

## IFRS cash flow

£m	2019	2018
Cash flows from:		
operating activities	11.1	102.6
investing activities	75.5	(0.4)
financing activities	(122.4)	(90.8)
<b>Net change in cash and cash equivalents</b>	<b>(35.8)</b>	11.4

The key drivers of the decrease in cash and cash equivalents of £35.8 million in the year are discussed below.

Cash flows from operating activities of £11.1 million were £91.5 million lower than 2018, largely due to the reduction in underlying earnings of £65.9 million (see income statement section) and the early settlement of interest rate swaps of £52.4 million, partially offset by improvements in working capital of £32.2 million.

Cash flows from investing activities mainly reflected cash inflows related to the part disposal of intu Derby of £96.7 million and other sundry disposals of £75.3 million, partially offset by capital expenditure during the year of £127.7 million.

Cash flows from financing activities primarily reflected net borrowings repaid in the year (see debt activity section on page 36).

Subsequent to the year end, we have received the final ratifications required for full planning to become effective and therefore we expect the positive impact on retained earnings to reverse once these arrangements are formally concluded. In this event EPRA NAV per share would have been 143 pence.

## Debt measures

	Notes	2019	2018	Change
Debt to assets ratio	A	67.8%	53.1%	14.7%
Interest cover	B	1.67x	1.91x	-0.24x
Weighted average debt maturity		5.0 years	5.8 years	-0.8 years
Weighted average cost of gross debt (excluding RCF)		4.3%	4.2%	-0.1%
Proportion of gross debt with interest rate protection		88%	84%	4%
Immediately available cash and facilities	C	£241.5m	£246.8m	£(5.3)m

### A Debt to asset ratio

Our debt to assets ratio increased to 67.8 per cent in 2019 due to the property revaluation deficit in the year. This reduces to 65.3 per cent when adjusted for expected disposal proceeds from intu Puerto Venecia and intu Asturias.

### B Interest cover

Interest cover of 1.67x remains above our target minimum level of 1.60x although it has reduced in 2019 as a result of the reduction in net rental income.

### C Immediately available cash and facilities

Immediately available cash and facilities has reduced in the year by £5.3 million to £241.5 million at 31 December 2019. This excludes the rents collected at the end of December 2019 which relate to the first quarter of 2020 and remain in the debt structures until interest payments are made. At 10 March 2020, immediately available cash and facilities is £200.3 million, which will be augmented by the intu Puerto Venecia sales proceeds expected to be received in early April.

## Financing

Central to our strategy is fixing the balance sheet, with the key aim to increase short-term liquidity and increase headroom to deal with any potential covenant breaches and the upcoming financing activity, from early 2021 onwards.

### Disposals

In the year we completed or agreed £469.4 million of asset disposals:

- part disposal of intu Derby completed for £186.3 million
- disposed of £82.1 million of sundry assets, including Sprucefield retail park (£40.0 million), Waterfront business park at intu Merry Hill (£15.5 million) and King George V dock (see note 35 for further details)
- exchanged contracts on the disposal of intu Puerto Venecia for £201.0 million (€237.7 million)

Since the year end we have announced and completed the sale of intu Asturias for £122.6 million (€145.0 million).