof.

Accordingly, EOH is, at any time after 1 October 2019, at its discretion, entitled to:
(i) require the forfeiture of dividends on 10 000 000 EOH A shares to EOH; and
(ii) redeem 10 000 000 EOH A shares for R1,00.

While the current economic dilution of the 10 000 000 EOH A shares is limited, the EOH A shares each have the same voting rights as an EOH ordinary share and are therefore an important consideration in the deliberations of the New Board. Further announcements will be made as soon as a decision has been made by the New Board.

Notwithstanding the decision taken by Lebashe not to subscribe for the third tranche in accordance with the transaction terms, the investment and strategic relationship with EOH remains important to Lebashe and Lebashe has committed to still providing the last tranche of funding originally committed to as part of the transaction subject to agreeing to mutually acceptable terms and EOH's shareholder approval, if required. Discussions between Lebashe and the New Board are ongoing with a view to finding a solution that is in the best interests of all capital providers.

Debt reduction plan

The Group has renegotiated payment terms with the lenders, which will accelerate the deleveraging of our balance sheet in an orderly manner, from sales proceeds. This has resulted in R750 million being classified as short-term liabilities in the financial statements.

The Group has also agreed to increase the security provided to the lenders of the loans secured through the Security SPV to include the pledge and cession all assets in and share of all 100% South African incorporated subsidiaries.

Dividend

The Board has decided that no dividend will be declared for the 2019 financial year.