

### Performance Overview

Overall economic condition in 3Q15\* recovered at a slow pace. Private consumption improved slightly especially in non-durable necessary goods and services. Meanwhile, purchases of durable goods remained low, reflecting the fact that households remained cautious in their spending. This was in line with non-farm household's income that stayed flat and farm income that declined with farm prices. Business sentiment index showed an increasing trend, supported by new stimulus packages launched by the government such as measures in enhancing efficiency of disbursement for FY2016 budget, financial and fiscal stimulus scheme for SMEs (urgent phase), etc. The public spending on capital expenditure continued to play a key role in supporting the economy. As well, the tourism sector was another engine of growth, witnessing an expansion in the number of tourists in July but a lower growth affected by the Bangkok bombing incident in August. In turn, foreign tourists migrated from central region to other regions of Thailand. Overall, the tourism sector continued to grow in the third quarter.

Amid a gradual pace of economic recovery in the third quarter of 2015, Central Pattana Public Company Limited ("CPN") is determined to improve efficiency in income, cost and expense management. CPN remains confident of Thailand's potential in the long run and continues to move forward with business expansions as targeted. In August, CPN successfully inaugurated CentralPlaza WestGate, the Ultimate Super Regional Mall that gathers the lifestyle experiences and entertainment for every family member with extensive products and services from CPN's major partners. CentralPlaza WestGate is unique with featured designs and art installations beyond imagination under the concept of "Big Life". The decorations inside the mall are a super-sized spectacle with enormous and colorful features along with special technology to build excitement. It will turn the Bangyai intersection into a new CBD where it is the gateway of western Bangkok that links all modes of transport including the MRT Purple Line, public transportation, piers, ring road, expressway and motorway. This latest mall has received a positive response from customers and tenants, reflecting in foot traffic over 80,000 people per day beyond expectation. Occupancy at the opening date was approximately 83% and is expected to be approximately 90% by yearend.

*3Q15 consolidated total revenues (excluding non-recurring items) of 6,568 MB, up 10% y-o-y with a 10% y-o-y net profit growth to 2,068 MB.*

In 3Q15, CPN's overall financial performance excluding non-recurring items which mainly stemmed from temporary impact due to partial close for a major renovation at CentralPlaza Pinklao ("PKO") reported consolidated total revenue of 6,568 MB with net profit of 2,068 MB, up 10% y-o-y for both items. The growth in revenue and net profit was attributable to:

\*Source : Bank of Thailand

- Contributions from CentralPlaza Salaya launched in mid-August 2014 and three new projects launched this year; CentralPlaza Rayong in end-May, CentralFestival Phuket 1 acquired in beginning-June and the latest one, CentralPlaza WestGate in end-August.
- Improved performance of existing projects e.g. at CentralWorld, CentralPlaza Lardprao, CentralPlaza Pattaya Beach, etc., supported by spending from foreign tourists mainly from China and Korea during their summer travel season. Meanwhile, CPN joined hands with business partners, holding promotional campaigns to encourage more spending from local customers with purchasing power.

However, CPN still provided discounts to assist tenants at some other shopping malls owing to overall slumbered economy including the discounts for tenants who were affected by the partial close in phase for a major renovation at PKO.

Moreover, there has been temporary impact arising from such partial closure, that is, revenue at CentralPlaza Pinklao, one of CPN's flagship malls, including share of profit from an associate (CPN Retail Growth Leasehold Property Fund ("CPNRF") which has invested in partial assets of PKO) reduced in this quarter.

- Continuing growth in hotel business, led by increased Revenue per available room (RevPar) at Hilton Pattaya Hotel, thanks to the increased ARR and occupancy which was high at 92% compared to previous year at 81%. The high occupancy was supported by increasing number of Chinese and Korean tourists during their travel season in the third quarter where last year the number of tourist visits fell in May to October after military coup incident.
- Improved performance of in-mall food court business, contributed by food courts in some existing malls and new malls launched in 3Q14 and in 2015.
- Cost and expense management being in place through the implementation of certain measures to reduce costs and expenses, reflecting in marginal increase in utilities costs, the major component of costs in retail business, of 0.3% y-o-y despite the addition of 4 malls into CPN's portfolio during the period. However, costs incurred by large amount of depreciation was booked, especially for the larger-than-typical mall like CentralPlaza WestGate, including not only advertising expenses spent but also personnel expenses for new recruits allocated for the new projects in addition to increased personnel expenses for a new team overseeing recently announced residential projects. As a result, operating costs and administrative expenses rose at a faster pace than revenues, hence a slight drop in margins against the same period previous year.
- Finance costs in 3Q15 increased y-o-y due to increased borrowings arising from short-term loans (bridging loans) from banks together with a long-term debenture issued in 2Q15 to finance the investment in the certain part of CentralFestival Phuket 1, and later partial of

mentioned short-term loans has been replaced with long-term loans and long-term debentures issued in this quarter, thus an increase in finance costs compared to the previous year.

Including the non-recurring items, 3Q15 consolidated total revenues recorded 6,372 MB, up 5% y-o-y while net profit posted 1,816 MB, down 6% y-o-y.

Compared to the preceding quarter, CPN reported a 4% revenue increase and a 9% net profit decrease. Excluding non-recurring items, total revenues and net profit would have increased by 6% and 1% respectively. The revenue growth was mainly attributable to improved revenues of existing projects e.g. CentralPlaza Khonkaen, CentralPlaza Lardprao, etc. together with contributions of 3 newly opened projects i.e. CentralPlaza Rayong, CentralFestival Phuket 1 and CentralPlaza WestGate. In the meantime, the net profit decrease stemmed partly from increased expenses incurred at CentralPlaza WestGate which had recently launched in 3Q15 and personnel expenses incurred by hiring new recruits to cater for residential projects plus increased interest expense for higher cost of debts by borrowing long-term loans and issuing long-term debentures to replace the bridging loans that earlier funded the investment in properties of CFP1.

*Excluding non-recurring items, 3Q15 consolidated total revenues posted a growth of 6% q-o-q with net profit growth of 1% q-o-q.*

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## **Operational Performance**

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As of September 30, 2015, CPN managed 28 shopping centers (12 projects in Bangkok and 16 in the provinces), 7 office towers, 2 residential properties (totaling 62 units). These include the properties which had been transferred to CPN Retail Growth Leasehold Property Fund ("CPNRF") and CPN Commercial Growth Leasehold Property Fund ("CPNCG"), of which CPN acts as the property manager. In addition, CPN owned 2 hotel properties (totaling 561 guest rooms), but outsourced their managements.

At the end of 3Q15, the occupancy rate for CPN's retail properties was recorded at average of 92%, down 1% from 2Q15 due to temporarily low occupancy at CentralPlaza Pinklao related to the major renovation project. The renovation has been gradually implemented starting from G floor up to 4<sup>th</sup> floor since the end of 1Q15. Overall progress as of September 30, 2015 was approximately 60% according to plan. The areas have been delivered to the tenants for fit-out process, starting from October. In addition, CentralPlaza Khonkaen has cleared up space of approximately 2,300 sq.m. for new anchors to move in. The areas are expected to be operational by 4Q15. CentralPlaza Bangna has prepared space of approximately 2,200 sq.m. to accommodate a new anchor and two international branded restaurants to be operational by 2Q16.

Table 1: Operational Statistics

Retail properties	No. of Projects	Net leaseable area (sqm.)	Occupancy Rate (%)		
			3Q14	2Q15	3Q15
CPN in BMA	12	858,813	96%	92%	91%
CPN in Provinces	16	683,420	95%	94%	94%
Total	28	1,542,233	95%	93%	92%

Retail properties	Occupancy Rate (%)		
	3Q14	2Q15	3Q15
Existing	95%	95%	94%
Under Renovation : Pinklao	99%	48%	46%
New : Samui, Salaya, Rayong, Phuket, and WestGate	92%	93%	91%
Total	95%	93%	92%

Non-core Properties	No. of Projects	Net leaseable area (sqm.)	Occupancy Rate (%)		
			3Q14	2Q15	3Q15
Office	7	170,342	98%	98%	97%
Residential *	1	1,907	38%	30%	30%
Hotel **	2	561 rooms	75%	74%	78%

\* Lease of Langsuan Colonade building expired at 30 September 2015 and the leased asset was transferred to the lessor at the same day.

\*\* Occupancy rate of Hotel Business was an average of 3 months (July - September)

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## Financial Performance

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### Total Revenues

#### *Revenues from rent and services*

3Q15 consolidated revenues from rent and services recorded 5,565 MB, up 5% y-o-y, mainly attributable to

- Full-quarter realization of a project launched in 3Q14-2Q15, i.e. CentralPlaza Salaya in August 2014, CentralPlaza Rayong in May 2015, CentralFestival Phuket 1 acquired in June 2015 and CentralPlaza WestGate recently launched in 3Q15.
- Improved revenues generated by existing malls, e.g. at CentralWorld (CTW), CentralPlaza Lardprao, CentralFestival Pattaya Beach, driven by increased traffic partly from the increasing number of Chinese and Korean tourists visiting Thailand, which led to increased tenant sales, thus an increase in revenue sharing.
- However, revenue at CentralPlaza Pinklao, one of CPN's flagship malls, reduced due to temporary impact stemmed from partial close in phase for its major renovation. Meanwhile, CPN still provided rent discounts to assist tenants at some other shopping malls, especially at the projects launched during late 2013 to 2015, e.g. CentralFestival Hatyai, CentralFestival Chiangmai, CentralPlaza Samui, which were impacted by the political situation since then until slow-paced economic recovery now.

A q-o-q comparison showed a 4% revenue increase, thanks to

- Full-quarter realization of projects launched in 2Q15, CentralPlaza Rayong and the acquired CentralFestival Phuket 1, and the recently launched CentralPlaza WestGate in 3Q15.
- Improved revenues generated by the existing malls in Bangkok & greater Bangkok as well as in provinces e.g. CentralPlaza Khonkaen, CentralPlaza Lardprao, offset by decreased revenue by 2-3% in most of the properties partly due to seasonal effect and, at the same time, decreased revenue at PKO caused by its major renovation.

Excluding the above new projects in 2014 and in 2015, and revenue at PKO (partial close for a major renovation) and CMA (lease of the properties to the CPNRF), same store revenues for the first nine months of 2015 increased approximately by 2% y-o-y.

For the first nine months of 2015, the average rental rate of all retail properties was recorded at 1,529 Baht/sqm./mth. whereas the same store average rental rate (excluding the new projects launched in 2014 and in 2015 and PKO project) was up to 1,541 from 1,503 Baht/sqm./mth., or a growth of approximately 3% y-o-y.

### *Revenues from food and beverage*

In 3Q15, the in-mall food court business reported a 10% y-o-y sales growth to 274 MB, contributed primarily by the new food courts at malls launched in 3Q14 and 2015, i.e. CentralPlaza Salaya, CentralPlaza Rayong and CentralFestival Phuket 1 and newly launched CentralPlaza WestGate. Also, the growth derived from contributions of existing food courts at malls such as CentralFestival Chiangmai, CentralFestival Hatyai, CentralFestival Samui and CentralPlaza Ubonratchathani.

Compared to the previous quarter, 3Q15 revenue from food and beverage edged up by 3% q-o-q due mainly to additional revenue from new food courts launched during the second and third quarter, offset by decreased revenue at most of the existing food courts due to the rainy season effect. However, the food court at CentralFestival Pattaya Beach experienced revenue growth, driven by higher traffic from tourist visits in the third quarter.

### *Revenues from hotel operation*

Hotel operation, which is CPN's supporting business, reported a 6% y-o-y revenue growth to 232 MB. The growth was mainly driven by higher occupancy and room rates at Hilton Pattaya Beach Hotel supported by the increasing number of Chinese and Korean tourists during their travel season, thus a RevPar increase of 15%, which offset by a RevPar decline of 10% at Centara Hotel & Convention Center Udon Thani Hotel due to lower occupancy and room rates resulted from less clients from foreign organizations compared to the previous year. Besides, the stuttering economy had an unfavourable impact on convention & events, consequently, a drop in revenue from F&B and other revenue-generating outlets.

On a q-o-q basis, revenues from hotel operation increased by 6% thanks mainly to higher occupancy and room rate at Hilton Pattaya Beach Hotel with occupancy high at 92% in the third quarter, enhancing RevPar up 4% q-o-q as a result of an increasing number of Chinese and Korean tourist visits during their travel season in July-August. At the same time, occupancy at Centara Hotel & Convention Center Udon Thani Hotel increased to 60% with stable room rate, hence a RevPar increase of 10%, supported by increasing number of clients from government organizations and retirement banquets in this fiscal year. Furthermore, the hotel initiated the first mini concert featuring a local renowned singer. These activities helped boost revenue from convention and F&B in this quarter.

### **Total Costs**

#### *Costs of rent and services*

Costs of rent and services constituted utilities, security & cleaning services, on-site personnel, land rental, depreciation & amortization, repair & maintenance costs and insurance premium and property tax of properties owned to earn rentals.

In 3Q15, costs of rent and services increased 7% y-o-y to 2,938 MB due to an increase in cost of rent and services incurred by CentralPlaza Salaya which opened in 3Q14 in addition to three new malls opened in 2015. The rise in costs was mainly due to 110 MB depreciation increase and 25 MB personnel costs increase in order to partly accommodate 4 new malls that have been launched since 3Q14. Despite 4 new malls launched during the period, CPN could manage the utilities cost up only 0.3% y-o-y, thanks to the energy and utility conservation measures and partly due to the partial close of areas in CentralPlaza Pinklao for a major renovation, consequently a reduction in electricity consumption.

On a q-o-q basis, costs of rent and services increased by 7% primarily due to full-quarter realization of cost of rent and services from 2 malls launched in 2Q15 and CentralPlaza WestGate launched in 3Q15 including repair and maintenance cost increase.

#### *Costs of food and beverage*

Costs of food and beverage constituted costs of operating in-mall food centers, as well as depreciation and repair & maintenance costs of food center equipment and furniture, and decoration costs.

In 3Q15, costs of food and beverage rose 8% y-o-y to 217 MB due primarily to the opening of new food centers in 4 new malls launched in 3Q14 and 2015 in line with the revenue growth but at a slower pace.

Compared to the previous quarter, costs of food and beverage increased 3% proportionately to the food & beverage revenue growth. The increase was incurred by additional costs from the launch of 2 new malls in 2Q15 and one mall in 3Q15. Excluding the newly launched food courts, CPN would have recorded an 8% cost decrease in line with a decrease in revenue due to rainy season effect.

#### *Costs of hotel operations*

3Q15 costs of hotel operations registered 87 MB, up 10 MB or 13% y-o-y, compared to a growth in revenue of 12 MB or 6% at the same period. A q-o-q comparison saw a 9 MB cost increase or 12% q-o-q, compared to a growth in revenue of 13 MB or 6% q-o-q. Costs of hotel operations increased parallel with the increase in revenue, following higher occupancy. Nevertheless, most clients this year were tour groups where the hotel was not able to command high room rates.

### **Administrative Expenses**

Total administrative expenses constituted expenses on personnel, marketing & promotion, office supplies, professional fees, and depreciation and amortization of office equipment and hotel properties.

Total administrative expenses in 3Q15 recorded at 961 MB, up 20% y-o-y due mainly to increased personnel expenses in order to cater for newly launched malls as well as residential projects, and marketing expenses to stimulate customer demand by using various marketing activities including administrative expenses incurred from 4 newly launched malls since 3Q14 until 3Q15.

Compared to the previous quarter, 3Q15 total administrative expenses increased by 12% mainly due to additional personnel and marketing expenses to prepare staff and advertising for the opening of CentralPlaza WestGate in August including full-quarter realization of costs for CentralPlaza Rayong and CentralFestival Phuket 1.

### **Gross Profit Ratio & Operating Profit Ratio**

Excluding non-recurring items, 3Q15 Gross Profit ratio (excluding other income) marginally decreased to 47.0% from 47.2% in the prior-year period. CPN was able to well manage the major cost component, i.e. utilities cost, demonstrated in 3 MB rise y-o-y despite opening up 4 new malls. However, this quarter large amounts of depreciation (147 MB) from those new malls were booked. Considering only rental business, Gross Profit ratio slightly decreased to 47.6% from 47.8%. As for Operating Profit ratio (excluding temporary impact), it decreased to 36.0% from 36.6% in the same period previous year, caused by the increase in operating and administrative expenses as mentioned earlier.

On a q-o-q basis, excluding non-recurring items, Gross Profit ratio (excluding other income) and Operating Profit ratio (excluding non-recurring income) decreased from 48.6% and 37.3% to 47.0% and 36.0% respectively. Considering only rental business, Gross Profit ratio decreased to 47.6% from 49.3%. The margin decrease stemmed from higher depreciation and utilities costs booked in the third quarter after the launch of CentralPlaza WestGate and full-quarter operation of CentralPlaza Rayong and CentralPlaza Phuket 1.

### **Net Profit**

3Q15 CPN recorded net profit of 1,816 MB, a 6% decrease y-o-y and a 9% decrease q-o-q. Excluding non-recurring items mainly resulting from temporary impact due to partial close at PKO for major renovation, net profit posted 2,068 MB, a 10% increase y-o-y and 1% q-o-q, contributed by

- Contributions from existing malls and a new mall launched in mid-3Q14 and three new malls launched in 2Q15 and 3Q15. However, CPN still provided discounts to assist tenants at some other shopping malls owing to slow economy recovery plus rainy season effect. Moreover, revenues at PKO and share of profit from an associate faced a temporary decline which was affected by the partial close in phase for a major renovation at PKO, one of CPN's flagship malls.
- Improved performances of in-mall food court business, contributed by food courts in newly launched malls, and continuing growth in hotel business with higher occupancy in this quarter on the back of



increasing number of foreign tourists visiting Hilton Pattaya Beach Hotel.

- Cost and expense management being in place through the implementation of certain measures to reduce costs and expenses, reflecting in marginal increase in utilities cost. However, given the fact that 4 new malls had been added into CPN's portfolio during the period, costs incurred by large amounts of depreciation was booked, especially for the larger-than-typical mall like CentralPlaza WestGate, including advertising expenses and personnel expenses for new recruits allocated for the new projects together with increased personnel expenses for a new team overseeing recently announced residential projects. As a result, operating costs and administrative expenses climbed up at faster pace than revenues, hence a fall in margins over the same period prior year.
- Finance costs in 3Q15 increased y-o-y due to increased borrowings arising from short-term loans (bridging loans) from banks together with long-term debenture issued in 2Q15 to finance the investment in the certain part of CentralFestival Phuket 1, thus higher finance costs on a y-o-y basis. Later in this quarter, part of mentioned short-term loans have been replaced with long-term loans and newly issued long-term debentures, consequently, an increase in finance costs from previous quarter. After all, 3Q15 net profit posted a decrease on a q-o-q basis

**Table 2: Consolidated Results Summary**

Consolidated earnings (MB)	3Q14	2Q15	3Q15	% YoY Change	% QoQ Change
Revenue from rent and services	5,290	5,363	5,565	5%	4%
Retail	5,186	5,259	5,459	5%	4%
Office	100	101	104	4%	2%
Other supportive businesses	4.0	3.5	1.9	(53%)	(46%)
Revenue from hotel operation	220	220	232	6%	6%
Revenue from food and beverage	249	265	274	10%	3%
Other income	297	294	301	1%	3%
<b>Total revenues *</b>	<b>6,057</b>	<b>6,141</b>	<b>6,372</b>	<b>5%</b>	<b>4%</b>
Cost of rent and services	2,744	2,734	2,938	7%	7%
Retail	2,693	2,684	2,890	7%	8%
Office	47	46	45	(3%)	(1%)
Other supportive businesses	4.1	3.9	3.3	(20%)	(15%)
Cost of hotel operation	77	78	87	13%	12%
Cost of food and beverage	201	210	217	8%	3%
<b>Total costs</b>	<b>3,022</b>	<b>3,022</b>	<b>3,243</b>	<b>7%</b>	<b>7%</b>
<b>Operating profit</b>	<b>2,249</b>	<b>2,268</b>	<b>2,173</b>	<b>(3%)</b>	<b>(4%)</b>
<b>Net profit *</b>	<b>1,935</b>	<b>2,006</b>	<b>1,816</b>	<b>(6%)</b>	<b>(9%)</b>
<b>EPS (Bt)</b>	<b>0.43</b>	<b>0.45</b>	<b>0.40</b>	<b>(6%)</b>	<b>(9%)</b>

\* including non-recurring items mainly stemmed from temporary impact due to partial close for a major renovation at CentralPlaza Pinklao

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## **Future Developments**

Under its 5-year plan (2016-2020), CPN aims to increase its revenues at a compound annual growth rate (CAGR) of 15% per annum through asset enhancement to add value to existing malls, regular rental increase, and new project development. CPN targets to grow its portfolio by adding 2-3 new projects a year. In light of Thailand's urbanization, CPN will expand its business in Bangkok & vicinities, and the provinces. Moreover, CPN looks out to open retail stores of new formats, which would come with new offers that can respond to customer needs, led to customer satisfaction. CPN, in addition, conducts studies on overseas markets, aiming to grow its business with sustainability and with comprehensive target achievement in the long run.

## **Domestic Expansion**

Currently, CPN's four new projects are under construction and design phase, namely CentralFestival East Ville (Bangkok), CentralPlaza Nakhon Si Thammarat (south of Thailand), CentralPlaza Nakhonratchasima (northeast of Thailand) and CentralFestival Phuket 2 including the asset enhancement of two existing projects, namely CentralPlaza Pinklao Phase I&II and CentralPlaza Bangna Phase II.

In addition, recognizing the potential of mixed-use development of shopping complex projects, CPN is going to develop residence projects in optimal support of its core shopping-complex business. To this end, CPN has set up a department consisting of experienced, skillful executives and personnel to investigate such development's feasibility and execute relevant tasks. CPN is going to develop residential projects (three condominiums) on CPN's shopping complex land under the Chiangmai, Khonkaen and Rayong projects, worth some 1,626 MB (excluding land value). CPN has projected the start of the construction work by 2Q16, and will take about two years to complete. It will prudently take into account economic factors and sales overviews.

## **Overseas Expansion**

For the past five years, CPN has been contemplating overseas investment, especially in Asian countries with high economic potential to expand its business base while diversifying investment risks. CPN has looked into overseas investment opportunities including the renovation of existing projects as well as new development projects in areas with great potential. At this stage, CPN has signed a Joint Venture Agreement with I-City Properties SdnBhd ("ICP"), an I-Berhad wholly-owned subsidiary, to establish a joint venture, in which CPN through an affiliate holds a sixty-percent (60%) stake and ICP holds a forty-percent (40%) stake. The Joint Venture will develop a RM 740 million (or approximately Baht 7,400 million) regional shopping mall at i-City, Shah Alam, Selangor DarulEhsan, Malaysia. CPN envisions retail commerce in Malaysia to be filled with opportunities and growth potential. Furthermore, CPN has studied additional investment opportunities in Southeast Asian countries, with a focus on Vietnam and Indonesia.

Table 3: Future developments

Location		Project	Progress	Completion	Net Leaseable Area (sqm.)
Domestic	Bangkok and Greater Bangkok	CentralFestival East Ville	Under construction	27 Nov 2015	34,500
	Provinces	CentralPlaza Nakhon Si Thammarat	Under construction	2016	26,000
		CentralPlaza Nakhonratchasima	Under construction	End of 2016 - Beginning of 2017	56,000
		CentralFestival Phuket 2	Design Phase	2017	63,000
Overseas	Selangor, Malaysia	CentralPlaza i-City	Applying for Construction Permit	2017	89,700

### Capital Structure

*Net interest-bearing debt to equity 0.45 times.*

As of September 30, 2015, outstanding interest-bearing debts were 22,948 MB, up 48% from prior-year period and down 2% from last quarter, comprising 82% fixed and 18% floating interest rate. Net interest-bearing debt to equity ratio equaled 0.45 times down from 0.50 times in last quarter. A hike in outstanding debts y-o-y resulted from increased borrowings by way of short-term loans (bridging loans) from banks and the issuance of 7-year debenture in 2Q15 to fund the investment in the certain part of CentralFestival Phuket 1, worth approximately 6,000 MB in June. In 3Q15, loan outstanding was reduced by 397 MB, at the same time, retained earnings was built up with operating profit, consequently, lower net gearing over the previous quarter. With low net gearing, CPN has high borrowing capacity while maintaining the net interest-bearing debt to equity ratio below 1 times, reflecting high flexibility in sourcing funding for future business expansion as well as a robust financial status.

*3Q15 weighted average cost of debt 3.19% p.a.*

Finance costs in 3Q15 amounted to 141 MB, a 17% increase y-o-y due to increased borrowings arising from short-term (bridging loans) and long-term loans from banks together with 7-year debenture issued in 2Q15 to finance the investment in the certain part of CentralFestival Phuket 1. Later in this quarter, part of the mentioned short-term loans have been replaced with long-term loans and three tranches of debentures with 3, 5, 7 term. A weighted average cost of debt in this quarter was 3.19% p.a., down from 3.95% p.a. over the prior year.

Table 4: Financial Position

Financial position (MB)	2Q15	3Q15	% Change
Current assets			
Cash and current investments	1,917	2,522	32%
Other current assets	3,477	3,041	(13%)
Total current assets	5,394	5,564	3%
Non-current assets			
Investment properties <sup>(1)</sup>	70,996	73,171	3%
Leasehold rights	12,243	11,952	(2%)
Property & equipment (PP&E)	2,009	1,971	(2%)
Other non-current assets	7,216	7,306	1%
Total non-current assets	92,464	94,400	2%
<b>Total assets</b>	<b>97,858</b>	<b>99,964</b>	<b>2%</b>
Current liabilities	21,226	17,152	(19%)
Non-current liabilities	33,570	37,909	13%
<b>Total liabilities</b>	<b>54,795</b>	<b>55,061</b>	<b>0%</b>
<b>Total equity</b>	<b>43,062</b>	<b>44,903</b>	<b>4%</b>

<sup>(1)</sup> Investment Properties are booked at cost and depreciated with the straight-line basis over the life of the assets. The estimated fair value is 145,536 MB (140,455 MB: June 2015), stated in the disclosure notes to the main financial statement no. 10 under "Investment Properties".