FIBRA Macquarie

MACQUARIE

FIBRA MACQUARIE MÉXICO REPORTS FOURTH QUARTER AND FULL YEAR 2017 RESULTS

- Full Year AFFO per Certificate Increases 8.6% YoY -

- Provides Guidance for 2018 -

MEXICO CITY, February 22, 2018 – FIBRA Macquarie México (FIBRAMQ) (BMV: FIBRAMQ), owner of one of the largest portfolios of industrial and retail property in Mexico, announced its financial and operating results for the quarter and year ended December 31, 2017.

FOURTH QUARTER 2017 HIGHLIGHTS

- Reported AFFO per certificate of Ps 0.5363 compared to Ps 0.5531 in the prior comparable quarter, as positive same store NOI growth was offset by movement in the exchange rate
- Executed highest quarterly volume of industrial lease renewals in FIBRAMQ's history
- Increased average rental rates, with industrial up 2.8% YoY and retail up 5.2% YoY
- Authorized a quarterly cash distribution of Ps 0.375 per certificate
- Continuation of accretive buyback, repurchased 8.1 million certificates during the quarter, for cancellation
- Exited two non-core single-asset markets, Villahermosa and Durango, generating US$22.3 million of proceeds

FULL YEAR 2017 HIGHLIGHTS

- Increased full year AFFO per certificate by 8.6% YoY to Ps 2.26
- Increased AFFO margin YoY by 200 bps to 49.4%
- Sold five properties, including the exit of four, single-asset, non-core markets generating US$28.3 million of proceeds
- Deployed or committed to deploy US$25.4 million in expansion and development projects with a projected weighted average unlevered return of 12% p.a.
- Repurchased 19.1 million certificates for cancellation to date
- Completed US$210 million refinancing, further improving flexibility, extending tenor, and increasing the proportion of fixed-rate funding
- Improved governance by adding independent member to technical committee and requiring minimum ownership amounts by the independent technical committee members
- Provides 2018 guidance, including AFFO of Ps. 2.25 and Ps. 2.30 per certificate and expected increased cash distributions of Ps. 1.56 per certificate, payable in quarterly instalments of Ps 0.39 per certificate
- Repaid US$44.0 million of debt and reduced the leverage ratio by 290 bps to 40.1%

MANAGEMENT COMMENTARY

"The fourth quarter concluded a solid year for FIBRA Macquarie as we achieved favorable rental rate growth and delivered our strongest leasing quarter since our inception. Our strong customer retention demonstrates the quality of our assets, desirable locations and proactive approach to customer service," said Juan Monroy, FIBRA Macquarie's chief executive officer. "We are executing effectively on our strategy to reinvest our capital while also increasing our financial flexibility to act opportunistically. Utilizing our retained AFFO and asset sale proceeds, in 2017 FIBRAMQ deployed or committed approximately US$86.2 million of capital including for property expansions and development, certificate buy-backs for cancellation and revolving debt repayment."

Mr. Monroy continued, "We have meaningfully increased our liquidity, and as we look ahead, we will strive to enhance our portfolio through accretive expansions and property developments, as well as opportunistic asset recycling. Market conditions remain favorable in Mexico with stable demand and low vacancy. We are optimistic about our ability to continue delivering solid results, maintain a high quality and well-covered distribution, and to deploy capital to create value on a per certificate basis."

FINANCIAL AND OPERATING RESULTS

Consolidated Portfolio

FIBRAMQ's total results were as follows:

TOTAL PORTFOLIO	4Q17	4Q16	Variance	FY17	FY16	Variance
Net Operating Income (NOI)	Ps 794.9m	Ps 819.8m	-3.0%	Ps 3,221.7m	Ps 3,087.2m	4.4%
EBITDA	Ps 735.7m	Ps 760.4m	-3.2%	Ps 2,993.2m	Ps 2,856.5m	4.8%
Funds From Operations (FFO)	Ps 504.2m	Ps 526.5m	-4.2%	Ps 2,110.4m	Ps 1,979.4m	6.6%
FFO per certificate (weighted average)	Ps 0.6268	Ps 0.6489	-3.4%	Ps 2.6089	Ps 2.4396	6.9%
Adjusted Funds From Operations (AFFO)	Ps 431.5m	Ps 448.8m	-3.9%	Ps 1,828.2m	Ps 1,688.5m	8.3%
AFFO per certificate (weighted average)	Ps 0.5363	Ps 0.5531	-3.0%	Ps 2.2600	Ps 2.0810	8.6%
NOI Margin	85.2%	87.8%	-260 bps	87.0%	86.6%	40 bps
AFFO Margin	46.2%	48.1%	-180 bps	49.4%	47.4%	200 bps
GLA ('000s sqm) EOP	3,423	3,437	-0.4%	3,423	3,437	-0.4%
Occupancy EOP	92.9%	93.0%	-10 bps	92.9%	93.0%	-10 bps

Note: Consistent with best practice, NOI, FFO and AFFO have been adjusted in the current and prior periods to move building painting expenses from repairs and maintenance (included in NOI) into normalized maintenance capex (included in AFFO).

FIBRAMQ's same store portfolio results were as follows:

TOTAL PORTFOLIO – SAME STORE	4Q17	4Q16	Variance	FY17	FY16	Variance
Net Operating Income	Ps 780.9m	Ps 801.2m	-2.5%	Ps 3,163.0m	Ps 3,020.2m	4.7%
NOI Margin	85.0%	87.7%	-270 bps	87.0%	86.5%	50 bps
GLA ('000s sqft) EOP	36,264	36,354	-0.2%	36,264	36,354	-0.2%
Occupancy EOP	93.5%	92.9%	65 bps	93.5%	92.9%	60 bps
Industrial Retention (LTM)	85.8%	67.8%	1,800 bps	85.8%	67.8%	1,800 bps
Weighted Avg. Lease Term Remaining (years) EOP	3.6	3.8	-4.2%	3.6	3.8	-4.2%

Industrial Portfolio

The following table summarizes the results for FIBRAMQ's industrial portfolio:

INDUSTRIAL PORTFOLIO	4Q17	4Q16	Variance	FY17	FY16	Variance
Net Operating Income	Ps 655.0m	Ps 688.9	-4.9%	Ps 2,670.6m	Ps 2,564.6m	4.1%
NOI Margin	88.3%	90.8%	-260 bps	90.2%	89.6%	60 bps
GLA ('000s sqft) EOP	31,940	32,097	-0.5%	31,940	32,097	-0.5%
GLA ('000s sqm) EOP	2,967	2,982	-0.5%	2,967	2,982	-0.5%
Occupancy EOP	92.6%	92.7%	-10 bps	92.6%	92.7%	-10 bps
Average monthly rent per leased (US$/sqm) EOP	$4.61	$4.48	2.8%	$4.61	$4.48	2.8%
Customer retention LTM	86%	68%	1,850 bps	86%	68%	1,850
Weighted Avg. Lease Term Remaining (years) EOP	3.3	3.4	-1.6%	3.3	3.4	-1.6%

Note: Consistent with best practice, NOI, FFO and AFFO have been adjusted in the current and prior periods to move building painting expenses from repairs and maintenance (included in NOI) into normalized maintenance capex (included in AFFO).

For the three months ended December 31, 2017, FIBRAMQ's industrial portfolio delivered net operating income (NOI) of Ps 655.0 million, compared to Ps 688.9 million in the prior comparable period. The year-over-year decline in NOI was primarily due to a year-over-year appreciation in the Peso relative to the US Dollar. For the full year, NOI was Ps 2,670.6 million, a 4.1% increase from 2016.

The industrial portfolio occupancy rate as of December 31, 2017 was 92.6%. The ten basis points change in closing occupancy compared to the prior year was partly attributable to the opportunistic sale of two fully leased properties. Rental rates improved in the fourth quarter of 2017, with a closing weighted average of US$4.61 per leased square meter per month, a 2.8% increase from the end of 2016. This rate increase was driven primarily by contractual increases, along with positive renewal spreads.

FIBRAMQ signed 29 new and renewal leases in the fourth quarter of 2017, comprising 2.9 million square feet, which represents a record level of quarterly leasing activity since FIBRAMQ's inception. Signed leases included six new leases totaling 337 thousand square feet and 23 renewal leases totaling 2.5 million square feet. New leases included the commencement of two completed expansions.

Notable new leases in the quarter include a logistics company in Monterrey, a manufacturer of refrigeration equipment in Reynosa, and a call center operator in Ciudad Juárez. Renewal activity was particularly strong in the quarter, with the signing of seven renewal leases which were all greater than 100 thousand square feet, across various geographies and customer types, including manufacturers of automotive and diesel train components and medical supplies.

For the twelve-month period ending December 31, 2017, FIBRAMQ achieved a retention rate of 86%, a meaningful improvement from 2016.

Retail Portfolio

The following table summarizes the proportionally combined results of operations for FIBRAMQ's retail portfolio:

RETAIL PORTFOLIO	4Q17	4Q16	Variance	FY17	FY16	Variance
NOI	Ps 139.9m	Ps 130.9m	6.9%	Ps 551.2m	Ps 522.6m	5.5%
NOI Margin	73.1%	74.5%	-140 bps	74.2%	74.5%	-30 bps
GLA ('000s sqm) EOP	456	455	0.0%	456	455	0.0%
Occupancy EOP	95.1%	95.2%	-10 bps	95.1%	95.2%	-10 bps
Average monthly rent per leased (Ps/sqm) EOP	Ps 151.00	Ps 143.54	5.2%	Ps 151.00	Ps 143.54	5.2%
Customer retention LTM	76%	59%	1,750 bps	76%	59%	1,750
Weighted Avg. Lease Term Remaining (years) EOP	4.8	5.3	-10.3%	4.8	5.3	-10.3%

FIBRAMQ's retail portfolio delivered NOI of Ps 139.9 million, an increase of 6.9% from the prior year period. The year over year growth was driven by a 5.2% increase in average monthly rents. During the fourth quarter, FIBRAMQ signed 51 leases, representing 6.8 thousand square meters. This activity included 17 new leases and 34 renewals.

For the twelve-month period ending December 31, 2017, FIBRAMQ achieved a retention rate of 76%, a meaningful improvement from 2016.

PORTFOLIO AND EXPANSION ACTIVITY

FIBRAMQ continues to effectively execute on its strategy to deploy retained AFFO into accretive investments. A key element of this strategy is the targeted expansion of existing properties on a pre-leased basis along with selective development in core markets.

During the fourth quarter of 2017, FIBRAMQ deployed or committed to deploy US$5.3 million and has deployed or committed to deploy US$25.4 million for the full year 2017 on these types of projects. The projected weighted average NOI yield on the capital deployed in 2017 was 12% p.a.

During the fourth quarter, FIBRAMQ completed the following expansion projects:

- A 14 thousand square foot expansion for a manufacturer of fasteners, plastic components, automation systems and automatic doors in Querétaro
- A 65 thousand square foot expansion for an automotive parts manufacturer in Hermosillo
- A 3 thousand square foot expansion in connection to a new lease of 14 thousand square feet for a major retailer in the Magnocentro shopping center

FIBRAMQ continued the following expansion projects:

- A 37 thousand square foot expansion for a food and beverage producer in Guadalajara
- A 14 thousand square foot expansion for a manufacturer of irrigation systems in Querétaro

ASSET RECYCLING

FIBRAMQ remains committed to owning a best-in-class real estate portfolio by continuing to enhance its composition through asset recycling opportunities, pursuing both single asset and portfolio sales.

During the fourth quarter, FIBRAMQ sold two properties in Villahermosa and Durango, completely exiting these non-core, single-asset markets. The sale proceeds of US$22.3 million exceeded the book value of the assets. FIBRAMQ has now successfully exited four of the five non-core markets in which it was present at the start of 2017.

FIBRAMQ anticipates recycling approximately 10% of its existing total GLA over the medium term.

BALANCE SHEET AND CAPITAL MARKETS ACTIVITY

As of December 31, 2017, FIBRAMQ had approximately Ps 17.3 billion of debt outstanding, Ps 4.3 billion available on its undrawn revolving credit facility and Ps 442.3 million of unrestricted cash on hand. FIBRAMQ's CNBV regulatory debt to total asset ratio was 36.5%, a reduction of 60 basis points compared to the end of the prior quarter and 270 basis points compared to the end of 2016.

During the quarter, a debt repayment of US$25.0 million was made in respect of the revolving credit facility, mainly sourced from asset sale proceeds. As a result, FIBRAMQ's undrawn credit line available for general purposes has increased to US$217.8 million, providing ample liquidity and flexibility.

In addition, FIBRAMQ's percentage of fixed-rate debt also increased to 95% across a weighted-average debt tenor remaining of 6.0 years, providing significant visibility on long-term funding costs amidst a rising interest rate environment.

CAPITAL ALLOCATION

FIBRA Macquarie is committed to providing clear and transparent reporting of its capital allocation track record. The following table provides an overview of how FIBRA Macquarie has funded and deployed its cash to execute on its previously stated initiatives to maximize value to its certificate holders. In 2017, FIBRA Macquarie effectively utilized retained AFFO and proceeds from non-core assets sales to deploy or commit to deploy capital across property expansions and developments, certificates re-purchased for cancellation and repayment of revolving debt.

SOURCES AND USES OF CAPITAL	Ps Equivalent	US$ equivalent
Sources		
Retained AFFO – 2017	620.7m	32.8m
Retained AFFO – from periods other than 2017	475.4m	25.1m
Asset Sales – 2017	535.8m	28.3m
Total Sources	**1,631.9m**	**86.2m**
Uses		
Debt repayment – 2017	832.9m	44.0m
Expansions & developments – completed in 2017	371.3m	19.6m
Expansions & developments – committed in 2017, for completion in 2018	108.7m	5.7m
Certificate re-purchased for cancellation – 2017	250.8m	13.3m
Other – 2017	68.1m	3.6m
Total Uses	**1,631.9m**	**86.2m**

Note: Other - 2017 includes US$1.5m of income-generating Above-Standard Tenant Improvements. Uses average FX of Ps 18.93.

CERTIFICATE BUY-BACK AND CANCELLATION PROGRAM

During the fourth quarter of 2017, FIBRAMQ repurchased 8.1 million certificates, representing highly accretive returns based upon an end of period discount to NAV of 36.4% and an AFFO yield of 11.2% based upon the mid-point of 2018 AFFO guidance (Ps 2.275 per certificate) and the February 22, 2018 certificate price of Ps 20.39.

Since commencing the certificate buy-back program on June 26, 2017 through to the current date, FIBRAMQ has repurchased 19.1 million certificates for a total of Ps 412.2 million, at an average certificate price of Ps 21.5438. All repurchased certificates have been cancelled or will be cancelled in due course.

FIBRAMQ is authorized to repurchase up to 21.4 million additional certificates to complete the total authorization of up to 5.0% of outstanding certificates. The timing, price per certificate and amount of future repurchases will depend upon prevailing market prices, general economic and market conditions and other considerations, including investment alternatives.

Daily updates of FIBRAMQ's buyback activity can be found at http://www.bmv.com.mx/en/issuers/corporativeinformation/FIBRAMQ-30024-CGEN_CAPIT.

DISTRIBUTION

On February 22, 2018, FIBRAMQ declared a cash distribution for the quarter ended December 31, 2017 of Ps 0.375 per certificate. The distribution is expected to be paid on March 9, 2018 to holders of record on March 8, 2018. FIBRAMQ's certificates will commence trading ex-distribution on March 7, 2018. The full year 2017 distribution represents a full year 2017 AFFO payout ratio of 66.0%.

2018 GUIDANCE

FIBRA Macquarie is introducing its guidance for 2018. FIBRAMQ estimates total AFFO of between Ps. 2.25 and Ps. 2.30 per certificate in 2018. In respect of the full year 2018, FIBRAMQ expects to make cash distributions of approximately Ps 1.56 per certificate, payable in quarterly instalments of Ps 0.39 per certificate.

This guidance is based on the following assumptions:

- Based on the cash-generating capacity of its existing portfolio and an average exchange rate of Ps 18.5 per US dollar
- Assumes no new acquisitions or divestments, but noting that successful execution of opportunistic asset sales may result in a temporary decrease in AFFO until proceeds are re-deployed in other accretive opportunities
- Re-purchase for cancellation in 2018 of the remaining 21.4 million certificates available for buyback (as of February 22nd 2018), resulting in an aggregate 5.0% of issued certificates being re-purchased and cancelled, to close 2018 with 770.8 million certificates outstanding
- The payment of cash distributions is subject to the approval of the board of directors of the Manager for cash distributions
- The continued stable performance of the properties in the portfolio, and market conditions.

WEBCAST AND CONFERENCE CALL

FIBRAMQ will host an earnings conference call and webcast presentation on Friday, February 23, 2018 at 7:30 a.m. CT / 8:30 a.m. ET. The conference call, which will also be audio webcast, can be accessed online at www.fibramacquarie.com or by dialing toll free +1 (877) 304 8957. Callers from outside the United States may dial +1 (973) 638 3235. Please ask for the *FIBRA Macquarie Fourth Quarter 2017 Earnings Call*.

An audio replay will be available by dialing +1-855-859-2056 or +1-404-537-3406 for callers outside the United States. The passcode for the replay is 9974949. A webcast archive of the conference call and a copy of FIBRAMQ's financial information for the fourth quarter 2017 will also be available on FIBRAMQ's website, www.fibramacquarie.com.

ADDITIONAL INFORMATION

For detailed charts, tables and definitions, please refer to the Fourth Quarter 2017 Supplementary Information materials located at www.fibramacquarie.com/investors/bolsa-mexicana-de-valores-filings.

About FIBRA Macquarie

FIBRA Macquarie México (FIBRA Macquarie) (BMV:FIBRAMQ) is a real estate investment trust (fideicomiso de inversión en bienes raíces), or FIBRA, listed on the Mexican Stock Exchange (Bolsa Mexicana de Valores) targeting industrial, retail and office real estate opportunities in Mexico, with a primary focus on stabilized income-producing properties. FIBRA Macquarie's portfolio consists of 271 industrial properties and 17 retail/office properties, located in 20 cities across 15 Mexican states as of December 31, 2017. Nine of the retail/office properties are held through a 50/50 joint venture with Grupo Frisa. FIBRA Macquarie is managed by Macquarie México Real Estate Management, S.A. de C.V. which operates within the Macquarie Infrastructure and Real Assets division of Macquarie Group. For additional information about FIBRA Macquarie, please visit www.fibramacquarie.com.

Macquarie Infrastructure and Real Assets is a business within the Macquarie Asset Management division of Macquarie Group and a global alternative asset manager focused on real estate, infrastructure, agriculture and energy assets. Macquarie Infrastructure and Real Assets has significant expertise over the entire investment lifecycle, with capabilities in investment sourcing, investment management, investment realization and investor relations. Established in 1996, Macquarie Infrastructure and Real Assets has approximately US$111 billion of total assets under management as of September 30, 2017.

About Macquarie Group

Macquarie Group (Macquarie) is a global provider of banking, financial, advisory, investment and funds management services. Macquarie's main business focus is making returns by providing a diversified range of services to clients. Macquarie acts on behalf of institutional, corporate and retail clients and counterparties around the world. Founded in 1969, Macquarie operates in more than 61 office locations in 27 countries. Macquarie employs approximately 13,966 people and has assets under management of more than $371 billion as of September 30, 2017.

Cautionary Note Regarding Forward-Looking Statements

This release may contain forward-looking statements. Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ significantly from these forward-looking statements and we undertake no obligation to update any forward-looking statements.

None of the entities noted in this document is an authorized deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia). The obligations of these entities do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 (MBL). MBL does not guarantee or otherwise provide assurance in respect of the obligations of these entities.

THIS RELEASE IS NOT AN OFFER FOR SALE OF SECURITIES IN THE UNITED STATES, AND SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES ABSENT REGISTRATION OR AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED.

THIS ANNOUNCEMENT IS NOT FOR RELEASE IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA.

Investor relations contact:

Tel: +52 (55) 9178 7751

Email: fibramq@macquarie.com

Evelyn Infurna

Tel: +1 203 682 8265

Email: evelyn.infurna@icrinc.com

Nikki Sacks

Tel: +1 203 682 8263

Email: nikki.sacks@icrinc.com

For press queries, please contact:

Alejandro Sampedro Llorens

FleishmanHillard México

Tel: +52 55 5540 6031 ext. 249

Email: alejandro.sampedro@fleishman.com

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT DECEMBER 31, 2017 AND 2016

CURRENCY AMOUNTS EXPRESSED IN THOUSANDS OF MEXICAN PESOS (UNLESS OTHERWISE STATED)

	Dec 31, 2017 $'000	Dec 31, 2016 $'000
Current assets		
Cash and cash equivalents	**417,529**	612,443
Restricted cash	-	10,849
Trade and other receivables, net	**74,539**	116,865
Other assets	**73,938**	72,677
Investment properties held for sale	-	284,130
Total current assets	**566,006**	1,096,964
Non-current assets		
Restricted cash	**50,289**	39,881
Other assets	**196,673**	185,323
Equity-accounted investees	**1,137,652**	1,084,875
Goodwill	**882,758**	931,605
Investment properties	**41,722,712**	42,466,715
Derivative financial instruments	**111,573**	97,762
Total non-current assets	**44,101,657**	44,806,161
Total assets	**44,667,663**	45,903,125
Current liabilities		
Trade and other payables	**630,784**	480,673
Interest-bearing liabilities	**-**	67,977
Tenant deposits	**39,295**	21,396
Income tax payable	**-**	1,409
Total current liabilities	**670,079**	571,455
Non-current liabilities		
Tenant deposits	**313,719**	346,863
Interest-bearing liabilities	**16,318,550**	17,946,449
Deferred income tax	**6,277**	1,667
Total non-current liabilities	**16,638,546**	18,294,979
Total liabilities	**17,308,625**	18,866,434
Net assets	27,359,038	27,036,691
Equity		
Contributed equity	**18,118,973**	18,369,994
Retained earnings	**9,240,065**	8,666,697
Total equity	27,359,038	27,036,691

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE MONTHS AND YEARS ENDED DECEMBER 31, 2017 AND 2016

CURRENCY AMOUNTS EXPRESSED IN THOUSANDS OF MEXICAN PESOS (UNLESS OTHERWISE STATED)

	3 months ended		Year ended	
	Dec 31, 2017 $'000	Dec 31, 2016 $'000	**Dec 31, 2017 $'000**	Dec 31, 2016 $'000
Property related income	**880,794**	887,916	**3,500,152**	3,373,303
Property related expenses	**(149,129)**	(118,648)	**(510,511)**	(482,752)
Net property income	**731,665**	769,268	**2,989,641**	2,890,551
Management fees	**(46,732)**	(49,067)	**(179,753)**	(184,641)
Transaction related expenses	**(346)**	(10,756)	**(4,962)**	(37,522)
Professional, legal and other expenses	**(12,379)**	(10,270)	**(48,526)**	(45,796)
Total expenses	**(59,457)**	(70,093)	**(233,241)**	(267,959)
Finance costs	**(224,796)**	(230,440)	**(884,789)**	(936,234)
Financial income	**4,963**	2,160	**13,820**	34,007
Other income, net	**9,785**	-	**9,785**	-
Share of profits from equity-accounted investees	**45,552**	57,092	**115,752**	127,285
Foreign exchange (loss)/gain	**(1,258,489)**	(1,007,353)	**840,147**	(2,909,145)
Net unrealized foreign exchange gain/(loss) on foreign currency denominated investment property measured at fair value	**2,538,635**	1,938,900	**(1,566,232)**	5,731,704
Unrealized revaluation gain on investment property measured at fair value	**559,305**	156,829	**549,165**	195,623
Gain on disposal of investment property	**45,110**	-	**45,789**	-
Goodwill written off in respect of properties disposed	**(48,847)**	-	**(48,847)**	-
Net unrealized loss on interest rate swaps	**37,300**	117,479	**13,811**	97,762
Profit before taxes for the period/year	**2,380,726**	1,733,842	**1,844,801**	4,963,594
Current income tax	**980**	-	**107**	(1,409)
Deferred income tax	**(4,610)**	(1,667)	**(4,610)**	(1,667)
Profit for the period/year	**2,377,096**	1,732,175	**1,840,298**	4,960,518
Other comprehensive income				
Other comprehensive income for the period/year	**-**	-	**-**	-
Total comprehensive income for the period/year	**2,377,096**	1,732,175	**1,840,298**	4,960,518
Earnings per CBFI*				
Basic earnings per CBFI (pesos)	**2.96**	2.13	**2.27**	6.11
Diluted earnings per CBFI (pesos)	**2.96**	2.13	**2.27**	6.11

**Real Estate Trust Certificates (Certificados Bursátiles Fiduciarios Inmobiliarios)*

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

CURRENCY AMOUNTS EXPRESSED IN THOUSANDS OF MEXICAN PESOS (UNLESS OTHERWISE STATED)

	Contributed equity $'000	Retained earnings $'000	Total $'000
Total equity at January 1, 2016	18,369,994	5,150,406	23,520,400
Total comprehensive income for the year	-	4,960,518	4,960,518
Total comprehensive income for the year	-	4,960,518	4,960,518
Transactions with equity holders in their capacity as equity holders:			
- Distributions to CBFI holders	-	(1,444,227)	(1,444,227)
Total transactions with equity holders in their capacity as equity holders	-	(1,444,227)	(1,444,227)
Total equity at December 31, 2016	18,369,994	8,666,697	27,036,691
Total equity at January 1, 2017	**18,369,994**	**8,666,697**	**27,036,691**
Total comprehensive income for the year	**-**	**1,840,298**	**1,840,298**
Total comprehensive loss for the year	**-**	**1,840,298**	**1,840,298**
Transactions with equity holders in their capacity as equity holders:			
- Distributions to CBFI holders	**-**	**(1,266,930)**	**(1,266,930)**
- Repurchase of CBFIs, including associated costs	**(251,021)**	**-**	**(251,021)**
Total transactions with equity holders in their capacity as equity holders	**(251,021)**	**(1,266,930)**	**(1,517,951)**
Total equity December 31, 2017	**18,118,973**	**9,240,065**	**27,359,038**

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

CURRENCY AMOUNTS EXPRESSED IN THOUSANDS OF MEXICAN PESOS (UNLESS OTHERWISE STATED)

	Year ended	
	Dec 31, 2017	Dec 31, 2016
	$'000	$'000
	Inflows/(Outflows)	Inflows/(Outflows)
Operating activities:		
Profit before taxes for the year	**1,844,801**	4,963,594
Adjustments for:		
Net unrealized foreign exchange loss/(gain) on foreign currency denominated investment property measured at fair value	**1,566,232**	(5,731,704)
Unrealized gain on investment property measured at fair value	**(549,165)**	(195,623)
Goodwill written off in respect of properties disposed	**48,847**	-
Straight line rental income adjustment	**(10,055)**	(50,074)
Tenant improvements amortization	**28,927**	19,993
Leasing expense amortization	**48,561**	36,713
Financial income	**(13,820)**	(34,007)
Provision for bad debt	**17,802**	35,914
Gain on disposal of investment property	**(45,789)**	-
Net foreign exchange (gain)/loss	**(868,110)**	3,067,348
Finance costs recognized in profit for the year	**884,789**	936,234
Share of profits from equity-accounted investees	**(115,752)**	(127,285)
Net unrealized gain on interest rate swaps	**(13,811)**	(97,762)
Movements in working capital:		
Decrease in receivables	**6,914**	283,468
Decrease in payables	**3,202**	137,926
Net cash flows from operating activities	**2,833,573**	3,244,735
Investing activities:		
Investment property acquired	**-**	(447,945)
Proceeds from investment properties disposed	**525,087**	37,611
Maintenance capital expenditure and other capitalized costs	**(385,091)**	(685,202)
Distributions received from equity-accounted investees	**62,975**	1,773
Net cash flows used in investing activities	**202,971**	(1,093,763)
Financing activities:		
Financial income	**13,820**	34,007
Repayment of interest-bearing liabilities	**(4,601,532)**	(16,121,464)
Interest paid	**(826,820)**	(881,079)
Proceeds from interest-bearing liabilities, net of facility charges	**3,672,621**	14,688,741
Repurchase of CBFIs, including associated costs	**(251,021)**	-
Distributions to CBFI holders	**(1,266,930)**	(1,444,227)
Net cash flows used in financing activities	**(3,259,862)**	3,724,022)
Net decrease in cash and cash equivalents	**(223,318)**	(1,573,050)
Cash, cash equivalents at the beginning of the year	**663,173**	2,394,426
Foreign exchange gain/(loss) on cash and cash equivalents	**27,963**	(158,203)
Cash and cash equivalents at the end of the year*	**467,818**	663,173

*Includes restricted cash balance of $50.3 million (2016: $50.7 million).

FIBRA MACQUARIE MÉXICO

QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER AND FULL YEAR ENDED DECEMBER 31, 2017

Important: This English translation, available online at www.fibramacquarie.com, is for courtesy purposes only. The Spanish original prevails.

MACQUARIE

FIBRA

Macquarie México

TABLE OF CONTENTS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT DECEMBER 31, 2017 AND 2016

CURRENCY AMOUNTS EXPRESSED IN THOUSANDS OF MEXICAN PESOS (UNLESS OTHERWISE STATED)

	Note	Dec 31, 2017 $'000	Dec 31, 2016 $'000
Current assets			
Cash and cash equivalents	9	**417,529**	612,443
Restricted cash	9	**-**	10,849
Trade and other receivables, net	10	**74,539**	116,865
Other assets	11	**73,938**	72,677
Investment properties held for sale	14	**-**	284,130
Total current assets		**566,006**	1,096,964
Non-current assets			
Restricted cash	9	**50,289**	39,881
Other assets	11	**196,673**	185,323
Equity-accounted investees	12	**1,137,652**	1,084,875
Goodwill	13	**882,758**	931,605
Investment properties	15	**41,722,712**	42,466,715
Derivative financial instruments	19	**111,573**	97,762
Total non-current assets		**44,101,657**	44,806,161
Total assets		**44,667,663**	45,903,125
Current liabilities			
Trade and other payables	16	**630,784**	480,673
Interest-bearing liabilities	18	**-**	67,977
Tenant deposits	17	**39,295**	21,396
Income tax payable	20	**-**	1,409
Total current liabilities		**670,079**	571,455
Non-current liabilities			
Tenant deposits	17	**313,719**	346,863
Interest-bearing liabilities	18	**16,318,550**	17,946,449
Deferred income tax	20	**6,277**	1,667
Total non-current liabilities		**16,638,546**	18,294,979
Total liabilities		**17,308,625**	18,866,434
Net assets		**27,359,038**	27,036,691
Equity			
Contributed equity	21	**18,118,973**	18,369,994
Retained earnings	22	**9,240,065**	8,666,697
Total equity		**27,359,038**	27,036,691

The above Consolidated Statements of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE MONTHS AND YEARS ENDED DECEMBER 31, 2017 AND 2016

CURRENCY AMOUNTS EXPRESSED IN THOUSANDS OF MEXICAN PESOS (UNLESS OTHERWISE STATED)

	Note	3 months ended Dec 31, 2017 $'000	3 months ended Dec 31, 2016 $'000	Year ended Dec 31, 2017 $'000	Year ended Dec 31, 2016 $'000
Property related income	4(a)	**880,794**	887,916	**3,500,152**	3,373,303
Property related expenses	4(b)	**(149,129)**	(118,648)	**(510,511)**	(482,752)
Net property income		**731,665**	769,268	**2,989,641**	2,890,551
Management fees	27(c)	**(46,732)**	(49,067)	**(179,753)**	(184,641)
Transaction related expenses		**(346)**	(10,756)	**(4,962)**	(37,522)
Professional, legal and other expenses	4(c)	**(12,379)**	(10,270)	**(48,526)**	(45,796)
Total expenses		**(59,457)**	(70,093)	**(233,241)**	(267,959)
Finance costs	4(d)	**(224,796)**	(230,440)	**(884,789)**	(936,234)
Financial income	4(e)	**4,963**	2,160	**13,820**	34,007
Other income, net		**9,785**	-	**9,785**	-
Share of profits from equity-accounted investees	12	**45,552**	57,092	**115,752**	127,285
Foreign exchange (loss)/gain	4(f)	**(1,258,489)**	(1,007,353)	**840,147**	(2,909,145)
Net unrealized foreign exchange gain/(loss) on foreign currency denominated investment property measured at fair value	14,15	**2,538,635**	1,938,900	**(1,566,232)**	5,731,704
Unrealized revaluation gain on investment property measured at fair value	14,15	**559,305**	156,829	**549,165**	195,623
Gain on disposal of investment property	14	**45,110**	-	**45,789**	-
Goodwill written off in respect of properties disposed	13	**(48,847)**	-	**(48,847)**	-
Net unrealized gain on interest rate swaps	19	**37,300**	117,479	**13,811**	97,762
Profit before taxes for the period/year		**2,380,726**	1,733,842	**1,844,801**	4,963,594
Current income tax		**980**	-	**107**	(1,409)
Deferred income tax	20	**(4,610)**	(1,667)	**(4,610)**	(1,667)
Profit for the period/year		**2,377,096**	1,732,175	**1,840,298**	4,960,518
Other comprehensive income					
Other comprehensive income for the period/year		**-**	-	**-**	-
Total comprehensive income for the period/year		**2,377,096**	1,732,175	**1,840,298**	4,960,518
Earnings per CBFI*					
Basic earnings per CBFI (pesos)	8	**2.96**	2.13	**2.27**	6.11
Diluted earnings per CBFI (pesos)	8	**2.96**	2.13	**2.27**	6.11

**Real Estate Trust Certificates (Certificados Bursátiles Fiduciarios Inmobiliarios)*

The above Consolidated Statements of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

CURRENCY AMOUNTS EXPRESSED IN THOUSANDS OF MEXICAN PESOS (UNLESS OTHERWISE STATED)

	Note	Contributed equity $'000	Retained earnings $'000	Total $'000
Total equity at January 1, 2016		18,369,994	5,150,406	23,520,400
Total comprehensive income for the year		-	4,960,518	4,960,518
Total comprehensive income for the year		-	4,960,518	4,960,518
Transactions with equity holders in their capacity as equity holders:				
- Distributions to CBFI holders	7	-	(1,444,227)	(1,444,227)
Total transactions with equity holders in their capacity as equity holders		-	(1,444,227)	(1,444,227)
Total equity at December 31, 2016		18,369,994	8,666,697	27,036,691
Total equity at January 1, 2017		**18,369,994**	**8,666,697**	**27,036,691**
Total comprehensive income for the year		**-**	**1,840,298**	**1,840,298**
Total comprehensive income for the year		**-**	**1,840,298**	**1,840,298**
Transactions with equity holders in their capacity as equity holders:				
- Distributions to CBFI holders	7	**-**	**(1,266,930)**	**(1,266,930)**
- Repurchase of CBFIs, including associated costs	21	**(251,021)**	**-**	**(251,021)**
Total transactions with equity holders in their capacity as equity holders		**(251,021)**	**(1,266,930)**	**(1,517,951)**
Total equity at December 31, 2017		**18,118,973**	**9,240,065**	**27,359,038**

The above Consolidated Statements of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

CURRENCY AMOUNTS EXPRESSED IN THOUSANDS OF MEXICAN PESOS (UNLESS OTHERWISE STATED)

	Note	Year ended Dec 31, 2017 $'000 Inflows / (Outflows)	Dec 31, 2016 $'000 Inflows / (Outflows)
Operating activities:			
Profit before taxes for the year		**1,844,801**	4,963,594
Adjustments for:			
Net unrealized foreign exchange loss/(gain) on foreign currency denominated investment property measured at fair value	14,15	**1,566,232**	(5,731,704)
Unrealized gain on investment property measured at fair value	14,15	**(549,165)**	(195,623)
Goodwill written off in respect of properties disposed	13	**48,847**	-
Straight line rental income adjustment		**(10,055)**	(50,074)
Tenant improvement amortization	4(b)	**28,927**	19,993
Leasing expense amortization	4(b)	**48,561**	36,713
Financial income	4(e)	**(13,820)**	(34,007)
Provision for bad debts	4(b)	**17,802**	35,914
Gain on disposal of investment property	14	**(45,789)**	-
Net foreign exchange (gain)/loss	4(f)	**(868,110)**	3,067,348
Finance costs recognized in profit for the year	4(d)	**884,789**	936,234
Share of profits from equity-accounted investees	12	**(115,752)**	(127,285)
Net unrealized gain on interest rates swaps	19	**(13,811)**	(97,762)
Movements in working capital:			
Decrease in receivables		**6,914**	283,468
Decrease in payables		**3,202**	137,926
Net cash flows from operating activities		**2,833,573**	3,244,735
Investing activities:			
Investment property acquired	15	**-**	(447,945)
Proceeds from investment properties disposed	14	**525,087**	37,611
Maintenance capital expenditure and other capitalized cost		**(385,091)**	(685,202)
Distributions received from equity-accounted investees	12	**62,975**	1,773
Net cash flows used in investing activities		**202,971**	(1,093,763)
Financing activities:			
Financial income	4(e)	**13,820**	34,007
Repayment of interest-bearing liabilities		**(4,601,532)**	(16,121,464)
Interest paid		**(826,820)**	(881,079)
Proceeds from interest-bearing liabilities, net of facility charges		**3,672,621**	14,688,741
Repurchase of CBFIs, including associated costs		**(251,021)**	-
Distribution to CBFI holders	7	**(1,266,930)**	(1,444,227)
Net cash flows from financing activities		**(3,259,862)**	(3,724,022)
Net decrease in cash and cash equivalents		**(223,318)**	(1,573,050)
Cash and cash equivalents at the beginning of the year		**663,173**	2,394,426
Foreign exchange gain/(loss) on cash and cash equivalents	4(f)	**27,963**	(158,203)
Cash and cash equivalents at the end of the year*		467,818	663,173

*Includes restricted cash balance of $50.3 million (2016: $50.7 million).

The above Consolidated Statements of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CURRENCY AMOUNTS EXPRESSED IN THOUSANDS OF MEXICAN PESOS (UNLESS OTHERWISE STATED)

1. REPORTING ENTITY

FIBRA Macquarie México ("FIBRA Macquarie") was created under the Irrevocable Trust Agreement No. F/1622, dated November 14, 2012, entered into by Macquarie México Real Estate Management, S.A. de C.V., as settlor, and Deutsche Bank México, S.A., Institución de Banca Múltiple, División Fiduciaria as trustee (in such capacity, together with its successors and assigns in such capacity, the "FIBRA Macquarie Trustee"). FIBRA Macquarie is a real estate investment trust (Fideicomiso de Inversión en Bienes Raíces or "FIBRA") for Mexican federal tax purposes.

FIBRA Macquarie is domiciled in the United Mexican States ("Mexico") and the address of its registered office is Av. Paseo de las Palmas, 215, Piso 7, Lomas de Chapultepec I Seccion, Miguel Hidalgo, Mexico City 11000 with effect from November 2, 2017. FIBRA Macquarie's trust agreement was amended on November 20, 2012, amended and restated on December 11, 2012, to, among other things, add as parties to the Trust Agreement, Monex Casa de Bolsa, S.A. de C.V., Monex Grupo Financiero, as common representative, and Macquarie México Real Estate Management, S.A. de C.V., as manager (in such capacity, "MMREM" or the "Manager"), and further amended and restated on August 27, 2014 (such amended and restated trust agreement, the "Trust Agreement"). On October 31, 2017, Deutsche Bank Mexico, S.A., Institución de Banca Múltiple, División Fiduciaria, as substituted trustee, and CIBanco, S.A., Institución de Banca Múltiple ("CIBanco"), as substitute trustee, with the acknowledgment of MMREM as settlor and beneficiary in second place of the Trust Agreement, executed a trustee substitution agreement (hereinafter the "Trustee Substitution Agreement") whereby CIBanco agreed to act as the FIBRA Macquarie Trustee, assuming all the rights and obligations derived in such capacity from the Trust Agreement.

Background information

On December 14, 2012, FIBRA Macquarie listed on the Mexican Stock Exchange under the ticker symbol "FIBRAMQ12" with an initial offering of 511,856,000 Real Estate Trust Certificates (Certificados Bursátiles Fiduciarios Inmobiliarios, or "CBFIs"), in a global offering including the exercise of an over-allotment option, for gross proceeds of $12.80 billion.

On September 23, 2014, FIBRA Macquarie completed a follow-on global offering of 206,612,583 CBFIs, including the exercise of an over-allotment option, for gross proceeds of $4.85 billion.

FIBRA Macquarie and its controlled entities (the "Group") were established with the purpose of investing in real estate assets in Mexico. FIBRA Macquarie held its investment in real estate assets through Mexican irrevocable trusts, namely F/00923 MMREIT Industrial Trust I ("MMREIT Industrial Trust I"), F/00921 MMREIT Industrial Trust II ("MMREIT Industrial Trust II"), F/00922 MMREIT Industrial Trust III ("MMREIT Industrial Trust III"), F/01025 MMREIT Industrial Trust IV ("MMREIT Industrial Trust IV") , F/01005 MMREIT Retail Trust I ("MMREIT Retail Trust I"), F/01006 MMREIT Retail Trust II ("MMREIT Retail Trust II"), MMREIT Retail Trust III ("MMREIT Retail Trust III"), and F/01023 MMREIT Retail Trust V ("MMREIT Retail Trust V").

On October 31, 2017, FIBRA Macquarie executed the reassignment of the trust estates of MMREIT Industrial Trust I and MMREIT Industrial Trust II into the estate of MMREIT Industrial Trust IV and the reassignment of the trust estates of MMREIT Retail Trust I and MMREIT Retail Trust II into the estate of MMREIT Retail Trust V, as well as the subsequent termination of MMREIT Industrial Trust I, MMREIT Industrial Trust II, MMREIT Retail Trust I and MMREIT Retail Trust II. Given the above, FIBRA Macquarie currently holds its investment in real estate assets through the following Mexican irrevocable trusts ("Investment Trusts"): MMREIT Industrial Trust III and MMREIT Industrial Trust IV (collectively, the "Industrial Trusts"), and MMREIT Retail Trust III and MMREIT Retail Trust V (collectively, the "Retail Trusts").

The following acquisitions have been completed to date:

On September 20, 2012, MMREIT Industrial Trust II and MMREIT Industrial Trust III entered into asset purchase agreements with affiliate entities of Corporate Properties of the Americas, LLC ("CPA") pursuant to which they agreed to acquire 88 industrial properties. On October 25, 2012, MMREIT Industrial Trust I entered into an asset purchase agreement with affiliates of BRE Debt Mexico II, S.A. de C.V. SOFOM ENR ("BRE Debt Mexico", formerly GE Capital Real Estate Mexico S. de R.L. de C.V.), pursuant to which MMREIT Industrial Trust I agreed to acquire 155 industrial properties. The total consideration paid for both these acquisitions was US$1.5 billion (excluding transaction expenses and taxes), financed in part by BRE Debt Mexico loan facilities, Metropolitan Life Insurance Company ("MetLife") loan facility and the balance by existing cash reserves.

On October 17, 2013, MMREIT Industrial Trust I acquired a portfolio of 15 industrial properties from affiliates of DCT Industrial Inc. for US$82.7 million (excluding transaction costs and taxes), financed in part by loan facilities provided by BRE Debt Mexico and its affiliate.

On November 4, 2013, MMREIT Retail Trust V acquired a portfolio of two retail/office properties from companies controlled by Fondo Comercial Mexicano ("FCM") for $2.0 billion (excluding transactions costs and taxes), financed in part by a Banco Nacional de México ("Banamex") loan facility.

MMREIT Retail Trust I and MMREIT Retail Trust II acquired a portfolio of six retail/office properties from Grupo Inmobiliario Carr and its partners, financed in part by loan facilities provided by BRE Debt Mexico and an affiliate of BRE Debt Mexico. Five of the properties were acquired on November 6, 2013 and the remaining property was acquired on March 27, 2014 for a total consideration of $2.8 billion (excluding transaction costs and taxes).

On March 28, 2014, MMREIT Retail Trust III acquired a 50% interest in a portfolio of nine retail/office properties and additional land from affiliates of Kimco Realty Corporation ("Kimco") for $1.5 billion, financed in part by BRE Debt Mexico and MetLife loan facilities. Grupo Frisa ("Frisa") owns the remaining 50% of the portfolio.

On February 18, 2015, MMREIT Industrial Trust IV acquired a two-building industrial property from Ridge Property Trust II for US$58.0 million (excluding transaction costs and taxes).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

CURRENCY AMOUNTS EXPRESSED IN THOUSANDS OF MEXICAN PESOS (UNLESS OTHERWISE STATED)

1. REPORTING ENTITY (CONTINUED)

Background information (continued)

On July 23, 2015, MMREIT Industrial Trust IV acquired a portfolio of eight industrial properties including two build-to-suit ("BTS") development properties from Desarrollos Industriales Nexxus for US$29.9 million (excluding transaction costs and taxes). Refer to note 26 for further information.

On August 19, 2015, MMREIT Industrial Trust IV acquired a portfolio of ten industrial properties from an institutional industrial property owner and developer for US$105.0 million (excluding transaction costs and taxes).

On February 9, 2016, MMREIT Industrial Trust IV acquired a portfolio of two industrial properties and adjacent land from Los Bravos for a total of US$21.7 million (excluding transaction costs and taxes).

Where applicable, acquired properties and the cash flows derived from there properties are held in security trusts under the terms of the credit facilities with the relevant lenders.

Relevant activities

On June 26, 2017, FIBRA Macquarie announced a certificate repurchase program in accordance with the terms of its Trust Agreement. FIBRA Macquarie is authorized to repurchase up to five percent of its outstanding certificates for a period of twelve months, refer to note 21 for further details.

On September 13, 2017, FIBRA Macquarie announced the successful close of a new 10-year, non-amortizing, non-recourse, secured loan of US$210.0 million, with a fixed interest rate of 5.38 percent. Proceeds of this refinancing were used to fully prepay a US$180.0 million secured loan maturing on February 1, 2018. The balance was used to partially repay the amount of drawn revolver facilities to the current level of US$40.0 million, refer to note 18 for further details.

2. BASIS OF PREPARATION

(a) Statement of compliance

On February 22, 2018, the Technical Committee authorized the issuance of the these consolidated financial statements and related notes thereto. These consolidated financial statements are for the Group and have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The Group has elected to present a single statement of comprehensive income and presents its expenses by nature.

The Group reports cash flows from operating activities using the indirect method. Rental income, together with deposits received and repaid will be treated as cash flows from operating activities. The acquisitions of investment properties are disclosed as cash flows from investing activities because this most appropriately reflects the Group’s business activities.

(b) Historical cost convention

These consolidated financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of investment properties at fair value and carrying value of the contingent consideration.

(c) Critical accounting judgments and estimates

During the preparation of the consolidated financial statements, the Manager is required to make judgments, estimates and assumptions that affect the application of accounting policies. The notes to the consolidated financial statements set out areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the consolidated financial statements such as:

- estimation of fair value of investment properties (notes 3(j) and 15);
- provision for doubtful accounts (notes 3(i) and 10);
- estimation of fair value of derivative financial instruments (note 19); and
- classification of joint arrangements into joint ventures (note 12).

Management believes that the estimates used in preparing the consolidated financial statements are reasonable. Actual results in the future may differ from those reported and therefore it is possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from our assumptions and estimates could result in an adjustment to the carrying amounts of the assets and liabilities previously reported.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

CURRENCY AMOUNTS EXPRESSED IN THOUSANDS OF MEXICAN PESOS (UNLESS OTHERWISE STATED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements and that of the previous year are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Accounting standards and interpretations issued

New accounting standards and interpretations have been published that are not mandatory for the current reporting year. The nature and potential impact of each applicable new standard and interpretation is set out below.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments, sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces *IAS 39 Financial Instruments: Recognition and Measurement*. IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit & loss ("FVPL"). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'Expected Credit Loss' ("ECL") model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

Furthermore, IFRS 9 requires The Group to ensure that hedge accounting relationships are aligned with the Group's risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness. IFRS 9 also introduces new requirements on rebalancing hedge relationships and prohibiting voluntary discontinuation of hedge accounting. IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities.

The standard is effective for annual periods beginning on or after 1 January 2018 and the Group has adopted IFRS 9 in its consolidated financial statements on 1 January 2018. Regarding Classification and Measurement, The Group will not reestablish financial information for the comparative year given that the business models of financial assets will not originate any accounting difference between the adoption and comparative year. Therefore, the comparative figures under IFRS 9 and IAS 39 will be consistent. Furthermore, The Group, currently, does not designates any derivative as hedge instrument, therefore there will be no impact with regards to the new hedge accounting rules. In relation to Impairment, the adoption will not be retrospective, therefore the financial information will not need to be restated for prior periods; however, The Group will recognize any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the date of initial application in the opening retained earnings of the annual reporting period that includes the date of initial application.

The Group performed a qualitative and quantitative assessment of the impact of IFRS 9. The activities that have been carried out are:

- Review and documentation of the business models for financial assets, accounting policies, processes and internal controls related to financial instruments.
- Analysis of financial assets and their impact in the expected loss model required under IFRS 9.
- Determination of the model to compute the loss allowances based on the Expected Loss model.
- Analysis of the new disclosures required by IFRS 9 and its impacts on internal processes and controls for the Group.

For classification and measurement there were no significant changes identified, except those related to the documentation of the business model and their cash flow characteristics. Therefore, no significant impacts are expected in the financial information that require adjustments for the adoption of IFRS 9 in the consolidated financial statements in relation to the Classification, Measurement and Hedge Accounting. The Group has carried out an analysis for the business models that best suit the current management of its financial assets.

The Group evaluated a new model of Expected Credit Loss to estimate the impairment losses of Accounts Receivables. The amount of the expected impact on the loss will be immaterial amount since the portfolio segment with payments due over 360 days is already reserved at 100% under the NIC39 methodology and the conservative provisioning scheme of the delinquent portfolio under this rule.

It should be mentioned that the adjustments are the result of the adoption of the new standard, rather than a change in the behavior of accounts receivable.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers specifies how and when revenue is recognized, as well as detailing the required enhanced disclosures. The standard is applicable on or after January 1, 2018. The Group has assessed the new standard and does not anticipate any significant impact on the Group's consolidated financial statements.

IFRS 16 Leases

IFRS 16 Leases specifies how entities reporting under IFRS will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The standard is applicable on or after January 1, 2019 and earlier application is permitted. The Group is assessing the new standard and does not anticipate a significant impact on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

CURRENCY AMOUNTS EXPRESSED IN THOUSANDS OF MEXICAN PESOS (UNLESS OTHERWISE STATED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Principles of consolidation

The consolidated financial statements of FIBRA Macquarie incorporate the assets and liabilities of its controlled entities as at December 31, 2017 and 2016 and their results for the three months and years then ended. The effects of intra-Group balances and transactions, and any unrealized income and expenses arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements.

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. For the three months and years ended December 31, 2017 and 2016, the Group consolidated the financial results of its two subsidiaries – MMREIT Property Administration Services, A.C. ("MPAS") and MMREIT Property Administration, A.C. ("MPA").

(ii) Business Combinations

Accounting for business combinations under IFRS 3 applies if a business has been acquired. Business combinations are accounted for using the acquisition method as at the acquisition date. Cost is measured as the aggregate of the fair values (at the date of acquisition) of assets acquired, equity instruments issued or liabilities incurred or assumed at the date of exchange.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values on the acquisition date. The Group can elect, on a transaction-by-transaction basis, to measure Non-Controlling Interests ("NCI") relating to ordinary shares either at fair value or at the NCI's proportionate share of the fair values of the identifiable assets and liabilities. The excess of the consideration payable over the Group's share of the fair value of the identifiable net assets acquired is recorded as goodwill. If the consideration is less than the Group's share of the fair value of the identifiable net assets of the business acquired, the difference is recognized directly in the Consolidated Statements of Comprehensive Income, after a reassessment of the identification and measurement of the net assets acquired. Any contingent consideration payable is measured at fair value at the acquisition date. Subsequent changes in the fair value of these contingent consideration liabilities are recognized in the Consolidated Statement of Comprehensive Income .

Transaction costs, other than those associated with the issue of debt or equity securities, in connection with a business combination are expensed as incurred.

Where settlement of a portion of the cash consideration is deferred, the amounts payable in the future are discounted to their present value. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Distinguishing between whether assets or a business is acquired involves judgement. The Group uses the following factors in identifying a business combination:

- the Group's acquisition strategy when commencing its operations;
- the nature of the Group's industry and business model, which affects the nature of an input, process or output;
- whether the acquisition included a majority of the critical inputs (e.g. tangible or intangible assets and intellectual property) and a majority of the critical processes (e.g. strategic processes, skilled and experienced workforce);
- the relative ease of replacing the critical processes not acquired by either integrating within the Group's existing processes or sub-contracting them to third parties; and
- the presence of goodwill.

(iii) Joint Arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending upon the contractual rights and obligations each investor has, and the legal structure of the joint arrangement. Interests in joint ventures are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, until the date on which significant influence or joint control ceases. The Group has two joint ventures with Grupo Frisa whereby it holds 50% of a portfolio of nine retail assets.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, have been identified as the Chief Executive Officer of the Group. See note 5 for further information. The segment results include proportionately combined results of the joint ventures which are then shown as reconciling items in the segment reconciliations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

CURRENCY AMOUNTS EXPRESSED IN THOUSANDS OF MEXICAN PESOS (UNLESS OTHERWISE STATED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Foreign currency translation

Functional and presentation currency

Items included in the consolidated financial statements of foreign operations are measured using the currency of the primary economic environment in which the foreign operation operates (the functional currency). The consolidated financial statements are presented in Mexican Pesos (the presentation currency), which is also the functional currency of FIBRA Macquarie and its controlled entities. Management has conducted a detailed review of the key factors that determine the functional currency under IAS 21, based on a number of factors including the location of the Group, the currency of its equity and distribution and the location of the Group's investments.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Consolidated Statement of Comprehensive Income.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of fair value gain/loss in the Consolidated Statement of Comprehensive Income. Non-monetary items that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Controlled entities

The results and financial position of all operations recorded in a currency other than Mexican peso are translated into Mexican Pesos as follows:

- assets and liabilities presented are translated at the closing exchange rate at the date of that Consolidated Statements of Financial Position;
- income and expenses presented are translated at actual exchange rates at the dates of the transactions; and
- all resulting exchange differences are recognized as a separate line item in the Consolidated Statements of Comprehensive Income.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognized for each major revenue stream as follows:

Rental income

Rental income from investment properties is recognized as revenue in the financial statements in line with the terms of lease agreements with tenants, and on a straight-line basis over the period of each lease.

Termination fees paid out in relation to the early termination of lease agreements are also included in rental income and recognized in full in the period in which the Group is legally entitled to this income. Recoveries relating to expenses that are recharged to tenants are recognized over the same period as the relevant expenses.

Lessees may be offered incentives as an inducement to enter into non-cancellable operating leases. These incentives may take various forms including rent-free periods, upfront cash payments, or a contribution to certain lessee costs such as a fit out of premises. Incentives are capitalized in the Consolidated Statements of Financial Position and amortized over the term of the lease as an adjustment to rental income.

Other income

Other income comprise of certain amounts received as a discount from the developer in respect of an expansion, net of related expenses paid to the tenant.

(f) Property related payments

Property related expenses including taxes and other property payments incurred in relation to investment properties where such expenses are the responsibility of the Group are recognized as expensed on an accruals basis.

Repairs and maintenance costs are charged as expenses when incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

CURRENCY AMOUNTS EXPRESSED IN THOUSANDS OF MEXICAN PESOS (UNLESS OTHERWISE STATED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Income and other taxes

FIBRA Macquarie is deemed to be a real estate investment trust for Mexican federal income tax purposes. Under Articles 223 and 224 of the Mexican Income Tax Law, it is required to distribute an amount equal to at least 95% of its net tax result to its CBFI holders on a yearly basis. If the net tax result during any fiscal year is greater than the distributions made to CBFI holders during the twelve months ended March of such fiscal year, FIBRA Macquarie is required to pay the corresponding tax at a rate of 30% of such excess. Due to this, the Group does not have any deferred tax effect for the year ended December 31, 2017 and 2016. However, the Group's subsidiaries are subject to income tax and hence the tax effects have been recognized in these Consolidated Financial Statements.

Deferred income tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward tax credits or tax losses can be utilised. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. In determining the expected manner of realisation of an investment property measured at fair value a rebuttable presumption exists that its carrying amount will be recovered through sale. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

FIBRA Macquarie is a registered entity for Value Added Tax ("VAT") or *Impuesto al Valor Agregado* ("IVA") in Mexico. IVA is triggered on a cash-flow basis upon the performance of specific activities carried out within Mexico, at the general rate of 16%.

(h) Cash and cash equivalents

Cash and cash equivalents in the Consolidated Statements of Financial Position comprise cash at bank and short-term deposits with an original maturity of 90 days or less from the start date that are subject to an insignificant risk of change in their fair value. These balances are readily convertible to known amounts of cash and are used by the Group in the management of its short-term commitments.

Restricted cash relates to cash held in escrow accounts as well as capital reserves held by the lenders in relation to the interest bearing liabilities. See note 9 for further details.

(i) Trade and other receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date. Collectability of receivables is reviewed on an ongoing basis. Amounts that are known to be uncollectible are provided for by reducing the carrying amount directly.

(j) Investment properties

Investment properties comprise investment interests in land and buildings (including integral plant and equipment) held either to earn rental income or for capital appreciation or for both but not for sale in the ordinary course of business. Investment properties are initially measured at cost and subsequently at fair value with any change therein recognized in the Consolidated Statements of Comprehensive Income. Cost includes expenditure that is directly attributable to the acquisition of the investment property, except business combinations.

At each reporting date, the fair values of the investment properties are assessed with reference to the Manager's assessment or independent valuation reports where available.

(k) Distributions

A distribution payable is recognized for the amount of any distribution declared, or publicly recommended by the directors on or before the end of the year but not distributed at balance sheet date.

(l) Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing goodwill impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash generating units).

(m) Trade and other payables

Liabilities are recognized at fair value when an obligation exists to make future payments as a result of a purchase of assets or services, whether or not billed. Trade creditors are generally settled within 60 days.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Interest bearing liabilities

Interest bearing liabilities are initially recognized at fair value, net of transaction costs incurred and are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the Consolidated Statements of Comprehensive Income over the period of the borrowing using the effective interest rate method. Borrowing costs associated with the acquisition or construction of a qualifying asset, including interest expense, are capitalized as part of the cost of that asset during the period that is required to complete and prepare the asset for its intended use. All other borrowing costs are charged to Consolidated Statements of Comprehensive Income in the period in which they occur.

(o) Financial instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Group has entered into interest rate swaps but since these instruments does not qualify as hedging instruments per IFRS, the resulting gain or loss arising from changes in the fair value of these derivatives are taken directly to Consolidated Statements of Comprehensive Income. Refer to note 19 for further information.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables. The Group classifies non-derivative financial liabilities into the other financial liabilities category.

(i) Non-derivative financial assets and financial liabilities - recognition and de-recognition

The Group initially recognizes loans and receivables, debt securities, and cash and cash equivalents issued on the date when they are originated. Trade and other receivables, trade and other payables, interest bearing liabilities are initially recognized on the transaction date.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Group is recognized as a separate asset or liability.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

(ii) Non-derivative financial assets - measurement

Loans and receivables

These assets are initially recognized at fair value plus any directly attributable transaction costs, subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

(p) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

(q) Earnings per CBFI

Basic earnings per CBFI are calculated by dividing the Group's profit attributable to CBFI holders by the weighted average number of CBFIs outstanding during the year. Diluted earnings per CBFI is calculated by dividing the Group's profit attributable to CBFI holders by the weighted average number of CBFIs that would be issued by exercising the over allotment.

(r) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported on the Consolidated Statements of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the financial asset and settle the financial liability simultaneously.

(s) Contributed equity

The CBFIs are classified as equity and recognized at the fair value of the consideration received by FIBRA Macquarie. Transaction costs arising on the issue of equity are recognized directly in equity as a reduction in the proceeds of CBFIs to which the costs relate.

For the year ended 31 December 2017 and 2016, distributions were paid out from the trust equity in accordance with Mexican Trust Law. For financial statement presentation purposes, these distributions have been classified in retained earnings.

According to the Mexican Income Tax Law, whilst FIBRA Macquarie is in a tax loss position for the 2017 and 2016 fiscal years, the distributions have been classified as a capital return for Mexican Federal income tax purposes.

(t) Rounding of amounts

Amounts in the consolidated financial statements have been rounded to the nearest thousand Mexican Pesos unless otherwise indicated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

CURRENCY AMOUNTS EXPRESSED IN THOUSANDS OF MEXICAN PESOS (UNLESS OTHERWISE STATED)

4. PROFIT FOR THE PERIOD/YEAR

The profit for the period/year includes the following items of revenue and expenses:

	3 months ended		Year ended	
	Dec 31, 2017 $'000	Dec 31, 2016 $'000	**Dec 31, 2017 $'000**	Dec 31, 2016 $'000
a) Property related income				
Lease related income	**824,598**	833,740	**3,286,715**	3,151,929
Car park income	**13,270**	13,256	**53,366**	52,749
Expenses recoverable from tenants	**42,926**	40,920	**160,071**	168,625
Total property related income	**880,794**	887,916	**3,500,152**	3,373,303
b) Property related expenses				
Property administration expense	**(26,493)**	(19,515)	**(74,483)**	(75,465)
Property insurance	**(7,040)**	(9,003)	**(29,539)**	(31,103)
Property tax	**(16,195)**	(13,991)	**(65,247)**	(56,408)
Repairs and maintenance	**(49,562)**	(26,516)	**(131,996)**	(114,203)
Industrial park fees	**(6,615)**	(6,128)	**(37,181)**	(20,985)
Security services	**(5,671)**	(4,696)	**(20,574)**	(20,035)
Property related legal and consultancy expenses	**(2,959)**	(2,229)	**(14,278)**	(25,071)
Tenant improvements amortization	**(7,532)**	(5,882)	**(28,927)**	(19,993)
Leasing expenses amortization	**(12,431)**	(9,348)	**(48,561)**	(36,713)
Utilities	**(4,400)**	(5,139)	**(19,067)**	(18,020)
Marketing costs	**(614)**	(3,072)	**(10,225)**	(15,139)
Car park operating fees	**(2,938)**	(2,363)	**(11,119)**	(10,060)
Provision for bad debt	**(6,450)**	(10,103)	**(17,802)**	(35,914)
Other property related expenses	**(229)**	(663)	**(1,512)**	(3,643)
Total property related expenses	**(149,129)**	(118,648)	**(510,511)**	(482,752)
c) Professional, legal and other expenses				
Tax advisory expenses	**(816)**	(849)	**(3,622)**	(3,415)
Accountancy expenses	**(804)**	(1,574)	**(8,041)**	(6,342)
Valuation expenses	**(1,876)**	(1,960)	**(7,204)**	(7,358)
Audit expenses	**(924)**	(1,064)	**(4,302)**	(3,913)
Other professional expenses	**(4,902)**	(1,383)	**(13,515)**	(9,974)
Other expenses	**(3,057)**	(3,440)	**(11,842)**	(14,794)
Total professional, legal and other expenses	**(12,379)**	(10,270)	**(48,526)**	(45,796)
d) Finance costs				
Interest expense on interest-bearing liabilities	**(215,095)**	(218,125)	**(821,595)**	(845,184)
Other finance costs	**(9,701)**	(12,315)	**(63,194)**	(91,050)
Total finance costs	**(224,796)**	(230,440)	**(884,789)**	(936,234)
e) Financial income				
Returns earned on Mexican government bonds	**3,374**	2,160	**12,231**	26,769
Inflationary adjustment in respect of VAT refunds	**1,589**	-	**1,589**	7,238
Total financial income	**4,963**	2,160	**13,820**	34,007
f) Foreign exchange (loss)/gain				
Net unrealized foreign exchange (loss)/gain on monetary items	**(1,270,883)**	(994,034)	**798,351**	(2,902,511)
Net realized foreign exchange gain/(loss)	**12,394**	(13,319)	**41,796**	(6,634)
Total foreign exchange (loss)/gain	**(1,258,489)**	(1,007,353)	**840,147**	(2,909,145)

At December 31, 2017, the Group had 60 employees (December 31, 2016: 64) in its internal property management platform and the total wages and salaries (including insurance contributions, termination benefits, annual leave and bonus accruals) in relation to staff employed amounted to $74.4 million for the year ended December 31, 2017 (2016: $70.6 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

CURRENCY AMOUNTS EXPRESSED IN THOUSANDS OF MEXICAN PESOS (UNLESS OTHERWISE STATED)

5. SEGMENT REPORTING

The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined that its chief operating decision-maker is the Chief Executive Officer ("CEO") of the Group. The Manager has identified the operating segments based on the reports reviewed by the CEO in making strategic decisions.

The segment information includes proportionately consolidated results of the joint ventures which gets eliminated in the segment reconciliations.

The CEO monitors the business based on the location of the investment properties, as follows:

	Industrial				Retail/Office[1,2,3]		Total
3 months ended December 31, 2017	**North East $'000**	**Central $'000**	**North West $'000**	**North $'000**	**South $'000**	**Central $'000**	**$'000**
Revenue from external customers[1]	**309,443**	**147,395**	**162,613**	**122,769**	**12,855**	**178,438**	**933,513**
Segment net profit[2]	**1,253,210**	**701,783**	**608,680**	**635,347**	**10,780**	**300,221**	**3,510,021**
Included in profit of the period:							
Foreign exchange (loss)/gain	**(100,127)**	**(75,056)**	**(141,535)**	**6,985**	**-**	**(539)**	**(310,272)**
Net unrealized foreign exchange gain on US$ denominated investment property	**981,808**	**546,438**	**532,966**	**477,422**	**-**	**-**	**2,538,634**
Unrealized revaluation gain on investment property measured at fair value	**128,092**	**108,240**	**86,766**	**76,990**	**7,727**	**184,274**	**592,089**
Finance costs[3]	**(6,623)**	**(4,933)**	**(11,778)**	**(30,773)**	**(4,622)**	**(14,297)**	**(73,026)**

[1]The retail south segment and the retail central segment includes revenues relating to the joint ventures amounting to $12.8 million and $33.9 million respectively.

[2]The retail south segment and the retail central segment includes operating profits relating to the joint ventures amounting to $10.8 million and $34.5 million respectively.

[3]The retail south segment and the retail central segment relates to finance costs in respect of the joint ventures.

	Industrial				Retail/Office[1,2,3]		Total
3 months ended December 31, 2016	North East $'000	Central $'000	North West $'000	North $'000	South $'000	Central $'000	$'000
Revenue from external customers[1]	320,924	147,526	156,884	133,016	11,400	164,207	933,957
Segment net profit[2]	968,557	557,002	488,458	554,523	13,425	103,891	2,685,856
Included in profit of the period:							
Foreign exchange (loss)/gain	(56,312)	(38,094)	(92,850)	(5,672)	4	(91)	(193,015)
Net unrealized foreign exchange gain on US$ denominated investment property	736,319	399,448	411,882	391,251	-	-	1,938,900
Unrealized revaluation gain/(loss) on investment property measured at fair value	22,696	67,774	141,658	(33,455)	10,839	(5,846)	203,666
Finance costs[3]	(12,661)	(8,006)	(20,560)	(1,906)	(4,398)	(13,527)	(61,058)

[1]The retail south segment and the retail central segment includes revenues relating to joint ventures amounting to $11.4 million and $34.6 million respectively.

[2]The retail south segment and the retail central segment includes operating profits relating to joint ventures amounting to $13.4 million and $42.3 million respectively.

[3]The retail south segment and the retail central segment relates to finance costs in respect of the joint ventures.

	Industrial				Retail/Office[1,2,3]		Total
Year ended December 31, 2017	**North East $'000**	**Central $'000**	**North West $'000**	**North $'000**	**South $'000**	**Central $'000**	**$'000**
Revenue from external customers[1]	**1,242,133**	**582,304**	**650,761**	**485,368**	**47,056**	**695,553**	**3,703,175**
Segment net profit[2]	**483,887**	**215,179**	**280,299**	**204,654**	**26,564**	**794,640**	**2,005,223**
Included in profit of the year:							
Foreign exchange gain/(loss)	**31,966**	**22,412**	**40,867**	**20,408**	**10**	**(616)**	**115,047**
Net unrealized foreign exchange loss on US$ denominated investment property	**(689,662)**	**(335,215)**	**(289,399)**	**(251,956)**	**-**	**-**	**(1,566,232)**
Unrealized revaluation gain on investment property measured at fair value	**130,403**	**57,808**	**32,453**	**40,559**	**14,644**	**336,478**	**612,345**
Finance costs[3]	**(49,742)**	**(37,233)**	**(73,015)**	**(34,753)**	**(17,389)**	**(57,636)**	**(269,768)**

[1]The retail south segment and the retail central segment includes revenues relating to the joint ventures amounting to $47.06 million and $155.97 million respectively.

[2]The retail south segment and the retail central segment includes operating profits relating to the joint ventures amounting to $26.56 million and $88.04 million respectively.

[3]The retail south segment and the retail central segment relates to finance costs in respect of the joint ventures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

CURRENCY AMOUNTS EXPRESSED IN THOUSANDS OF MEXICAN PESOS (UNLESS OTHERWISE STATED)

5. SEGMENT REPORTING (CONTINUED)

	Industrial[1]				Retail/Office[2,3,4]		Total
Year ended December 31, 2016	North East $'000	Central $'000	North West $'000	North $'000	South $'000	Central $'000	$'000
Revenue from external customers[1]	1,175,497	565,034	591,538	530,354	43,422	658,290	3,564,135
Segment net profit[2]	2,772,768	1,201,077	1,208,132	1,138,383	28,912	218,687	6,567,959
Included in profit of the year:							
Foreign exchange (loss)/gain	(516,385)	(404,143)	(442,168)	(251,784)	28	(180,040)	(1,794,492)
Net unrealized foreign exchange gain on US$ denominated investment property	2,310,310	1,230,851	1,176,417	1,014,126	-	-	5,731,704
Unrealized revaluation gain/(loss) on investment property measured at fair value	102,886	6,923	81,853	(656)	17,123	62,743	270,872
Finance costs[3]	(153,876)	(118,341)	(126,137)	(77,173)	(15,440)	(155,689)	(646,656)

[1]The retail south segment and the retail central segment include revenues relating to the joint ventures amounting to $43.4 million and $147.4 million respectively.

[2]The retail south segment and the retail central segment include net profits relating to the joint ventures amounting to $28.9 million and $98.1 million respectively.

[3]The retail south segment and the retail central segment include finance costs relating to the joint ventures amounting to $15.4 million and $52.4 million respectively.

	Industrial*				Retail/Office		Total
As at December 31, 2017	North East $'000	Central $'000	North West $'000	North $'000	South $'000	Central $'000	$'000
Total segment assets*	**15,468,859**	**7,875,917**	**7,917,509**	**6,104,851**	**470,416**	**7,376,308**	**45,213,860**
Total segment liabilities	**(1,811,940)**	**(1,174,433)**	**(1,933,389)**	**(1,034,978)**	**(206,738)**	**(980,660)**	**(7,142,138)**
As at December 31, 2016							
Total segment assets*	15,862,346	8,250,867	8,122,078	6,675,919	447,670	6,996,136	46,355,016
Total segment liabilities	(1,658,071)	(1,143,891)	(1,904,247)	(333,924)	(200,809)	(907,472)	(6,148,414)

*During the year ended December 31, 2017, the Group disposed of two properties in North West, two in North and one in Central Industrial segments. During prior year, the Group disposed of two properties in the North East Industrial segment.

The operating segments derive their income primarily from lease rental income derived from tenants in Mexico. During the year, there were no transactions between the Group's operating segments.

The Group's non-current assets are comprised of investment properties located in Mexico.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

CURRENCY AMOUNTS EXPRESSED IN THOUSANDS OF MEXICAN PESOS (UNLESS OTHERWISE STATED)

5. SEGMENT REPORTING (CONTINUED)

Segment revenue and operating profit is reconciled to total revenue and operating profit as follows:

	3 months ended		Year ended	
	Dec 31, 2017 $'000	Dec 31, 2016 $'000	Dec 31, 2017 $'000	Dec 31, 2016 $'000
Total segment revenue	933,513	933,957	3,703,175	3,564,135
Revenue attributable to equity-accounted investees	(52,719)	(46,042)	(203,023)	(190,832)
Financial income	4,963	2,160	13,820	34,007
Other income	9,785	-	9,785	-
Total revenue for the period/year	895,542	890,075	3,523,757	3,407,310
Segment profit	3,510,021	2,685,856	2,005,223	6,567,959
Property expenses not included in reporting segment	449	19	2,225	3,565
Finance costs not included in reporting segment[1]	(170,690)	(187,309)	(690,047)	(357,431)
Financial income	4,963	2,160	13,820	34,007
Items attributable to equity-accounted investees	309	59	1,149	251
Other income	9,785	-	9,785	-
Foreign exchange (loss)/gain[2]	(948,217)	(814,332)	725,134	(1,114,560)
Goodwill written off in respect of properties disposed	(48,847)	-	(48,847)	-
Net unrealized gain on interest rate swap	37,300	117,479	13,811	97,762
Fees payable to the Manager[3]	(46,732)	(49,064)	(179,753)	(184,641)
Transaction related expenses	(346)	(10,756)	(4,962)	(37,522)
Professional, legal and other expenses	(12,379)	(10,270)	(48,526)	(45,796)
Gain on disposal of investment property	45,110	-	45,789	-
Income tax expense	(3,630)	(1,667)	(4,503)	(3,076)
Operating profit for the period/year	2,377,096	1,732,175	1,840,298	4,960,518

[1]In 2016, a portion of existing debt was converted to unsecured facilities at FIBRA Macquarie level and consequently, in 2016 and 2017 finance cost is considered as a reconciling item.

[2]Foreign exchange gain/(loss) realized and unrealized arising in respect of the unsecured debt revaluation at the end of the relevant period.

[3]Fees related with the Manager in respect of the existing management agreement, for further details see Note 27.

Segment assets and liabilities are reconciled to total assets and liabilities as follows:

	Year ended	
	Dec 31, 2017 $'000	Dec 31, 2016 $'000
Segment assets	45,213,860	46,355,016
Items non included in segment assets:		
Cash, cash equivalents and restricted cash[1]	158,973	260,428
Trade and other receivables	356	304
Other assets	74,877	72,109
Assets attributable to equity-accounted investees[2]	(2,029,628)	(1,967,369)
Investment in equity-accounted investees[2]	1,137,652	1,084,875
Derivative financial instruments not included in reporting segment	111,573	97,762
Total assets	44,667,663	45,903,125
Segment liabilities	(7,142,138)	(6,148,414)
Items non included in segment liabilities:		
Interest-bearing liabilities[3]	(12,193,973)	(14,253,261)
Trade and other payables[4]	1,141,787	655,823
Liabilities attributable to equity-accounted investees[2]	891,976	882,494
Income tax payable	-	(1,409)
Deferred income tax liability	(6,277)	(1,667)
Total liabilities	(17,308,625)	(18,866,434)

[1]Correspond to bank accounts in MXN and USD at FIBRA Macquarie level.

[2]Correspond to the net assets of the equity accounted investees and the balance of the investment in JV at FIBRA Macquarie level.

[3]In 2016, a portion of existing debt was converted to unsecured facilities at FIBRA Macquarie level and consequently, in 2017 and 2016, interest-bearing liabilities are considered as a reconciling item.

[4]Relates to payable balances at FIBRA Macquarie level.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

CURRENCY AMOUNTS EXPRESSED IN THOUSANDS OF MEXICAN PESOS (UNLESS OTHERWISE STATED)

6. SEASONALITY OF OPERATIONS

There are no material seasonal fluctuations for the Group operations given the characteristics of the properties and lease contracts.

7. DISTRIBUTIONS PAID OR PROVIDED FOR

During the year ended December 31, 2017, FIBRA Macquarie made four distribution payments amounting to $1,266.9 million (December 31, 2016: $1,444.2 million). The first distribution of $357.0 million (0.440 per CBFI) was paid on March 10, 2017, the second distribution of $304.2 million (0.375 per CBFI) was paid on May 10, 2017, the third distribution of $303.4 million (0.375 per CBFI) was paid on August 10, 2017, and the fourth distribution amounting to $302.3 million ($ 0.375 per CBFI) was paid on November 10, 2017.

8. EARNINGS PER CBFI

	3 months ended		Year ended	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Earnings per CBFI				
Basic earnings per CBFI ($)	**2.96**	2.13	**2.27**	6.11
Diluted earnings per CBFI ($)	**2.96**	2.13	**2.27**	6.11
Basic earnings used in the calculation of earnings per CBFI				
Net profit for the period/year ($'000)	**2,377,096**	1,732,175	**1,840,298**	4,960,518
Weighted average number of CBFIs ('000)	**804,431**	811,364	**808,940**	811,364
Diluted earnings used in the calculation of earnings per CBFI				
Net profit for diluted earnings per CBFI ($'000)	**2,377,096**	1,732,175	**1,840,298**	4,960,518
Weighted average number of CBFIs and potential CBFIs used as the denominator in calculating diluted earnings per CBFI ('000)	**804,431**	811,364	**808,940**	811,364

9. CASH AND CASH EQUIVALENTS

	Dec 31, 2017 $'000	Dec 31, 2016 $'000
Operating accounts	**417,529**	612,443
Restricted cash - current	**-**	10,849
Restricted cash - non current	**50,289**	39,881
Total cash and cash equivalents	**467,818**	663,173

(a) Operating accounts

The majority of the cash and cash equivalents are held in investment accounts earning interest at market rates.

(b) Restricted accounts

As at December 31, 2017 and December 31, 2016 the non-current restricted cash includes cash held as maintenance reserves as required under the MMREIT Industrial Trust III credit agreement with MetLife.

10. TRADE AND OTHER RECEIVABLES, NET

	Dec 31, 2017 $'000	Dec 31, 2016 $'000
Rental income receivable, net	**70,527**	115,531
Other receivables	**4,012**	1,334
Total trade and other receivables, net	**74,539**	116,865

Rental income receivable, net

This balance is shown net of a provision for doubtful accounts of $73.3 million as at December 31, 2017 (December 31, 2016: $72.8 million). The provision is based on an analytical review of the outstanding accounts and the management's assessment of its recoverability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

CURRENCY AMOUNTS EXPRESSED IN THOUSANDS OF MEXICAN PESOS (UNLESS OTHERWISE STATED)

11. OTHER ASSETS

	Dec 31, 2017 $'000	Dec 31, 2016 $'000
Other assets - Current		
Prepaid expenses	**28,221**	24,548
Prepaid management fees	**45,717**	48,129
Total other assets - Current	**73,938**	72,677
Other assets - Non-current		
Straight-line rental adjustment	**180,969**	171,652
Other assets	**15,704**	13,671
Total other assets - Non-current	**196,673**	185,323

12. EQUITY-ACCOUNTED INVESTEES

MMREIT Retail Trust III entered into two joint arrangements with Frisa through which it acquired a 50% interest in two joint venture trusts ("JV Trusts"). These have been classified as joint venture trusts under IFRS 11 – Joint Arrangements as MMREIT Retail Trust III has a right to 50% of the net assets of the JV Trusts. The debt used to finance the purchase of the assets held by the JV Trusts is at the JV Trust level. FIBRA Macquarie and/or MMREIT Retail Trust III have an exposure in relation to this debt solely in their capacity as joint obligors and only in exceptional circumstances which do not currently exist.

a) Carrying amounts

Name of the entity	Country of establishment / Principal activity	Ownership interest as at Dec 31, 2017	Ownership interest as at Dec 31, 2016	Dec 31, 2017 $'000	Dec 31, 2016 $'000
JV Trust CIB/589	Mexico / Own & lease retail property	**50%**	50%	**267,956**	252,030
JV Trust CIB/586	Mexico / Own & lease retail property	**50%**	50%	**869,696**	832,845

b) Movement in carrying amounts

	Year ended Dec 31, 2017 $'000	Year ended Dec 31, 2016 $'000
Carrying amounts at the beginning of the year	**1,084,875**	959,363
Distributions received during the year	**(62,975)**	(1,773)
Share of profits after income tax	**52,570**	52,036
Share of revaluation gain on investment property measured at fair value	**63,182**	75,249
Carrying amounts at the end of the year	**1,137,652**	1,084,875

c) Summarized financial information for joint ventures

The below table provides summarized financial information for the joint ventures since these are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the joint ventures and not FIBRA Macquarie's share of those amounts. These have been amended to reflect adjustments made by the Group using the equity method including adjustments and modifications for differences in accounting policy between FIBRA Macquarie and the JV Trusts.

Summarized Statement of Financial Position	JV Trust CIB/589 Dec 31, 2017 $'000	JV Trust CIB/589 Dec 31, 2016 $'000	JV Trust CIB/586 Dec 31, 2017 $'000	JV Trust CIB/586 Dec 31, 2016 $'000
Total current assets[1]	**26,040**	29,813	**60,905**	65,105
Total non-current assets	**1,115,358**	1,064,171	**2,856,952**	2,775,648
Total current liabilities	**(43,171)**	(27,319)	**(25,674)**	(19,982)
Total non-current liabilities[2]	**(562,315)**	(562,605)	**(1,152,791)**	(1,155,081)
Net assets	**535,912**	504,060	**1,739,392**	1,665,690

[1]Includes cash and cash equivalents of $45.9 million (December 31, 2016: $50.4 million).

[2]Non-current financial liabilities (excluding trade and other payables and provisions) amounts to $1,718.5 million (December 31, 2016: $1,719.9 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

CURRENCY AMOUNTS EXPRESSED IN THOUSANDS OF MEXICAN PESOS (UNLESS OTHERWISE STATED)

12. EQUITY-ACCOUNTED INVESTEES (CONTINUED)

c) Summarized financial information for joint ventures (continued)

Summarized Statement of Financial Position	JV Trust CIB/589 Dec 31, 2017 $'000	JV Trust CIB/589 Dec 31, 2016 $'000	JV Trust CIB/586 Dec 31, 2017 $'000	JV Trust CIB/586 Dec 31, 2016 $'000
Reconciliation to carrying amounts:				
Opening net assets[3]	**504,060**	449,215	**1,665,690**	1,465,964
Net movements for the year	**31,852**	54,845	**73,702**	199,726
Net assets	**535,912**	504,060	**1,739,392**	1,665,690
FIBRA Macquarie's share (%)	**50%**	50%	**50%**	50%
FIBRA Macquarie's share ($)	**267,956**	252,030	**869,696**	832,845
FIBRA Macquarie's carrying amount	**267,956**	252,030	**869,696**	832,845

[3]During the year ended December 31, 2017 FIBRA Macquarie paid VAT on behalf of the JV trusts amounting to $19.7 millions (2016: $10.8 million). These recoverable amount have been settled against the distributions received by FIBRA Macquarie from the JV trusts.

Summarized Statement of Comprehensive Income	JV Trust CIB/589 Year ended Dec 31, 2017 $'000	JV Trust CIB/589 Year ended Dec 31, 2016 $'000	JV Trust CIB/586 Year ended Dec 31, 2017 $'000	JV Trust CIB/586 Year ended Dec 31, 2016 $'000
Revenue:				
Rental and other income	**114,597**	116,039	**291,449**	265,625
Revaluation of investment property measured at fair value	**50,000**	24,169	**76,363**	126,329
Financial income	**801**	567	**2,073**	462
Total revenue	**165,398**	140,775	**369,885**	392,416
Expenses:				
Interest expense	**(48,921)**	(48,744)	**(101,128)**	(86,963)
Other expenses	**(36,446)**	(37,186)	**(117,282)**	(105,727)
Total expense	**(85,367)**	(85,930)	**(218,410)**	(192,690)
Profit for the year	**80,031**	54,845	**151,475**	199,726
FIBRA Macquarie's share (%)	**50%**	50%	**50%**	50%
FIBRA Macquarie's share	**40,015**	27,422	**75,737**	99,863

d) Share of contingent liabilities of joint venture

As at December 31, 2017 and 2016, there was no share of contingent liabilities incurred jointly with the joint venture partners and no contingent liabilities of the joint ventures for which FIBRA Macquarie is liable.

13. GOODWILL

	Dec 31, 2017 $'000	Dec 31, 2016 $'000
Carrying amount at the beginning of the year	**931,605**	931,605
Goodwill written off in respect of properties disposed	**(48,847)**	-
Carrying amount at the end of the year	**882,758**	931,605

Goodwill recognized represents the difference between consideration given and the fair value of the assets acquired at the acquisition date.

Goodwill is tested for impairment at least annually, and when circumstances indicate that the carrying value may be impaired. As at December 31, 2017 and 2016, since the portfolio premium in respect of the initial acquisition as assessed by the Independent Valuer (see note 15 (c)) is higher than the carrying value, no impairment of goodwill has been recognized.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

CURRENCY AMOUNTS EXPRESSED IN THOUSANDS OF MEXICAN PESOS (UNLESS OTHERWISE STATED)

14. INVESTMENT PROPERTIES HELD FOR SALE

	Dec 31, 2017 $'000	Dec 31, 2016 $'000
Carrying amount at the beginning of the year	**284,130**	-
Additions/disposals during the year:		
Transfers from investment properties[1]	**198,289**	300,918
Disposals[2]	**(478,934)**	(37,611)
Net unrealized foreign exchange (loss)/gain on USD denominated investment property	**(7,985)**	17,342
Revaluation of investment property measured at fair value	**4,500**	3,481
Carrying amount at the end of the year	**-**	284,130

[1]Investment properties reclassified as 'Investment property held for sale' are based on the Group's expectations of the likelihood that assets will be sold within the next 12 months and the asset is being actively marketed in accordance with IFRS 5.

[2]During the year ended December 31, 2017, the Group disposed of five properties in Tijuana, La Paz, Ascención, Durango and Villahermosa respectively. During prior year, the Group disposed of two properties in Matamoros.

15. INVESTMENT PROPERTIES

	Note	Dec 31, 2017 $'000	Dec 31, 2016 $'000
Carrying amount at the beginning of the year		**42,466,715**	35,639,298
Additions during the year:			
Asset acquisition*		**-**	447,945
Capital expenditure (including tenant improvements)		**305,328**	320,533
Transfers from Investment property under construction		**172,643**	224,755
Investment property under construction	15(a)	**(17,986)**	174,298
Net unrealized foreign exchange (loss)/gain on US$ denominated investment property		**(1,558,247)**	5,714,362
Transfer to investment properties held for sale	14	**(198,289)**	(300,918)
Revaluation of investment property measured at fair value		**544,665**	192,142
Leasing commissions, net of amortization		**7,883**	54,300
Carrying amount at the end of the year		**41,722,712**	42,466,715

* Refer to Note 1 for further details.

(a) Investment property under construction*

	Dec 31, 2017 $'000	Dec 31, 2016 $'000
Carrying amount at the beginning of the year	**174,298**	-
Capital expenditure	**154,657**	399,053
Transfer to completed investment properties	**(172,643)**	(224,755)
Carrying amount at the end of the year	**156,312**	174,298

*Investment property under construction is initially recognized at cost since the fair value of these properties under construction cannot reasonably be measured as at that date. At the year end or date of construction, whichever is earlier, any difference between the initial recognition and the fair value at that date will be taken to the income statement.

(b) Asset-by-asset valuation

Valuations of investment properties are carried out at least annually by a qualified valuation specialist independent of FIBRA Macquarie (the "Independent Valuer"). CBRE Mexico, an internationally recognized valuation and advisory firm with relevant expertise and experience, was engaged as the independent valuer to conduct an independent appraisal of FIBRA Macquarie's investment properties as at December 31, 2017 and 2016.

The valuation methods - cost, market value and capitalization analyses - are applied by the Independent Valuer in order to estimate the market value of the acquired properties applying primarily an income analysis, using direct capitalization as well as discounted cash flow analysis.

The significant inputs and assumptions in respect of the valuation process are developed in consultation with management. The valuation process and fair value changes are reviewed by the independent auditor and the board of directors of the Manager at each reporting date. The directors confirm that there have been no material changes to the assumptions applied by the independent valuers. The inputs used in the valuations at December 31, 2017 were as follows:

- The average annualised net operating income ("NOI") yield range across all properties was 7.25% to 10.00% (2016: 7.50% to 10.00%) for industrial properties and 8.00% to 9.00% (2016: 8.00% to 9.00%) for retail.
- The range of reversionary capitalisation rates applied to the portfolio were between 7.50% and 10.25% (2016: 7.50% and 10.25%) for industrial and 8.25% and 9.5% (2016: 9.25% and 9.5%) for retail.
- The discount rates applied range between 8.50% and 11.50% (2016: 8.50% and 11.50%) for industrial and 9.25% and 10.50% (2016: 9.25% and 10.75%) for retail.
- The vacancy rate applied for shopping centers ranged between 3.00% and 5.00%, (2016: 3.00% and 10/00%) with an average of 4.80% (2016: 5.10%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

CURRENCY AMOUNTS EXPRESSED IN THOUSANDS OF MEXICAN PESOS (UNLESS OTHERWISE STATED)

15. INVESTMENT PROPERTIES (CONTINUED)

(b) Asset-by-asset valuation (continued)

The estimated fair value increases if the estimated rental increases, vacancy levels decline or if discount rates (market yields) and reversionary capitalisation rates decline. The valuations are sensitive to all four assumptions. Changes in discount rates attributable to changes in market conditions can have a significant impact on property valuations.

The difference between the above fair value for financial reporting purposes and the carrying value at the end of the year is primarily on account of capitalized leasing costs and tenant improvements which are carried at historical costs.

(c) Portfolio valuation

The Independent Valuer's valuations of the existing portfolios as at December 31, 2017 on a portfolio basis were as follows:

(i) US$1.86 billion (December 31, 2016: US$1.86 billion) for the Industrial Trusts; and

(ii) $5.72 billion (December 31, 2016: $5.40 billion) for the Retail Trusts.

16. TRADE AND OTHER PAYABLES

	Dec 31, 2017 $'000	Dec 31, 2016 $'000
Capital expenditures	**408,675**	248,047
Property related expenses[1]	**121,496**	90,768
VAT Payable	**41,113**	21,887
Other payables	**24,805**	37,168
Interest payable	**21,714**	26,942
Audit and tax advisory expenses	**11,994**	14,545
Transaction related expenses	**987**	3,471
Acquisition related costs	**-**	37,845
Total payables	**630,784**	480,673

[1] Includes seniority premium liability as December 31, 2017 by $0.01 million (December 31, 2016: $0.01 million) in accordance with IAS 19 Employee Benefits.

17. TENANT DEPOSITS

	Dec 31, 2017 $'000	Dec 31, 2016 $'000
Security deposits from tenants - Current	**39,295**	21,396
Security deposits from tenants - Non-current	**313,719**	346,863
Total other liabilities	**353,014**	368,259

Security deposits are determined under the terms of the relevant lease and retained by the Group until the expiry of the applicable lease term.

18. INTEREST BEARING LIABILITIES

	Dec 31, 2017 $'000	Dec 31, 2016 $'000
The group has access to:		
Loan facilities-undrawn		
Undrawn US$-denominated notes	**2,693,882**	1,291,500
Undrawn MXN-denominated notes	**1,604,806**	1,604,806
Total undrawn loan facilities	**4,298,688**	2,896,306
Loan facilities-drawn		
US$-denominated notes	**6,414,005**	6,715,800
US$-denominated revolving credit facility	**789,416**	7,687,008
US$-denominated term funding	**9,236,166**	3,771,180
Unamortized transaction costs	**(121,037)**	(159,562)
Total loan facilities net of unamortized transaction costs	**16,318,550**	18,014,426

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

CURRENCY AMOUNTS EXPRESSED IN THOUSANDS OF MEXICAN PESOS (UNLESS OTHERWISE STATED)

18. INTEREST BEARING LIABILITIES (CONTINUED)

The relevant credit facilities are summarised as follows:

Lenders / Facility Type	Currency	Facility Limit $' millions	Drawn Amount $' millions	Interest Rate p.a.	Maturity Date	Dec 31, 2017 $'000	Dec 31, 2016 $'000
Various Banks through a Credit Facility - Term Loan	US$	258.0	258.0	90 day Libor + 3.125%[2]	Jun-20[1]	5,018,554	5,227,129
Various Banks through a Credit Facility - Revolving Credit Facility	US$	176.5	40.0	30 day Libor + 2.75%	Jun-19[1]	770,003	2,320,514
Various Insurance Companies through a Note Purchase and Guaranty Agreement	US$	75.0	75.0	5.44%	Sep-26	1,477,399	1,546,644
Various Insurance Companies through a Note Purchase and Guaranty Agreement	US$	250.0	250.0	5.55%	Jun-23	4,928,018	5,158,974
MetLife - Term Loan	US$	182.5	0.0	4.50%	Feb-18	-	3,761,165
MetLife - Term Loan	US$	210.0	210.0	5.38%	Jan-27	4,124,576	-
Balance at the end of the year						**16,318,550**	**18,014,426**

[1]Extendable by one year at FIBRA Macquarie's discretion, subject to certain conditions being satisfied.

[2]Fixed by interest rate swap. Refer to note 19.

Interest-bearing liabilities - Non-current

On September 13, 2017, FIBRA Macquarie obtained new US$210 million, 10-year, non-amortizing, non-recourse, secured loan with a fixed interest rate of 5.38%. Proceeds were used to fully prepay an approximate US$180 million secured loan due to mature on February 1, 2018. The balance was used to pay down US$30 million of revolver drawings.

During the previous year, in June 2016, FIBRA Macquarie completed the refinancing of its secured loans of US$716.6 million with BRE Debt México, maturing in December 2017 (the "Refinancing"). As part of the Refinancing, FIBRA Macquarie entered into a US$435 million (US$ equivalent) unsecured bank credit agreement and a US$250 million unsecured seven-year private placement note purchase agreement resulting in total unsecured facilities of US$609.5 million and $1.4 billion. The initial drawings totaling US$609.5 million and $830.0 million together with US$57.4 million of existing cash were used to prepay the US$716.6 million BRE Debt México loans. In September 2016, FIBRA Macquarie completed a US$159.0 million unsecured refinancing transaction. The drawn proceeds of US$112.5 million were used to repay FIBRA Macquarie's asset-level $940.0 million secured loan that was due to mature in October 2016. The balance of the drawn proceeds were applied towards partial repayment of the drawn revolver facilities, associated interest and transaction costs.

Interest-bearing liabilities - Current

As December 31, 2017, FIBRA Macquarie does not have any maturities until June 2019, therefore, the interest-bearing liabilities (current) as at that day is nil. During the previous year, in accordance with the loan agreement, the Group elected to amortize the principal portion of the 182.5million MetLife term loan beginning from February 2017. Consequently, the amount payable during the next 12 months amounting to $67.9 million (include proportionate unamortized upfront costs) was classified as a current liability as at December 31, 2016.

Reconciliation of movements of interest-bearing liabilities (current and non-current) to cash flows arising from financing activities:

	Dec 31, 2017 $'000	Dec 31, 2016 $'000
Carrying amount at the beginning of the year	**18,014,426**	16,346,990
Changes from financing cash flows:		
Proceeds from interest-bearing liabilities, net of facility charges	**3,672,621**	14,688,741
Repayments of interest-bearing liabilities	**(4,601,532)**	(16,121,464)
Total changes for financing cash flow	**(928,911)**	(1,432,723)
Total effect of changes in foreing exchange rate	**(830,159)**	3,009,109
Liability-related other changes:		
Amortization of capitalized borrowing costs	**63,194**	91,050
Carrying amount at the end of the year	**16,318,550**	18,014,426

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

CURRENCY AMOUNTS EXPRESSED IN THOUSANDS OF MEXICAN PESOS (UNLESS OTHERWISE STATED)

19. DERIVATIVE FINANCIAL INSTRUMENTS

On August 26, 2016 and then subsequently on September 30, 2016, FIBRA Macquarie entered into interest rate swap contracts with various banks, whereby FIBRA Macquarie pays a fixed rate of interest of 1.25% and 1.134% and receives a variable rate based on 90 days plus LIBOR. The swaps fully hedge the exposure to the variable interest rate payments associated with the US$258.0 million unsecured credit facility (term loan). See note 18.

Below is a summary of the terms and fair value of the interest rate swap agreements. The loans and the interest rate swaps have the same critical terms.

Counterparties	Trade date	Maturity date	Notional amount	Dec 31, 2017 $'000	Dec 31, 2016 $'000
Various Banks	Aug 31, 2016	Jun 30, 2020	US$155.5 million	63,827	54,908
Various Banks	Sep 27, 2016	Jun 30, 2020	US$102.5 million	47,746	42,854
Total estimated fair value				**111,573**	**97,762**

20. TAXATION

FIBRA Macquarie is deemed to be a real estate investment trust for Mexican federal income tax purposes. Under Articles 223 and 224 of the Mexican Income Tax Law, it is required to distribute an amount equal to at least 95% of its net tax result to its CBFI holders on a yearly basis. If the net tax result during any fiscal year is greater than the distributions made to CBFI holders during the twelve months ended March of such fiscal year, FIBRA Macquarie is required to pay the corresponding tax at a rate of 30% of such excess.

The Group's subsidiaries are subject to income tax and hence the tax effects have been recognized in these consolidated financial statements. Deferred income taxes are calculated on the basis of income taxes at the rate applicable in the period in which the reversal of the corresponding temporary differences is expected. The major components of the income tax expense for the period/year ended December 31, 2017 with respect to the results of the Group's subsidiaries are:

	Dec 31, 2017 $'000	Dec 31, 2016 $'000
Current income tax charge	**-**	1,409
Deferred income tax relating to origination and reversal of temporary differences	**6,277**	1,667
Total Income tax payable	**6,277**	3,076

21. CONTRIBUTED EQUITY

	No. of CBFIs '000	$'000
Balance at January 1, 2016	811,364	18,369,994
CBFIs outstanding at December 31, 2016	811,364	18,369,994
Balance at January 1, 2017	811,364	18,369,994
CBFIs repurchased during the year	(11,385)	(251,021)
CBFIs outstanding at December 31, 2017	**799,979**	**18,118,973**

On June 25, 2017, the Technical Committee approved a CBFI buy-back program under the terms of the Trust Agreement and provided instructions to the Fund Trustee to carry out the repurchase of certificates for subsequent cancellation. As at December 31, 2017, a total of 11,385,041 CBFIs, amounting to $251.0 million (including transaction costs), have been repurchased.

22. RETAINED EARNINGS

	$'000
Balance as at January 1, 2016	5,150,406
Total comprehensive income for the year	4,960,518
Distributions paid	(1,444,227)
Balance as at December 31, 2016	8,666,697
Balance as at January 1, 2017	**8,666,697**
Total comprehensive income for the year	**1,840,298**
Distributions paid	**(1,266,930)**
Balance as at December 31, 2017	**9,240,065**

CURRENCY AMOUNTS EXPRESSED IN THOUSANDS OF MEXICAN PESOS (UNLESS OTHERWISE STATED)

23. CAPITAL AND FINANCIAL RISK MANAGEMENT

Risk management

The Group manages capital through the mix of available capital sources whilst complying with statutory, constitutional capital and distribution requirements, maintaining gearing, interest cover ratios and other covenants within approved limits and continuing to operate as a going concern. The Group assesses its capital management approach as a key part of its overall strategy and this is regularly reviewed by management and the Board of the Manager.

The Group's principal financial instruments comprise cash and cash equivalents, receivables, payables, and interest bearing liabilities. The Group's activities expose it to a variety of financial risks: credit risk, market risk (foreign exchange risk and interest rate risk) and liquidity risk.

The Group manages its exposure to these financial risks in accordance with the Group's financial risk management policy, which is consistent with Macquarie Infrastructure and Real Assets managed funds globally. The policy sets out the Group's approach to managing financial risks, the policies and controls utilized to minimize the potential impact of these risks on its performance and the roles and responsibilities of those involved in the management of these financial risks.

The Group uses various measures to monitor exposures to these types of risks. The main methods include foreign exchange and interest rate sensitivity analysis, ageing analysis and counterparty credit assessment, and the use of future rolling cash flow forecasts.

(a) Credit risk

Credit risk is defined as the risk of a counterparty failing to complete its contractual obligations when they fall due. The consequent loss is either the amount of the loan not paid back, or the loss incurred in replicating a trading contract with a new counterparty. The Group has exposure to credit risk on all of its financial assets included in the Consolidated Statements of Financial Position. Concentrations of credit risk are minimized primarily by:

- ensuring counterparties, together with the respective credit limits, are approved; and
- ensuring that transactions are undertaken with a large number of counterparties.

Trade and other receivables

The Group manages its risk on tenant receivables by performing credit reviews of prospective tenants, obtaining tenant collateral where appropriate and performing detailed reviews on any tenant arrears. The Group has policies that limit the amount of credit exposure to any financial institution where practical and commercially appropriate. Cash transactions are limited to investment grade counterparties in accordance with the risk management policy. The Group monitors the public credit rating of its counterparties.

The Group has policies to review the aggregate exposures of receivables and tenancies across its portfolios. The Group has no significant concentrations of credit risk on its receivables. At December 31, 2017, the largest individual tenant represents 4.0% (2016: 2.7%) of the total rental income. The Group holds collateral in the form of security deposits.

Cash and Cash equivalents

The Group held cash and cash equivalents of $417.5 million at December, 31 2017 (December 31, 2016: $612.4 million). The cash and cash equivalents are held mainly with BBVA Bancomer, S.A., Institución de Banca Múltiple ("Bancomer) and Banco Nacional De Mexico, S.A. ("Citibanamex"), financial institution counterparties, which are rated A-2 based on rating agency as at December 31, 2017.

Other assets - Current

Other assets are made up mainly of insurance proceeds receivable, property insurance prepayments and prepaid MMREM management fees.

The table below details the concentration of credit exposure of the Group's assets to locations and counterparty types. The amounts shown represent the maximum credit risk of the Group's assets as of December 31, 2017 and 2016 respectively.

As at Dec 31, 2017	Cash and cash $'000	Other assets $'000	Trade receivables $'000	Total $'000
Financial institutions*	467,818	-	-	467,818
Other	-	73,938	74,539	148,477
Total	**467,818**	**73,938**	**74,539**	**616,295**

*Includes restricted cash

As at Dec 31, 2016	Cash and cash $'000	Other assets $'000	Trade receivables $'000	Total $'000
Financial institutions*	663,173	-	-	663,173
Other	-	72,677	116,865	189,542
Total	663,173	72,677	116,865	852,715

*Includes restricted cash

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

CURRENCY AMOUNTS EXPRESSED IN THOUSANDS OF MEXICAN PESOS (UNLESS OTHERWISE STATED)

23. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

At December 31, the ageing of trade and other receivables that were not impaired were as follows:

	2017 $'000	2016 $'000
Neither past due nor impaired	**39,354**	32,291
Past due < 30 days	**16,650**	13,980
Past due 31 - 90 days	**5,560**	41,140
Past due > 90 days	**12,975**	29,454
Total trade and other receivables	**74,539**	116,865

Management believes that the unimpaired amounts that are past due by more than 30 days may nevertheless be collectable in full, based on payment history and a credit analysis of individual tenants. For material balances, individual payment agreements have been put in place to ensure that outstanding balances are repaid in a timely manner.

(b) Liquidity risk

The Group's liquidity position is monitored on a continuous basis by management and is reviewed quarterly by the Board of the Manager. A summary table with maturity profile of financial liabilities presented below is used to manage liquidity risks. The amounts disclosed in the tables below are the contractual undiscounted cash flows. Undiscounted cash flows in respect of balances due within 12 months generally equal their carrying amounts in the statement of financial position, as the impact of discounting is not significant. The amount of contractual undiscounted cash flows related to bank borrowings and other loans is based on variable and fixed interest rates.

The maturity analysis of financial liabilities at December 31 is as follows:

2017	Less than 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	Total $'000
Trade and other payables	**(630,784)**	**-**	**-**	**(630,784)**
Tenant deposits	**-**	**(39,295)**	**(313,719)**	**(353,014)**
Interest bearing liabilities*	**-**	**-**	**(16,439,587)**	**(16,439,587)**
Total	**(630,784)**	**(39,295)**	**(16,753,306)**	**(17,423,385)**

* Exclude unamortized debt establishment costs amounting to $121.0 million.

2016	Less than 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	Total $'000
Trade and other payables	(480,673)	-	-	(480,673)
Tenant deposits	-	(21,396)	(346,863)	(368,259)
Income tax payable	(1,409)	-	-	(1,409)
Interest bearing liabilities*	(13,665)	(62,772)	(18,097,551)	(18,173,988)
Total	(495,747)	(84,168)	(18,444,414)	(19,024,329)

* Exclude unamortized debt establishment costs amounting to $159.6 million.

(c) Market risk

Foreign currency risk

Foreign currency risk is associated with the changes in foreign exchange rates of Mexican peso value which could affect the Group's foreign denominated financial assets and liabilities. Foreign currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Group's functional currency.

(i) Non functional currency income

Through investing in assets generating US dollar rents, the Group earns foreign denominated income. The net property income derived is partially offset by US dollar denominated expenses, including interest.

(ii) Non functional currency foreign investments

The Group aims to minimize the impact of fluctuations in foreign currency exchange rates on its net investments by borrowing in US dollar to partially fund its US dollar denominated investment property acquisitions. Currently, the Group does not further reduce any unhedged exposure caused where Mexican peso denominated equity is used to finance US denominated assets.

The Group is exposed to foreign currency risk through investing in US dollar denominated investment properties and deriving income from those properties. The Group has been marketed as giving its investors exposure to US dollar risk. Management does not deem it necessary to undertake any further measures to mitigate or reduce the existing foreign currency risk relating to US dollar exposures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

CURRENCY AMOUNTS EXPRESSED IN THOUSANDS OF MEXICAN PESOS (UNLESS OTHERWISE STATED)

23. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

	2017 USD exposures* $'000	2016 USD exposures* $'000
Investment properties	**35,323,406**	36,907,764
Trade receivables	**11,834**	47,287
Cash and cash equivalents (including restricted cash)	**287,961**	465,591
Other assets	**24,328**	9,619
Trade and other payables	**(46,816)**	(468,979)
Tenant deposits	**(333,847)**	(326,136)
Interest-bearing liabilities	**(16,318,550)**	(18,014,426)
Net Exposure	**18,948,316**	18,620,720

*The amounts presented are in Mexican Pesos.

A movement in foreign currency exchange rates applied to the net exposures in the table above would result in a change to the net assets of the Group. In assessing the impact of changes in foreign currency exchange rates, a 10% movement has been applied.

	Sensitivity of operating profit*	
As at 2017	Movement of +10% $'000	Movement of -10% $'000
US dollar exposure	**1,894,832**	**(1,894,832)**
As at 2016		
US dollar exposure	1,862,072	(1,862,072)

*The amounts presented are in Mexican Pesos.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will impact the earnings of the Group. The Group is exposed to interest rate risk predominantly through floating rate borrowings and manages this exposure on a 'look through' basis including exposures generated by the borrowings of the Industrial Trusts.

In order to manage interest rate risk, the Group has entered into funding with fixed interest rate where possible. The Group has entered into interest rate swaps to change the variable interest rate of US$258.0 million term loan to a fix interest rate (for more details refer to note 19). Consequently, 95% (December 31, 2016: 87%) of the Group's debt funding has a fixed interest rate and only US$40 million are kept with variable interest rate.

Sensitivity analysis

The table below reflects the potential net increase/(decrease) in the profit, resulting from changes in interest rates applicable at December 31, with all other variables remaining constant.

	2017 $'000	2016 $'000
Floating interest rate		
Cash and cash equivalents	**142,799**	145,875
Interest bearing liabilities (with variable interest rates)	**(789,416)**	(2,355,696)
Net floating interest rate exposure	**(646,617)**	(2,209,821)

A movement in variable interest rates applied to the net exposures in the table above would result in a change to the net profit of the Group.

	Sensitivity of operating profit	
As at 2017	Movement of +100bps $'000	Movement of -100bps $'000
Effect of net floating exposure	**(6,466)**	**6,466**
As at 2016		
Effect of net floating exposure	(22,098)	22,098

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

CURRENCY AMOUNTS EXPRESSED IN THOUSANDS OF MEXICAN PESOS (UNLESS OTHERWISE STATED)

24. FAIR VALUES OF ASSETS AND LIABILITIES

The Group measures the following assets and liabilities at fair value:
- Investment properties
- Derivative financial instruments

Fair value reflects the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Quoted prices or rates are used to determine fair value where an active market exists. If the market for a financial instrument is not active, fair values are estimated using present value or other valuation techniques, using inputs based on market conditions prevailing on the measurement date.

The values derived from applying these techniques are affected by the choice of valuation model used and the underlying assumptions made regarding inputs such as timing and amounts of future cash flows, discount rates, credit risk, volatility and correlation.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The investment property valuations were determined using discounted cash flow projections, based on significant unobservable inputs. These inputs include:

- Future rental cash flows: based on the location, type and quality of the properties and supported by the terms of any existing lease or other contracts or external evidence such as current market rents for similar properties;
- Discount rates: reflecting current market assessments of the uncertainty in the amount and timing of cash flows;
- Vacancy rates: based on current and expected future market conditions after expiry of any current leases;
- Maintenance costs: including necessary investments to maintain functionality of the property for its expected useful life;
- Capitalisation rates: based on location size and quality of the properties and taking into account market data at the valuation date; and
- Terminal value: taking into account assumptions regarding maintenance costs, vacancy rates and market rents.

Financial instruments measured at fair value are categorized in their entirety, in accordance with the levels of the fair value hierarchy as outlined below:
Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The appropriate level for an instrument is determined on the basis of the lowest level input that is significant to the fair value measurement.

The following table sets out the fair value of financial instruments (net of unamortized acquisition costs) not measured at fair value and analyzes them by the level in the fair value hierarchy into which each fair value measurement is categorized:

As at December 31, 2017	Level 2 $'000	Total fair value $'000	Total carrying amount $'000
Interest-bearing liabilities*	**16,425,514**	**16,425,514**	**16,318,550**
As at December 31, 2016			
Interest-bearing liabilities*	18,083,533	18,083,533	18,014,426

*Net of unamortized transaction costs.

The following table summarizes the levels of the fair value hierarchy for financial instruments measured at fair value of the Group:

As at December 31, 2017	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Derivative financial instruments	**-**	**111,573**	**-**	**111,573**
Investment properties	**-**	**-**	**41,722,712**	**41,722,712**
As at December 31, 2016				
Derivative financial instruments	-	97,762	-	97,762
Investment properties held for sale	284,130	-	-	284,130
Investment properties	-	-	42,466,715	42,466,715

The fair value of the interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the term and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

The fair value of the interest rate swaps reflect the credit risk of the instrument and include adjustments to take account of the the credit risk of the Group entity and counterparty, where appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

CURRENCY AMOUNTS EXPRESSED IN THOUSANDS OF MEXICAN PESOS (UNLESS OTHERWISE STATED)

24. FAIR VALUES OF ASSETS AND LIABILITIES (CONTINUED)

The following table presents the changes in Level 3 of the fair value hierarchy for the Group:

	Dec 31, 2017 $'000	Dec 31, 2016 $'000
Balance at the beginning of the year	42,466,715	35,639,298
Capital expenditure	467,868	773,886
Transfer to investment properties held for sale	(198,289)	(300,918)
Asset acquisitions	-	447,945
Net unrealized foreign exchange (loss)/gain on US$ denominated investment property	(1,558,247)	5,714,362
Unrealized revaluation gain on investment property measured at fair value	544,665	192,142
Balance at the end of the year	41,722,712	42,466,715

25. LEASES

Agreement entered into by the Group and its tenants have been classified as operating leases under IAS 17. The Group is the lessor of the leases entered into with third parties in respect of its investment properties. Of the leases entered into by the Group, there are a certain amount that are fixed-term leases which include renewal options for the tenants. Notwithstanding these particular leases, the lease agreements entered into by the Group have expiration dates raging from January 1, 2018 to April 30, 2048.

Where the minimum lease payments are considered to be the net accumulated rent over the lease term, which is defined as the earliest possible termination date available to the tenant, irrespective of the probability of the tenant terminating or not exercising available renewal options; the minimum lease payments to be received by the Group going forwards are as laid out below:

December 31, 2017	<1 year	1-5 years	>5 years	Total
Minimum future lease payments (US$'000)	124,857	307,366	56,962	489,185
Minimum future lease payments ($'000)	28,572	88,481	20,097	137,150

26. COMMITMENTS AND CONTINGENT LIABILITIES

The Group has no significant contingent liabilities as at December 31, 2017. At December 31, 2016, the Group was committed to pay US$3.7 million in respect a build-to-suit project which was completed in the third quarter of the 2017 and therefore paid.

27. RELATED PARTY INFORMATION

FIBRA Macquarie is listed on the Mexican Stock Exchange and its CBFIs are understood by the Manager to be widely held. The following summary provides an overview of the Group's key related parties:

(a) Transactions with key management personnel

The key management personnel in respect of the Group are employed and remunerated by the Manager.

(b) Trustee

Since the execution of the Trustee Substitution Agreement on October 31, 2017, CIBanco, S.A., Institucion de Banca Multiple is the FIBRA Macquarie Trustee, whose registered office is at Av. Paseo de las Palmas, 215, Piso 7, Lomas de Chapultepec I Seccion, Miguel Hidalgo, Mexico City 11000.

The trustee of the Investment Trusts is CIBanco, Sociedad Anónima, Institución de Banca Múltiple (formerly The Bank of New York Mellon, Sociedad Anónima, Institución de Banca Múltiple) whose registered office is at Av. Paseo de las Palmas 215, piso 7, Col. Lomas de Chapultepec I Seccion, Miguel Hidalgo, Mexico City, C.P. 11000 (“Investment Trust Trustee”). The other trustee within the Group is Banco Nacional de Mexico, S.A., Integrante del Grupo Financiero Banamex. For the three months and year ended December 31, 2017, the trustees' fees for the Group amounted to $1.1 million (December 31, 2016: $1.2 million) and $4.5 million (December 31, 2016: $4.4 million) respectively.

As at December 31, 2017, fees due to the trustees amounted to $0.1 million (December 31, 2016: $1.65 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

CURRENCY AMOUNTS EXPRESSED IN THOUSANDS OF MEXICAN PESOS (UNLESS OTHERWISE STATED)

27. RELATED PARTY INFORMATION (CONTINUED)

(c) Manager (continued)

MMREM acts as manager of FIBRA Macquarie and has its registered office is at Pedregal 24, piso 21, Col. Molino del Rey, Miguel Hidalgo, Mexico City, 11040.

Under the terms of FIBRA Macquarie's Trust Agreement, MMREM was entitled to a base management fee of $46.7 million (December 31, 2016: $49.1 million) and $179.8 million (December 31, 2016: $184.6 million) for the three months and year ended December 31, 2017. The base management fee is calculated as 1% per annum of the value of the market capitalization of FIBRA Macquarie for the relevant calculation period. The fee is calculated on April 1 and October 1 respectively for the subsequent six month period. The market capitalization is calculated as the product of: (i) the average closing price per CBFI during the last 60 trading days prior to the calculation date (or, in the case of the period to March 31, 2013, the issuance price per CBFI in the global offering) and, (ii) the total number of outstanding CBFIs at the close of trading on the calculation date (or, in the case of the period to March 31, 2013, the total number of outstanding CBFIs at close of trading on the initial settlement date of the global offering, including any CBFIs issued and effectively listed at any time as a result of the exercise of any over-allotment option in connection with the global offering).

MMREM is also entitled to receive a performance fee, which is calculated as 10% of an amount comprising the market capitalization, per above, plus the aggregate amount of all distributions made to CBFI holders, increased at a rate equal to the aggregate of 5% per annum and an annual cumulative Mexican inflation rate from their respective payment dates, minus the aggregate issuance price of all issuances of CBFIs, plus the aggregate amount of all repurchases of CBFIs, in each case, increased at a rate equal to the aggregate of 5% per annum and the annual cumulative Mexican inflation rate from their respective issuance or repurchase dates, less any performance fees previously paid. This potential fee is payable on the last business day of each two year period commencing on December 19, 2012 and must be reinvested into FIBRA Macquarie CBFIs for a minimum duration of one year. As at December 31, 2017 no performance fee was payable by FIBRA Macquarie.

(d) Other associated entities

During the three months and year ended December 31, 2017 amounts totaling $0.1 million (December 31, 2016: $0.1 million) and $nil (December 31, 2016: $3.0 million) were paid to Macquarie Services (Mexico) S.A. de C.V., an associated entity of MMREM in respect of out of pocket expenses incurred by MMREM in the performance of its duties as Manager. Additionally, an amount of $0.1 million (December 31, 2016: $0.3 million) and $0.8 million (December 31, 2016: $0.6 million) was paid to other associated entities of MMREM in the same respect for the three months and year ended December 31, 2017.

As at December 31, 2017, Macquarie Infrastructure and Real Asset Holding Pty Limited (formerly Macquarie Development Capital Pty Limited), an associated entity of MMREM, held 36,853,632 CBFIs (December 31, 2016: 36,853,632) and received a distribution of $57.7 million (December 31, 2016: $65.60 million) for the year ended December 31, 2017.

From time to time, other related subsidiaries or associates of Macquarie Group Limited may hold CBFIs on their own account or on account of third parties.

28. EVENTS OCCURING AFTER REPORTING YEAR

With respect to the CBFI repurchase program mentioned in note 21, from January 1, 2018 to the date of the issuance of these consolidated financial statements, the Group has repurchased 7,747,967 CBFIs for consideration of $161.4 million.

FIBRA Macquarie's Technical Committee has evaluated all other subsequent events through to the date these consolidated financial statements were issued, and has determined there are no other subsequent events requiring recognition or disclosure.