FIBRA Macquarie

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FIBRA MACQUARIE MÉXICO REPORTS FOURTH QUARTER AND FULL YEAR 2016 RESULTS
Fourth Quarter AFFO per Certificate Increases 19.7% YoY
Provides AFFO Outlook for 2017

MEXICO CITY, February 22, 2017 – FIBRA Macquarie México (FIBRAMQ) (BMV: FIBRAMQ), owner of one of the largest portfolios of industrial and retail/office property in Mexico, announced its financial and operating results for the quarter and twelve months ended December 31, 2016.

Q4 HIGHLIGHTS

- AFFO per certificate of Ps 0.5494, an increase of 19.7% from the prior comparable period
- Achieved overall occupancy of 93.0%, up 80 basis points from the prior comparable period
- Completed refinancing of Ps. 1.2 billion JV-level debt
- Completed sale of two vacant industrial properties in Matamoros as part of its asset recycling program
- Declared distribution of Ps 0.4400 per certificate, an 80.1% AFFO payout ratio

FY16 HIGHLIGHTS

- AFFO per certificate of Ps 2.0762, an increase of 26.8% from FY15
- Strengthened and re-positioned balance sheet by completing refinancing of approximately US$900m
- Completed expansions and acquisitions of 815k sqft of GLA
- Signed a record level of new and renewal leases in industrial portfolio, achieving the highest level of industrial and overall occupancy in FIBRAMQ's history
- Further enhanced FIBRAMQ's corporate governance with the Technical Committee now 75% independent and re-approved annually by certificate holders

"In 2016 we delivered positive results across our operations, including a record level of leasing activity, which contributed to strong AFFO and NOI growth for the year. We also completed a refinancing program, which further enhanced our balance sheet and liquidity profile," said Juan Monroy, FIBRA Macquarie's chief executive officer. "We remain focused on delivering the value, service and quality that our customers expect from FIBRA Macquarie. With an experienced team of local real estate professionals, and a dedication to our "Customer First" philosophy, we maintain close relationships with our customers and are confident in our ability to continue to fulfill their needs. Furthermore, we have a stable outlook and manageable 2017 lease expirations, allowing us to focus on incremental growth and value-add expansion and redevelopment opportunities across our industrial and retail/office portfolios."

FINANCIAL RESULTS

For the quarter ended December 31, 2016, FIBRAMQ reported:

- Earnings before interest, tax, depreciation and amortization (EBITDA) of Ps 753.3 million, compared to Ps 631.6 million for the same period in 2015
- Funds from operations (FFO) of Ps 519.4 million, or Ps 0.6402 per certificate, compared to Ps 432.2 million, or Ps 0.5327 per certificate, for the same period in 2015
- Adjusted funds from operations (AFFO) of Ps 445.8 million, or Ps 0.5494 per certificate, compared to Ps 372.5 million, or Ps 0.4591 per certificate, for the same period in 2015

For the twelve months ended December 31, 2016, FIBRAMQ reported:

- EBITDA of Ps 2,837.4 million, compared to Ps 2,268.9 million for the same period in 2015
- FFO of Ps 1,960.3 million, or Ps 2.4161 per certificate, compared to Ps 1,569.0 million, or Ps 1.9338 per certificate, for the same period in 2015
- AFFO of Ps 1,684.6 million, or Ps 2.0762 per certificate, compared to Ps 1,328.7 million, or Ps 1.6376 per certificate, for the same period in 2015

OPERATING RESULTS

Consolidated Portfolio

FIBRAMQ's total proportionally combined portfolio results were as follows:

TOTAL PORTFOLIO	4Q16	4Q15	Variance	FY16	FY15	Variance
Net Operating Income (NOI)	Ps 812.8m	Ps 687.1m	17.3%	Ps 3,068.1m	Ps 2,504.8m	22.5%
FFO	Ps 519.4m	Ps 432.2m	20.2%	Ps 1,960.3m	Ps 1,569.0m	24.9%
AFFO	Ps 445.8m	Ps 372.5m	19.7%	Ps 1,684.6m	Ps 1,328.7m	26.8%
GLA ('000s sqm) EOP	3,437	3,401	1.1%	3,437	3,401	1.1%
Occupancy EOP	93.0%	92.2%	80bps	93.0%	92.2%	80bps

FIBRAMQ's proportionally combined same store portfolio results were as follows:

TOTAL PORTFOLIO - SAME STORE	4Q16	4Q15	Variance	FY16	FY15	Variance
Net Operating Income	Ps 806.4m	Ps 628.2m	28.4%	Ps 2,752.4m	Ps 2,275.7m	20.9%
GLA ('000s sqm) EOP	3,412	3,381	0.9%	3,120	3,092	0.9%
Occupancy EOP	92.9%	92.7%	20bps	92.3%	92.4%	10bps
Industrial Retention (LTM)	68%	68%	0bps	68%	79%	-1,100bps
Retail Retention (LTM)	59%	80%	-2,100bps	59%	80%	-2,100bps
Weighted Avg Lease Term Remaining (years) EOP	3.7	3.7	0bps	3.6	3.6	0bps

Note: GLA in FIBRAMQ's same store portfolio includes completed expansions, and excludes GLA under redevelopment or subject to binding sale agreements, in respect of GLA in existence at 31 December 2015 and 2016. LTM is last twelve months.

Industrial Portfolio

The following table summarizes the operational results for FIBRAMQ's industrial portfolio during the quarter and year ended December 31, 2016 and the respective prior comparable periods.

INDUSTRIAL PORTFOLIO	4Q16	4Q15	Variance	FY16	FY15	Variance
Net Operating Income	Ps 681.9m	Ps 553.0m	23.3%	Ps 2,546.2m	Ps 1,977.4m	28.8%
GLA ('000s sqft) EOP	32,097	31,820	0.9%	32,097	31,820	0.9%
GLA ('000s sqm) EOP	2,982	2,956	0.9%	2,982	2,956	0.9%
Occupancy EOP	92.7%	91.8%	90bps	92.7%	91.8%	90bps
Average monthly rent per leased (US$/sqm/mth)	$4.48	$4.42	1.4%	$4.48	$4.42	1.4%
Retention (LTM)	68%	79%	-1,100bps	68%	79%	-1,100bps
Weighted Avg Lease Term Remaining (years) EOP	3.4	3.1	7.2%	3.4	3.1	7.2%

FIBRAMQ's industrial portfolio's occupancy rate at the end of the 2016 was 92.7%, up 90 basis points over the prior comparable period and up 10 basis points sequentially. Rental rates improved in the fourth quarter, with an average of US$4.48 per leased square meter per month, a 1.4% increase from the prior year.

FIBRAMQ signed 35 leases in the fourth quarter comprising 2.3 million square feet of new and renewal leases during the quarter compared with 1.1 million square feet of new and renewal leases signed in the prior comparable period. Signed leases included 10 new leases totaling 733 thousand square feet, and 25 renewal leases totaling 1.5 million square feet.

Notable new leases included a 226 thousand square foot lease to an existing customer, an automotive parts manufacturer that expanded its operations in Nuevo Laredo; an 85 thousand square foot lease with a plastic injection molding company in Chihuahua; and an 84 thousand square foot lease with an international soft drink and snack manufacturer in Guadalajara.

Additionally, with its experienced team of local real estate professionals, FIBRAMQ continues to implement its "Customer First" strategy which is focused on deepening relationships with customers to encourage retention and to uncover additional opportunities. This includes seeking expansion opportunities to accommodate customers' growing needs and create value in its portfolio. During the quarter, FIBRAMQ delivered a 215 thousand square foot expansion for Belden de Sonora's industrial facility in Nogales.

Renewal leases consisted of a broad representation of FIBRAMQ customers located across its geographic footprint. Customers included automotive parts suppliers, electronics and electrical equipment manufacturers and a paper processor, amongst others.

During the fourth quarter, FIBRAMQ experienced a relatively high level of lease expirations. While there was an anticipated high level of customer move-outs arising from a range of customer-specific circumstances, retention improved to 74% in the quarter, which was 68% on a rolling twelve-month basis, a 300 basis points improvement from the prior quarter rolling twelve-month average. During the quarter, ten customers representing 527 thousand square feet of space vacated properties as planned lease terminations. In 2017, FIBRAMQ is well positioned with 14.1% of leased GLA scheduled to expire during the year, compared to 24.3% of leased GLA that expired or were opportunistic early renewals in 2016.

Retail/Office Portfolio

The following table summarizes the proportionally combined results of operations for FIBRAMQ's retail/office portfolio during the quarter and year ended December 31, 2016 and the respective prior comparable periods.

RETAIL PORTFOLIO	4Q16	4Q15	Variance	FY16	FY15	Variance
Net Operating Income	Ps 130.8m	Ps 134.1m	-2.4%	Ps 521.9m	Ps 527.4m	-1.0%
GLA ('000s sqm) EOP	446	445	0.2%	446	445	0.2%
Occupancy EOP	95.2%	94.9%	30bps	95.2%	94.9%	30bps
Average monthly rent per leased (Ps/sqm)	143.54	142.48	0.7%	143.54	142.48	0.7%
Retention (LTM)	59%	80%	-2,100bps	59%	80%	-2,100bps
Weighted Avg Lease Term Remaining (years) EOP	5.3	5.2	2.7%	5.3	5.2	2.7%

FIBRAMQ increased its GLA, occupancy and average monthly rents versus the prior comparable period. At December 31, 2016, the retail/office portfolio's occupancy increased by 30 basis points to 95.2% versus the prior comparable period and was up 50 basis points sequentially. FIBRAMQ signed 35 leases representing 20 thousand square meters, which is the retail/office portfolio's strongest leasing quarter in the past two and half years. This activity included 31 new leases and 4 renewals.

Notable new leases include two leases with Fábricas de Francia, a leading Mexican retailer, consisting of 6,800 square meters and 6,300 square meters at Tecámac Power Center and Tuxtepec shopping center, respectively. Both of these spaces required expansions, and FIBRAMQ added 10,600 square meters to accommodate these two new stores, which opened during the fourth quarter. At Magnocentro, FIBRAMQ signed two notable new leases including a 1,300 square meter lease with a leading, global fashion retailer, and a 600 square meter lease with a high traffic restaurant.

The change in NOI year over the year was due primarily to an increase in the provision for doubtful debts in 2016 compared to 2015. The increase in provision for doubtful debts was as a result of taking a more conservative approach, rather than a higher bad debt experience, and was done in conjunction with taking a more diligent and systematic approach to collections.

PORTFOLIO ACTIVITY

FIBRAMQ continues to evaluate property recycling opportunities to enhance the quality, operating efficiency and growth profile of its overall portfolio. FIBRAMQ also maintains an active pipeline of opportunities focusing on expansions and redevelopment of existing properties and selective development in core markets.

During the fourth quarter, FIBRAMQ continued the construction of two such projects, both of which are expected to be completed during the second quarter of 2017. The first is the redevelopment and expansion of a 54 thousand square foot industrial facility in Ciudad Juárez. Additionally, FIBRAMQ continued construction of a new 145 thousand square foot industrial building in Reynosa where occupancy of its existing buildings was an average of 95% in 2016. Reynosa is an attractive industrial market with high demand and a solid level of leasing activity.

FIBRAMQ completed the previously announced sale of two vacant properties in Matamoros totaling 205 thousand square feet during the quarter. These were vacant buildings and are not representative of the broader portfolio.

BALANCE SHEET AND CAPITAL MARKETS ACTIVITY

As of December 31, 2016, FIBRAMQ had approximately Ps 18.9 billion of debt outstanding, Ps 2,896.3 million available on its undrawn revolving credit facility and Ps 637.7 million of unrestricted cash on hand.

FIBRAMQ's CNBV regulatory debt to total asset ratio was 39.2% and the regulatory DSCR ratio was 1.1x.

During the fourth quarter, FIBRAMQ closed on a new Ps 1.2 billion, seven-year secured loan facility to opportunistically prepay another secured loan facility that was scheduled to mature in April 2017. The loan is secured with eight retail/office properties which are owned through a 50/50 joint venture with Grupo Frisa.

In 2016, FIBRAMQ was active in repositioning its balance sheet. In total, these activities reduced FIBRAMQ's weighted average cost of debt to 5.0% per annum, extended its weighted average tenor of debt outstanding to 4.7 years and increased the proportion of fixed rate debt as a percentage of total debt to 87.6%. FIBRAMQ also enhanced its liquidity with the upsizing of its revolving credit facility to US$254 million. FIBRAMQ's debt capital is sourced through a diversified base of 13 local and foreign counterparties, including increased commitments from existing lenders.

DISTRIBUTION

On February 22, 2017, FIBRAMQ declared a cash distribution for the quarter ended December 31, 2016, of Ps. 0.4400 per certificate. The distribution is expected to be paid on March 10, 2017 to holders of record on March 9, 2017. FIBRAMQ's certificates will commence trading ex-distribution on March 7, 2017. The distribution of Ps.0.4400 per certificate reflects an AFFO payout ratio of 80.1% for the fourth quarter and 84.8% for the full year.

The payment of cash distributions is subject to the approval of the board of directors of the Manager, the continued stable performance of the properties in the portfolio, and market conditions.

OUTLOOK

FIBRA Macquarie is introducing its outlook for 2017.

FIBRAMQ estimates total AFFO of between Ps. 2.13 and Ps. 2.18 per certificate in 2017. This 2017 AFFO guidance is based on the cash-generating capacity of its existing portfolio and assumes no new acquisitions or divestments, an average exchange rate of Ps. 20.5 per US dollar and no change to the 811,363,500 total certificates on issue.

We maintain confidence in our core operations and expect the underlying fundamentals of both the industrial and retail/office segments to remain steady.

FIBRAMQ will provide 2017 distribution guidance on or before the announcement of first quarter 2017 results in late April 2017. The board of directors of the Manager and management are assessing accretive investment opportunities, including expansions and redevelopments.

This assessment is being made in the context of current market conditions and FIBRAMQ's carry-forward tax loss position of Ps. 6.1 billion, which allows flexibility to be able to execute on pipeline opportunities using our most efficient source of capital, operating cash flow, over the medium term.

"Our key priority is to be good stewards of capital and focus on what is best for the enterprise and our certificate holders over the long-term to drive Net Asset Value growth," said Mr. Monroy.

OTHER MATTERS

With the recent change in FIBRA regulations to permit buy-backs of certificates, FIBRAMQ intends to complete all relevant approvals, including certificate holder approval at the 2017 AGM, to have the ability to launch a buy-back program. FIBRAMQ considers it to be prudent and in the best long term interests of investors to have in place maximum flexibility relating to all possible value-accretion opportunities, including an approved buy-back program. If such approvals are obtained, there is no current intent to re-purchase certificates given attractive investment alternatives.

WEBCAST AND CONFERENCE CALL

FIBRAMQ will host an earnings conference call and webcast presentation on Thursday, February 23, 2017 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 2016 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 66061563. A webcast archive of the conference call and a copy of FIBRAMQ's financial information for the fourth quarter 2016 will also be available on FIBRAMQ's website, http://www.fibramacquarie.com.

ADDITIONAL INFORMATION

For detailed charts, tables and definitions, please refer to the Fourth Quarter 2016 Supplementary Information materials located at http://www.fibramacquarie.com/investors/bolsa-mexicana-de-valoresfilings.

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 275 industrial properties and 17 retail/office properties, located in 24 cities across 19 Mexican states as of December 31, 2016. 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$104.1 billion of total assets under management as of September 30, 2016.

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 over 27 countries. Macquarie employs over 13,800 people and has assets under management of more than $377 billion (as of September 30, 2016). For more information, please visit www.macquarie.com.

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.

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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, 2016 AND DECEMBER 31, 2015

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

	Dec 31, 2016 $'000	Dec 31, 2015 $'000
Current assets		
Cash and cash equivalents	**612,443**	2,223,294
Restricted cash	**10,849**	9,033
Trade and other receivables, net	**116,865**	102,431
Value added tax receivable	**-**	287,020
Other assets	**72,677**	96,422
Investment properties held for sale	**284,130**	-
Total current assets	**1,096,964**	2,718,200
Non-current assets		
Restricted cash	**39,881**	162,099
Other assets	**185,323**	132,854
Equity-accounted investees	**1,084,875**	959,363
Goodwill	**931,605**	931,605
Investment properties	**42,466,715**	35,639,298
Derivative financial instruments	**97,762**	-
Total non-current assets	**44,806,161**	37,825,219
Total assets	**45,903,125**	40,543,419
Current liabilities		
Trade and other payables	**480,673**	350,300
Interest-bearing liabilities	**67,977**	937,621
Tenant deposits	**21,396**	18,925
Income tax payable	**1,409**	-
Total current liabilities	**571,455**	1,306,846
Non-current liabilities		
Tenant deposits	**346,863**	306,804
Interest-bearing liabilities	**17,946,449**	15,409,369
Deferred income tax	**1,667**	-
Total non-current liabilities	**18,294,979**	15,716,173
Total liabilities	**18,866,434**	17,023,019
Net assets	**27,036,691**	23,520,400
Equity		
Contributed equity	**18,369,994**	18,369,994
Retained earnings	**8,666,697**	5,150,406
Total equity	**27,036,691**	23,520,400

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE MONTHS AND YEARS ENDED DECEMBER 31, 2016 AND 2015

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

	3 months ended		Year ended	
	Dec 31, 2016 $'000	Dec 31, 2015 $'000	**Dec 31, 2016 $'000**	Dec 31, 2015 $'000
Property related income	**887,916**	760,014	**3,373,303**	2,747,163
Property related expenses	**(118,648)**	(113,231)	**(482,752)**	(410,381)
Net property income	**769,268**	646,783	**2,890,551**	2,336,782
Management fees	**(49,067)**	(46,723)	**(184,641)**	(198,227)
Transaction related expenses	**(10,756)**	(4,955)	**(37,522)**	(16,032)
Professional, legal and other expenses	**(10,270)**	(8,852)	**(45,796)**	(37,424)
Total expenses	**(70,093)**	(60,530)	**(267,959)**	(251,683)
Finance costs	**(230,440)**	(204,507)	**(936,234)**	(773,813)
Financial income	**2,160**	13,219	**34,007**	106,405
Other income	**-**	42,371	**-**	42,371
Share of profits from equity-accounted investees	**57,092**	13,704	**127,285**	77,619
Foreign exchange loss	**(1,007,353)**	(159,936)	**(2,909,145)**	(2,168,716)
Net unrealized foreign exchange gain on foreign currency denominated investment property measured at fair value	**1,938,900**	326,994	**5,731,704**	3,871,204
Unrealized gain on investment property measured at fair value	**156,829**	261,912	**195,623**	668,319
Net unrealized gain on interest rate swaps	**117,479**	-	**97,762**	-
Profit before taxes for the period/year	**1,733,842**	880,010	**4,963,594**	3,908,488
Current income tax	-	-	**(1,409)**	-
Deferred income tax	**(1,667)**	-	**(1,667)**	-
Net Profit for the period/year	**1,732,175**	880,010	**4,960,518**	3,908,488
Other comprehensive income				
Other comprehensive income for the period/year	**-**	**-**	**-**	**-**
Total comprehensive income for the period/year	**1,732,175**	880,010	**4,960,518**	3,908,488
Earnings per CBFI*				
Basic earnings per CBFI (pesos)	**2.13**	1.08	**6.11**	4.82
Diluted earnings per CBFI (pesos)	**2.13**	1.08	**6.11**	4.82

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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

	Contributed equity $'000	Retained earnings $'000	Total $'000
Total equity at January 1, 2015	18,376,480	2,476,442	20,852,922
Total comprehensive income for the year	-	3,908,488	3,908,488
Total comprehensive income for the year	-	3,908,488	3,908,488
Transactions with equity holders in their capacity as equity holders:			
- Cost directly attributable to follow-on equity placement	(6,486)	-	(6,486)
- Distributions to CBFI holders	-	(1,234,524)	(1,234,524)
Total transactions with equity holders in their capacity as equity holders	(6,486)	(1,234,524)	(1,241,010)
Total equity at December 31, 2015	18,369,994	5,150,406	23,520,400
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

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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

	Year ended Dec 31, 2016 $'000 Inflows/(Outflows)	 Dec 31, 2015 $'000 Inflows/(Outflows)
Operating activities:		
Profit for the year before taxes	**4,963,594**	3,908,488
Adjustments for:		
Net unrealized foreign exchange gain on foreign currency denominated investment property measured at fair value	**(5,731,704)**	(3,871,204)
Unrealized revaluation gain on investment property measured at fair value	**(195,623)**	(668,319)
Straight line rental income adjustment	**(50,074)**	(57,262)
Tenant improvements amortization	**19,993**	12,182
Leasing expense amortization	**36,713**	28,311
Financial income	**(34,007)**	(106,405)
Provision for bad debt	**35,914**	41,981
Net foreign exchange loss	**3,067,348**	2,256,123
Finance costs recognized in profit for the year	**936,234**	773,813
Other income	**-**	(42,371)
Share of profits from equity-accounted investees	**(127,285)**	(77,619)
Net unrealized loss on interest rate swaps	**(97,762)**	-
Movements in working capital:		
Decrease/(increase) in receivables	**283,468**	(135,793)
Decrease in payables	**137,926**	61,805
Net cash flows from operating activities	**3,244,735**	2,123,730
Investing activities:		
Asset acquisitions	**(447,945)**	(3,005,265)
Asset disposals	**37,611**	-
Maintenance capital expenditure and other capitalized costs	**(685,202)**	(419,143)
Distributions received from JV, net of equity contribution	**1,773**	48,671
Net cash flows used in investing activities	**(1,093,763)**	(3,375,737)
Financing activities:		
Financial income	**34,007**	106,405
Repayment of interest-bearing liabilities	**(16,121,464)**	-
Interest paid	**(881,079)**	(735,389)
Proceeds from interest-bearing liabilities, net of facility charges	**14,688,741**	-
Capital raising costs	**-**	(6,486)
Distributions to CBFI holders	**(1,444,227)**	(1,234,524)
Net cash flows used in financing activities	**(3,724,022)**	(1,869,994)
Net decrease in cash and cash equivalents	**(1,573,050)**	(3,122,001)
Cash and cash equivalents at the beginning of the year	**2,394,426**	5,603,834
Foreign exchange gain on cash and cash equivalents	**(158,203)**	(87,407)
Cash and cash equivalents at the end of the year*	**663,173**	2,394,426

*Included in the cash and cash equivalent balance at the end of the year is restricted cash of $50.7 million (2015: $171.1 million).

FIBRA MACQUARIE MÉXICO

QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER AND FULL YEAR ENDED DECEMBER 31, 2016

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

MACQUARIE

FIBRA Macquarie México

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT DECEMBER 31, 2016 AND 2015

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

	Note	Dec 31, 2016 $'000	Dec 31, 2015 $'000
Current assets			
Cash and cash equivalents	9	**612,443**	2,223,294
Restricted cash	9	**10,849**	9,033
Trade and other receivables, net	10	**116,865**	102,431
Value added tax receivable	10	**-**	287,020
Other assets	11	**72,677**	96,422
Investment properties held for sale	14	**284,130**	-
Total current assets		**1,096,964**	2,718,200
Non-current assets			
Restricted cash	9	**39,881**	162,099
Other assets	11	**185,323**	132,854
Equity-accounted investees	12	**1,084,875**	959,363
Goodwill	13	**931,605**	931,605
Investment properties	14	**42,466,715**	35,639,298
Derivative financial instruments	18	**97,762**	-
Total non-current assets		**44,806,161**	37,825,219
Total assets		**45,903,125**	40,543,419
Current liabilities			
Trade and other payables	15	**480,673**	350,300
Interest-bearing liabilities	17	**67,977**	937,621
Tenant deposits	16	**21,396**	18,925
Income tax payable	19	**1,409**	-
Total current liabilities		**571,455**	1,306,846
Non-current liabilities			
Tenant deposits	16	**346,863**	306,804
Interest-bearing liabilities	17	**17,946,449**	15,409,369
Deferred income tax	19	**1,667**	-
Total non-current liabilities		**18,294,979**	15,716,173
Total liabilities		**18,866,434**	17,023,019
Net assets		**27,036,691**	23,520,400
Equity			
Contributed equity	20	**18,369,994**	18,369,994
Retained earnings	21	**8,666,697**	5,150,406
Total equity		**27,036,691**	23,520,400

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, 2016 AND 2015

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

	Note	3 months ended Dec 31, 2016 $'000	3 months ended Dec 31, 2015 $'000	Year ended Dec 31, 2016 $'000	Year ended Dec 31, 2015 $'000
Property related income	4(a)	**887,916**	760,014	**3,373,303**	2,747,163
Property related expenses	4(b)	**(118,648)**	(113,231)	**(482,752)**	(410,381)
Net property income		**769,268**	646,783	**2,890,551**	2,336,782
Management fees	4(c)	**(49,067)**	(46,723)	**(184,641)**	(198,227)
Transaction related expenses	4(d)	**(10,756)**	(4,955)	**(37,522)**	(16,032)
Professional, legal and other expenses	4(e)	**(10,270)**	(8,852)	**(45,796)**	(37,424)
Total expenses		**(70,093)**	(60,530)	**(267,959)**	(251,683)
Finance costs	4(f)	**(230,440)**	(204,507)	**(936,234)**	(773,813)
Financial income	4(g)	**2,160**	13,219	**34,007**	106,405
Other income	4(h)	**-**	42,371	**-**	42,371
Share of profits from equity-accounted investees	12	**57,092**	13,704	**127,285**	77,619
Foreign exchange loss	4(i)	**(1,007,353)**	(159,936)	**(2,909,145)**	(2,168,716)
Net unrealized foreign exchange gain on foreign currency denominated investment property measured at fair value	4(j)	**1,938,900**	326,994	**5,731,704**	3,871,204
Unrealized gain on investment property measured at fair value	4(j)	**156,829**	261,912	**195,623**	668,319
Net unrealized gain on interest rate swaps	4(k)	**117,479**	-	**97,762**	-
Profit before taxes for the period/year		**1,733,842**	880,010	**4,963,594**	3,908,488
Current income tax	4(l),19	**-**	-	**(1,409)**	-
Deferred income tax	4(l),19	**(1,667)**	-	**(1,667)**	-
Net Profit for the period/year		**1,732,175**	880,010	**4,960,518**	3,908,488
Other comprehensive income					
Other comprehensive income for the period/year		**-**	-	**-**	-
Total comprehensive income for the period/year		**1,732,175**	880,010	**4,960,518**	3,908,488
Earnings per CBFI*					
Basic earnings per CBFI (pesos)	8	**2.13**	1.08	**6.11**	4.82
Diluted earnings per CBFI (pesos)	8	**2.13**	1.08	**6.11**	4.82

**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, 2016 AND 2015

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, 2015		18,376,480	2,476,442	20,852,922
Total comprehensive income for the year		-	3,908,488	3,908,488
Total comprehensive income for the year		-	3,908,488	3,908,488
Transactions with equity holders in their capacity as equity holders:				
- Costs directly attributable to equity placement	20	(6,486)	-	(6,486)
- Distributions to CBFI holders	7	-	(1,234,524)	(1,234,524)
Total transactions with equity holders in their capacity as equity holders		(6,486)	(1,234,524)	(1,241,010)
Total equity at December 31, 2015		18,369,994	5,150,406	23,520,400
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**

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, 2016 AND 2015

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

	Note	Year ended Dec 31, 2016 $'000 Inflows / (Outflows)	Dec 31, 2015 $'000 Inflows / (Outflows)
Operating activities:			
Profit for the year before taxes		**4,963,594**	3,908,488
Adjustments for:			
Net unrealized foreign exchange gain on foreign currency denominated investment property measured at fair value	4(j)	**(5,731,704)**	(3,871,204)
Unrealized gain on investment property measured at fair value	4(j)	**(195,623)**	(668,319)
Straight line rental income adjustment		**(50,074)**	(57,262)
Tenant improvement amortization	4(b)	**19,993**	12,182
Leasing expense amortization	4(b)	**36,713**	28,311
Financial income	4(g)	**(34,007)**	(106,405)
Provision for bad debts	4(b)	**35,914**	41,981
Net foreign exchange loss	4(i)	**3,067,348**	2,256,123
Finance costs recognized in profit for the year	4(f)	**936,234**	773,813
Other income	4(h)	**-**	(42,371)
Share of profits from equity-accounted investees	12	**(127,285)**	(77,619)
Net unrealized gain on interest rates swaps	4(k)	**(97,762)**	-
Movements in working capital:			
Decrease/(increase) in receivables		**283,468**	(135,793)
Decrease in payables		**137,926**	61,805
Net cash flows from operating activities		**3,244,735**	2,123,730
Investing activities:			
Asset acquisitions	14	**(447,945)**	(3,005,265)
Asset disposals	14	**37,611**	-
Maintenance capital expediture and other capitalized expenses		**(685,202)**	(419,143)
Distributions received from JV, net of equitiy contribution	12	**1,773**	48,671
Net cash flows used in investing activities		**(1,093,763)**	(3,375,737)
Financing activities:			
Financial income	4(g)	**34,007**	106,405
Repayment of interest-bearing liabilities		**(16,121,464)**	-
Interest paid		**(881,079)**	(735,389)
Proceeds from interest-bearing liabilities, net of facility charges		**14,688,741**	-
Capital raising costs		**-**	(6,486)
Distribution to CBFI holders	7	**(1,444,227)**	(1,234,524)
Net cash flows from financing activities		**(3,724,022)**	(1,869,994)
Net decrease in cash and cash equivalents		**(1,573,050)**	(3,122,001)
Cash and cash equivalents at the beginning of the year		**2,394,426**	5,603,834
Foreign exchange gain on cash and cash equivalents	4(i)	**(158,203)**	(87,407)
Cash and cash equivalents at the end of the year*		**663,173**	2,394,426

*Included in the cash and cash equivalent balance at the end of the year is restricted cash of $50.7 million (2015: $171.1 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, “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 ("México") and the address of its registered office changed to Av. Pedregal No 24, Col. Molino del Rey, Miguel Hidalgo, Mexico City 11040 with effect from April 7, 2016. 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”).

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 holds its investment in real estate assets through Mexican irrevocable trusts ("Investment 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") and MMREIT Industrial Trust IV ("MMREIT Industrial Trust IV") (collectively, the "Industrial Trusts”) and MMREIT Retail Trust I, MMREIT Retail Trust II, MMREIT Retail Trust III and MMREIT Retail Trust V (collectively, the "Retail Trusts”).

The following acquisitions have been completed to date:

As part of the initial acquisition, FIBRA Macquarie acquired the following on December 19, 2012, for a total consideration of US$1.5 billion (excluding transaction expenses and taxes):

- MMREIT Industrial Trust I acquired a portfolio of 155 industrial properties from 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.);
- MMREIT Industrial Trust II acquired a portfolio of 49 properties from affiliates of Corporate Properties of the Americas ("CPA"), financed in part by BRE Debt Mexico loan facilities; and
- MMREIT Industrial Trust III acquired a portfolio of 39 properties from affiliates of CPA, financed in part by a Metropolitan Life Insurance Company (“MetLife”) loan facility.

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).

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$24.3 million (excluding transaction costs and taxes). FIBRA Macquarie will pay an additional consideration of US$5.6 million for the two BTS projects subject to certain conditions being fulfilled. Refer to note 25 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

1. REPORTING ENTITY (CONTINUED)

Relevant activities

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).

On June 30, 2016, FIBRA Macquarie completed the refinancing of its secured loans of US$716.6 million with BRE Debt Mexico, maturing in December 2017 (the "refinancing"). As part of the transaction, FIBRA Macquarie signed a US$435 million 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. On June 30, 2016, 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 Mexico loans.

On September 30, 2016, FIBRA Macquarie completed a US$159.0 million unsecured refinancing transaction. Out of these proceeds, US dollar-denominated borrowings of US$112.5 million were used to repay FIBRA Macquarie's asset-level $940.0 million secured loans due to mature in October 2016, and the balance was applied towards partial repayment of the drawn revolver facilities, associated interests and transaction costs. Refer to note 17 for further details.

Besides this, on September 30, 2016, FIBRA Macquarie also implemented an interest rate swap agreement fixing the variable interest rate exposure relating to the US$258.0 million term loan tranche through to June 30, 2020. Refer to note 18 for further details.

2. BASIS OF PREPARATION

(a) Statement of compliance

On February 22, 2017, 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 14);
- estimation of fair value of derivative financial instruments (notes 4(k) and 18);
- provision for doubtful accounts (notes 3(i) and 10);
- the assessment of deferred or contingent purchase consideration (note 16); 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.

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.

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)

(a) Accounting standards and interpretations issued but not yet effective

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 addresses the classification, measurement and de-recognition of financial assets and financial liabilities. The standard is not applicable until January 1, 2018 but is available for early adoption. The Group is assessing the new standard and does not anticipate a significant impact on the Group's consolidated financial statements.

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 is assessing the new standard and does not anticipate a 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.

(b) Principles of consolidation

The consolidated financial statements of FIBRA Macquarie incorporate the assets and liabilities of its controlled entities as at December 31, 2016 and 2015 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.

(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.

Distingushing 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.

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 (continued)

(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, has been identified as the Chief Executive Officer of the Group. The segment results include proportionately combined results of the joint ventures which are then shown as reconciling items in the segment reconciliations. See note 5 for further information.

(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 comprises i) the release of provisions for contingent consideration in respect of investment property acquired which are no longer deemed to be payable; and ii) certain amounts received under the terms of an insurance contract.

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)

(f) Property related payments

Property related expenses including taxes and other property payments incurred in respect of 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. These repairs and maintenance costs will include those expenses that are recoverable from tenants under the relevant lease agreements.

(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. Consequently, the Group does not have any deferred tax effect for the year ended December 31, 2016 and 2015. 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 asset-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 lendors 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 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.

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)

(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. These instruments does not qualify as hedging instruments per IFRS, and consequently, 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 18 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 derecognition

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 2016 and 2015, 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 2016 and 2015 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, 2016 $'000	Dec 31, 2015 $'000	**Dec 31, 2016 $'000**	Dec 31, 2015 $'000
a) Property related income				
Lease related income	**833,740**	712,818	**3,151,929**	2,569,750
Car park income	**13,256**	10,727	**52,749**	48,432
Expenses recoverable from tenants	**40,920**	36,469	**168,625**	128,981
Total property related income	**887,916**	760,014	**3,373,303**	2,747,163
b) Property related expenses				
Property administration expense	**(19,515)**	(18,082)	**(75,465)**	(75,938)
Property insurance	**(9,003)**	(7,329)	**(31,103)**	(27,107)
Property tax	**(13,991)**	(13,179)	**(56,408)**	(52,481)
Repairs and maintenance	**(32,644)**	(29,518)	**(135,188)**	(92,864)
Security services	**(4,696)**	(5,284)	**(20,035)**	(21,702)
Property related legal and consultancy expenses	**(2,229)**	(6,672)	**(25,071)**	(16,123)
Tenant improvements amortization	**(5,882)**	(3,071)	**(19,993)**	(12,182)
Leasing expenses amortization	**(9,348)**	(6,845)	**(36,713)**	(28,311)
Utilities	**(5,139)**	(3,568)	**(18,020)**	(15,023)
Marketing costs	**(3,072)**	(2,796)	**(15,139)**	(11,968)
Car park operating fees	**(2,363)**	(3,112)	**(10,060)**	(11,282)
Provision for bad debt	**(10,103)**	(12,245)	**(35,914)**	(41,981)
Other property related expenses	**(663)**	(1,530)	**(3,643)**	(3,419)
Total property related expenses	**(118,648)**	(113,231)	**(482,752)**	(410,381)
c) Management fees				
Fees payable to the Manager	**(49,067)**	(46,723)	**(184,641)**	(198,227)
Total management fees	**(49,067)**	(46,723)	**(184,641)**	(198,227)
d) Transaction related expenses				
Other transaction related expenses	**(10,756)**	(4,955)	**(37,522)**	(16,032)
Total transaction related expenses	**(10,756)**	(4,955)	**(37,522)**	(16,032)
e) Professional, legal and other expenses				
Tax advisory expenses	**(849)**	(765)	**(3,415)**	(1,413)
Accountancy expenses	**(1,574)**	(1,524)	**(6,342)**	(8,648)
Valuation expenses	**(1,960)**	(165)	**(7,358)**	(6,365)
Audit expenses	**(1,064)**	(964)	**(3,913)**	(3,900)
Other professional expenses	**(1,383)**	(1,547)	**(9,974)**	(6,857)
Other expenses	**(3,440)**	(3,887)	**(14,794)**	(10,241)
Total professional, legal and other expenses	**(10,270)**	(8,852)	**(45,796)**	(37,424)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

4. PROFIT FOR THE PERIOD/YEAR (CONTINUED)

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

	3 months ended		Year ended	
	Dec 31, 2016 $'000	Dec 31, 2015 $'000	**Dec 31, 2016 $'000**	Dec 31, 2015 $'000
f) Finance costs				
Interest expense on interest bearing liabilities	**(218,125)**	(196,888)	**(845,184)**	(744,161)
Other finance costs	**(12,315)**	(7,619)	**(91,050)**	(29,652)
Total finance costs	**(230,440)**	(204,507)	**(936,234)**	(773,813)
g) Financial income				
Returns earned on Mexican government bonds	**2,160**	13,219	**26,769**	100,139
Inflationary adjustment in respect of VAT refunds received from the Mexican tax authorities	**-**	-	**7,238**	6,266
Total financial income	**2,160**	13,219	**34,007**	106,405
h) Other income				
Release of provisions for contingent consideration	**-**	42,371	**-**	42,371
Total other income	**-**	42,371	**-**	42,371
i) Foreign exchange loss				
Net unrealized foreign exchange loss on monetary items	**(994,034)**	(166,070)	**(2,902,511)**	(2,144,825)
Net realized foreign exchange gain/(loss)	**(13,319)**	6,134	**(6,634)**	(23,891)
Total foreign exchange loss	**(1,007,353)**	(159,936)	**(2,909,145)**	(2,168,716)
j) Movement in investment property measured at fair value				
Net unrealized foreign exchange gain on USD denominated investment property measured at fair value	**1,938,900**	326,994	**5,731,704**	3,871,204
Unrealized revaluation gain on investment property measured at fair value	**156,829**	261,912	**195,623**	668,319
Total movement in investment property measured at fair value	**2,095,729**	588,906	**5,927,327**	4,539,523
k) Net unrealized gain on interest rate swaps				
Net unrealized gain on interest rate swaps	**117,479**	**-**	**97,762**	**-**
Total net unrealized gain on onterest rate swaps	**117,479**	-	**97,762**	-
l) Income tax expense				
Current income tax	**-**	-	**(1,409)**	-
Defferred income tax	**(1,667)**		**(1,667)**	
Total income tax expense	**(1,667)**	-	**(3,076)**	-

At December 31, 2016, the Group had 64 employees (December 31, 2015: 59) in its internal property management platform. The total wages and salaries (including insurance contributions, termination benefits, annual leave and bonus accruals) in relation to staff employed by its internal property management platform amounted to $70.6 million for the year ended December 31, 2016 (2015: $64.9 million).

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:

3 months ended December 31, 2016	**Industrial North East $'000**	**Industrial Central $'000**	**Industrial North West $'000**	**Industrial North $'000**	**Retail/Office[1,2,3] South $'000**	**Retail/Office[1,2,3] Central $'000**	**Total $'000**
Revenue from external customers[1]	**320,924**	**147,526**	**156,884**	**133,016**	**11,400**	**164,207**	**933,957**
Segment net profit[2]	**968,557**	**557,002**	**488,458**	**554,523**	**13,425**	**103,891**	**2,685,856**
Included in profit of the period:							
Foreign exchange (loss)/gain	**(56,312)**	**(38,094)**	**(92,850)**	**(5,672)**	**4**	**(91)**	**(193,015)**
Net unrealized foreign exchange gain on US$ denominated investment property	**736,319**	**399,448**	**411,882**	**391,251**	**-**	**-**	**1,938,900**
Unrealized (loss)/gain 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 the 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 the joint ventures amounting to $13.4 million and $42.3 million respectively.

[3]The retail south segment and the retail central segment includes finance costs relating to the joint ventures amounting to $4.4 million and $13.5 million respectively.

3 months ended December 31, 2015	Industrial North East $'000	Industrial Central $'000	Industrial North West $'000	Industrial North $'000	Retail/Office[1,2,3] South $'000	Retail/Office[1,2,3] Central $'000	Total $'000
Revenue from external customers[1]	264,400	134,619	131,085	102,870	10,765	164,343	808,082
Segment net profit[2]	398,306	137,809	180,338	104,765	3,124	42,353	866,695
Included in profit of the period:							
Foreign exchange (loss)/gain	(50,976)	(39,639)	(34,489)	(28,033)	13	(20,749)	(173,873)
Net unrealized foreign exchange gain on US$ denominated investment property	136,465	71,717	65,349	53,462	-	-	326,993
Unrealized (loss)/gain on investment property measured at fair value	133,005	36,800	78,825	27,479	22	(14,121)	262,010
Finance costs[3]	(56,326)	(43,105)	(37,328)	(31,065)	(3,746)	(49,661)	(221,231)

[1]The retail south segment and the retail central segment includes revenues relating to joint ventures amounting to $10.7 million and $37.3 million respectively.

[2]The retail south segment and the retail central segment includes operating profits relating to joint ventures amounting to $3.1 million and $10.6 million respectively.

[3]The retail south segment and the retail central segment includes finance costs relating to joint ventures amounting to $3.7 million and $12.9 million respectively.

Year ended December 31, 2016	**Industrial North East $'000**	**Industrial Central $'000**	**Industrial North West $'000**	**Industrial North $'000**	**Retail/Office[1,2,3] South $'000**	**Retail/Office[1,2,3] Central $'000**	**Total $'000**
Revenue from external customers[1]	**1,175,497**	**565,034**	**591,538**	**530,354**	**43,422**	**658,290**	**3,564,135**
Segment net profit[2]	**2,772,768**	**1,201,077**	**1,208,132**	**1,138,383**	**28,912**	**218,687**	**6,567,959**
Included in profit of the period:							
Foreign exchange (loss)/gain	**(516,385)**	**(404,143)**	**(442,168)**	**(251,784)**	**28**	**(180,040)**	**(1,794,492)**
Net unrealized foreign exchange gain on US$ denominated investment property	**2,310,310**	**1,230,851**	**1,176,417**	**1,014,126**	**-**	**-**	**5,731,704**
Unrealized (loss)/gain 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 includes 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 includes operating 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 includes finance costs relating to the joint ventures amounting to $15.4 million and $52.4 million respectively.

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, 2015	North East $'000	Central $'000	North West $'000	North $'000	South $'000	Central $'000	$'000
Revenue from external customers[2]	884,889	491,014	487,409	384,113	43,658	651,030	2,942,113
Segment net profit[3]	1,727,866	694,830	785,091	534,619	17,354	210,819	3,970,579
Included in profit of the period:							-
Foreign exchange (loss)/gain	(643,430)	(496,420)	(435,290)	(352,163)	18	(262,362)	(2,189,647)
Net unrealized foreign exchange gain on US$ denominated investment property	1,491,030	895,929	816,373	667,871	-	-	3,871,203
Unrealized gain on investment property measured at fair value	322,318	45,805	118,195	26,330	3,898	169,178	685,724
Finance costs[4]	(212,152)	(162,370)	(140,924)	(116,805)	(14,835)	(192,969)	(840,055)

[1]Includes MMREIT Industrial Trust IV operating results from February 18, 2015.

[2]The retail south segment and the retail central segment include revenues relating to the joint ventures amounting to $43.6 million and $151.2 million respectively.

[3]The retail south segment and the retail central segment include net profits relating to the joint ventures amounting to $17.3 million and $60.1 million respectively.

[4]The retail south segment and the retail central segment include finance costs relating to the joint ventures amounting to $14.8 million and $51.4 million respectively.

	Industrial				Retail/Office		Total
As at December 31, 2016	North East $'000	Central $'000	North West $'000	North $'000	South $'000	Central $'000	$'000
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)**
As at December 31, 2015							
Total segment assets	13,592,435	6,950,984	6,704,754	5,162,986	409,312	6,952,934	39,773,405
Total segment liabilities	(4,769,257)	(3,713,224)	(3,322,436)	(2,647,606)	(197,133)	(3,635,478)	(18,285,134)

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, 2016 $'000	Dec 31, 2015 $'000	Dec 31, 2016 $'000	Dec 31, 2015 $'000
Total segment revenue	**933,957**	808,082	**3,564,135**	2,942,113
Revenue attributable to equity-accounted investees	**(46,042)**	(48,069)	**(190,832)**	(194,950)
Financial income	**2,160**	13,219	**34,007**	106,405
Other income	**-**	42,371	**-**	42,371
Total revenue for the period/year	**890,075**	815,603	**3,407,310**	2,895,939
Segment profit	**2,685,856**	866,695	**6,567,959**	3,970,579
Property expenses not included in reporting segment	**19**	4,225	**3,565**	19,683
Finance costs not included in reporting segment	**(187,309)**	-	**(357,431)**	-
Financial income	**2,160**	13,219	**34,007**	106,405
Items attributable to equity-accounted investees	**59**	29	**251**	120
Other income	**-**	42,371	**-**	42,371
Foreign exchange loss	**(814,332)**	14,001	**(1,114,560)**	21,013
Net unrealized loss on interest rate swap	**117,479**	-	**97,762**	-
Fees payable to the Manager	**(49,064)**	(46,723)	**(184,641)**	(198,227)
Transaction related expenses	**(10,756)**	(4,955)	**(37,522)**	(16,032)
Professional, legal and other expenses	**(10,270)**	(8,852)	**(45,796)**	(37,424)
Income tax expense	**(1,667)**	-	**(3,076)**	
Net profit for the period/year	**1,732,175**	880,010	**4,960,518**	3,908,488

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

	Year ended	
	Dec 31, 2016 $'000	Dec 31, 2015 $'000
Segment assets	**46,355,016**	39,773,405
Items non included in segment assets:		
Cash, cash equivalents and restricted cash	**260,428**	1,570,211
Trade and other receivables	**304**	11,465
Other assets	**72,109**	79,672
Assets attributable to equity-accounted investees	**(1,967,369)**	(1,850,697)
Investment in equity-accounted investees	**1,084,875**	959,363
Derivative financial instruments gain not included in reporting segment	**97,762**	-
Total assets	**45,903,125**	40,543,419
Segment liabilities	**(6,148,414)**	(18,285,134)
Items non included in segment liabilities:		
Interest-bearing liabilities*	**(14,253,261)**	-
Trade and other payables	**655,823**	370,782
Liabilities attributable to equity-accounted investees	**882,494**	891,333
Income tax payable	**(1,409)**	-
Deferred income tax liability	**(1,667)**	-
Total liabilities	**(18,866,434)**	(17,023,019)

*As at December 31, 2015, this amount in respect of interest-bearing liabilities, was part of the segment liabilities as it was a secured debt directly related to the respective acquisition transaction. During 2016, the debt was refinanced to an unsecured debt at the FIBRA Macquarie trust level and consequently, it is considered as a reconciling item.

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 seasonal material 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, 2016, FIBRA Macquarie made four distribution payments amounting to $1,444.2 million (December 31, 2015: $1,234.5 million).The first distribution amounting to $373.2 million ($0.460 per CBFI) paid on March 10, 2016,the second distribution amounting to $357.0 million ($0.440 per CBFI) paid on May 10, 2016, the third distribution amounting to $357.0 million ($0.440 per CBFI) paid on August 10, 2016 and the fourth distribution amounting to $357.0 million ($ 0.440 per CBFI) was paid on November 10, 2016.

8. EARNINGS PER CBFI

	3 months ended		Year ended	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Earnings per CBFI				
Basic earnings per CBFI ($)	**2.13**	1.08	**6.11**	4.82
Diluted earnings per CBFI ($)	**2.13**	1.08	**6.11**	4.82
Basic earnings used in the calculation of earnings per CBFI				
Net profit for the period/year ($'000)	**1,732,175**	880,010	**4,960,518**	3,908,488
Weighted average number of CBFIs ('000)	**811,364**	811,364	**811,364**	811,364
Diluted earnings used in the calculation of earnings per CBFI				
Net profit for diluted earnings per CBFI ($'000)	**1,732,175**	880,010	**4,960,518**	3,908,488
Weighted average number of CBFIs and potential CBFIs used as the denominator in calculating diluted earnings per CBFI ('000)	**811,364**	811,364	**811,364**	811,364

9. CASH AND CASH EQUIVALENTS

	Dec 31, 2016 $'000	Dec 31, 2015 $'000
Operating accounts	**612,443**	2,223,294
Restricted cash - current	**10,849**	9,033
Restricted cash - non current	**39,881**	162,099
Total cash and cash equivalents	**663,173**	2,394,426

(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, 2016, the non-current restricted cash balance includes cash held as maintenance reserves required under the MMREIT Industrial Trust III debt agreement. The balance as at December 31, 2015 also included maintenance reserves with regard to Group's senior debt with BRE Debt Mexico and Banamex which has been released to operating cash during the year when this debt was repaid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

10. TRADE AND OTHER RECEIVABLES, NET

	Dec 31, 2016 $'000	Dec 31, 2015 $'000
Amounts receivable in respect of VAT paid on the acquisition of investment property	-	287,020
Rental income receivable, net	**115,531**	90,947
Other receivables	**1,334**	11,484
Total trade and other receivables, net	**116,865**	389,451

(a) VAT receivable

The purchaser of the properties is liable for value added tax ("VAT") on the purchase price and therefore, the Group is obliged to pay VAT at the applicable rate of 16%. The Group is entitled to claim a refund on the excess of VAT paid on the acquisition of investment property over the VAT levied on taxable transactions conducted in the same month. The receivable balance as at December 31, 2015 was subsequently received during the current year.

(b) Rental income receivable, net

This balance is shown net of a provision for doubtful accounts of $72.8 million as at December 31, 2016 (December 31, 2015: $72.5 million). The provision is based on an analytical review of the outstanding accounts and the management's assessment of its recoverability.

11. OTHER ASSETS

	Dec 31, 2016 $'000	Dec 31, 2015 $'000
Other assets - Current		
Prepaid expenses	**24,548**	50,334
Prepaid management fees	**48,129**	46,088
Total other assets - Current	**72,677**	96,422
Other assets - Non-current		
Straight-line rental adjustment	**171,652**	118,833
Other assets	**13,671**	14,021
Total other assets - Non-current	**185,323**	132,854

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, 2016	Ownership interest as at Dec 31, 2015	Dec 31, 2016 $'000	Dec 31, 2015 $'000
JV Trust CIB/589	Mexico / Own & lease retail property	**50%**	50%	**252,030**	236,758
JV Trust CIB/586	Mexico / Own & lease retail property	**50%**	50%	**832,845**	722,605

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

12. EQUITY-ACCOUNTED INVESTEES (CONTINUED)

b) Movement in carrying amounts

	Year ended	
	Dec 31, 2016 $'000	Dec 31, 2015 $'000
Carrying amounts at the beginning of the year	**959,363**	930,415
Distributions received during the year, net	**(1,773)**	(48,671)
Share of profits after income tax	**52,036**	60,214
Share of revaluation gain on investment property measured at fair value	**75,249**	17,405
Carrying amounts at the end of the year	**1,084,875**	959,363

c) Summarized financial information for joint ventures

The below table provides summarized financial information for the joint ventures as 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, 2016 $'000**	JV Trust CIB/589 Dec 31, 2015 $'000	**JV Trust CIB/586 Dec 31, 2016 $'000**	JV Trust CIB/586 Dec 31, 2015 $'000
Total current assets*	**29,813**	20,189	**65,105**	71,248
Total non-current assets	**1,064,171**	1,039,652	**2,775,648**	2,570,306
Total current liabilities	**(27,319)**	(22,463)	**(19,982)**	(31,684)
Total non-current liabilities**	**(562,605)**	(563,862)	**(1,155,081)**	(1,164,660)
Net assets	**504,060**	473,516	**1,665,690**	1,445,210
Reconciliation to carrying amounts:				
Opening net assets	**449,215**	565,754	**1,465,964**	1,197,734
Profits for the year	**54,845**	(92,238)	**199,726**	247,476
Net assets	**504,060**	473,516	**1,665,690**	1,445,210
FIBRA Macquarie's share (%)	**50%**	50%	**50%**	50%
FIBRA Macquarie's share ($)	**252,030**	236,758	**832,845**	722,605
FIBRA Macquarie's carrying amount	**252,030**	236,758	**832,845**	722,605

*Includes cash and cash equivalents of $50.4 million (December 31, 2015: $37.8 million).

**Non-current financial liabilities (excluding trade and other payables and provisions) amounts to $1,719.9 million (December 31, 2015: $1,699.0 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 Comprehensive Income	JV Trust CIB/589 Year ended Dec 31, 2016 $'000	JV Trust CIB/589 Period ended Dec 31, 2015 $'000	JV Trust CIB/586 Year ended Dec 31, 2016 $'000	JV Trust CIB/586 Period ended Dec 31, 2015 $'000
Revenue:				
Rental and other income	**116,039**	117,391	**265,625**	272,509
Revaluation of investment property measured at fair value	**24,169**	(126,431)	**126,329**	161,242
Financial income	**567**	326	**462**	354
Total revenue	**140,775**	(8,714)	**392,416**	434,105
Expenses:				
Interest expense	**(48,744)**	(48,266)	**(86,963)**	(84,218)
Other expenses	**(37,186)**	(35,258)	**(105,727)**	(102,411)
Total expense	**(85,930)**	(83,524)	**(192,690)**	(186,629)
Profit for the period	**54,845**	(92,238)	**199,726**	247,476
FIBRA Macquarie's share (%)	**50%**	50%	**50%**	50%
FIBRA Macquarie's share	**27,422**	(46,119)	**99,863**	123,738

d) Share of contingent liabilities of joint venture

As at December 31, 2016 and 2015, there were 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, 2016 $'000	Dec 31, 2015 $'000
Carrying amount at the beginning of the year	**931,605**	931,605
Carrying amount at the end of the year	**931,605**	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. IAS36 requires that the carrying value of the cash generating unit ("CGU") on which goodwill was initially recognized be compared with the recoverable amount (higher of the value in use ("VIU") and the fair value less cost of disposal). The fair value of the Group's CGU was determined through an external valuation provided by CBRE. The VIU was also determined by CBRE using a discounted cash flow method and as at December 31, 2016 and 2015, no impairment of goodwill has been recognized as the VIU was higher than the carrying value of the CGU. The key assumptions used in the calculation of VIU were as follows:

	Dec 31, 2016 $'000	Dec 31, 2015 $'000
Average discount rate	**10.0%**	10.0%
Average cost of disposal	**5.0%**	5.0%
Average net operating income growth rate	**8.7%**	8.8%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

14. INVESTMENT PROPERTIES

	Note	Dec 31, 2016 $'000	Dec 31, 2015 $'000
Carrying amount at the beginning of the year		**35,639,298**	27,612,778
Additions during the year:			
Asset acquisition*		**447,945**	3,005,265
Capital expenditure (including tenant improvements)		**320,533**	314,819
Transfers from Investment property under construction		**224,755**	132,685
Net investment property under construction	14(a)	**174,298**	-
Net unrealized foreign exchange gain on US$ denominated investment property		**5,731,704**	3,871,204
Investment properties held for sale **		**(284,130)**	-
Disposals		**(37,611)**	-
Revaluation of investment property measured at fair value		**195,623**	668,319
Leasing commissions, net of amortization		**54,300**	34,228
Carrying amount at the end of the year		**42,466,715**	35,639,298

* Refer to Note 1 for further details.

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

(a) Investment property under construction*

	Dec 31, 2016 $'000	Dec 31, 2015 $'000
Carrying amount at the beginning of the year	**-**	12,508
Capital expenditure	**399,053**	120,177
Transfer to completed investment properties	**(224,755)**	(132,685)
Carrying amount at the end of the year	**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, 2016 and 2015.

The valuation methods - cost, market value and capitalization analysis - 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, 2016 were as follows:

- The average annualised net operating income ("NOI") yield range across all properties was 7.50% to 10.00% (2015: 7.50% to 9.80%) for industrial properties and 8.00% to 9.00% (2015: 8.20% to 8.70%) for retail.
- The range of reversionary NOI capitalisation rates applied to the portfolio were between 7.50% and 10.30% (2015: 7.70% and 10.20%) for industrial and 9.25% and 10.75% (2015: 8.60% and 9.40%) for retail.
- The discount rates applied range between 8.50% and 11.50% (2015: 8.70% and 11.2%) for industrial and 9.25% and 10.75% (2015: 9.30% and 10.30%) for retail.
- The vacancy rate applied for shopping centers ranged between nil and 16.00%, with an average of 6.50%.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

14. INVESTMENT PROPERTIES (CONTINUED)

(c) Portfolio valuation

The Independent Valuer's valuations of the existing portfolios as at December 31, 2016 on a portfolio basis were as follows:

(i) US$1.86 billion (December 31, 2015: US$1.85 billion) for the Industrial Trusts; and

(ii) $5.40 billion (December 31, 2015: $5.32 billion) for the Retail Trusts.

15. TRADE AND OTHER PAYABLES

	Dec 31, 2016 $'000	Dec 31, 2015 $'000
Capital expenditures	**248,047**	103,082
Property related expenses*	**90,768**	83,652
Acquisition related costs	**37,845**	32,049
Interest payable	**26,942**	62,837
Transaction related expenses	**3,471**	13,320
Audit and tax advisory expenses	**14,545**	12,171
Other payables	**37,168**	29,312
VAT Payable	**21,887**	13,877
Total payables	**480,673**	350,300

* Includes seniority premium liability as December 31, 2016 by $0.01 million (December 31, 2015: $0.01 million) in accordance with IAS 19 Employee Benefits.

16. OTHER LIABILITIES

	Dec 31, 2016 $'000	Dec 31, 2015 $'000
Security deposits from tenants - Current	**21,396**	18,925
Security deposits from tenants - Non-current	**346,863**	306,804
Total other liabilities - non-current	**368,259**	325,729

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

The contingent deferred consideration relates to a legal requirement to pay agreed amounts where the certain earn-out conditions are met, as outlined in the table below.

	Dec 31, 2016 $'000	Dec 31, 2015 $'000
Carrying amount at the beginning of the year	**-**	93,598
Release of existing provisions	**-**	(42,371)
Contingent deferred consideration paid	**-**	(51,227)
Carrying amount at the end of the year	**-**	-

During the prior year ended December 31, 2015, the final installments totaling $63.0 million were paid to BRE Debt Mexico as part of the guaranteed earn-out consideration. As part of the purchase of the portfolio of nine retail properties and additional land from Kimco, a potential earn-out of up to $42.4 million was calculated and recognized during the year ended December 31, 2014 based on the criteria agreed as per the purchase agreement. During the prior year ended December 31, 2015, the amount was released to the Consolidated Statement of Comprehensive Income as it was no longer payable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

17. INTEREST BEARING LIABILITIES

	Dec 31, 2016 $'000	Dec 31, 2015 $'000
At December 31, the Group had access to:		
US$-denominated revolving credit facility	**1,291,500**	-
MXN-denominated revolving credit facility	**1,604,806**	-
Total debt funding available	**2,896,306**	-
Loan facilities - drawn		
US$-denominated notes	**6,715,800**	-
US$-denominated revolving credit facility	**7,687,008**	-
US$-denominated term funding	**3,771,180**	15,470,479
MXN-denominated term funding	**-**	940,000
Unamortized transaction costs	**(159,562)**	(63,489)
Total loan facilities net of unamortized transaction costs	**18,014,426**	16,346,990

Loan facilities

The acquisition of the relevant portfolios was financed by the following borrowings:

Lenders / Facility Type	Currency	Facility Limit $' millions	Drawn Amount $' millions	Interest Rate p.a.	Maturity Date	Dec 31, 2016 $'000	Dec 31, 2015 $'000
Various Banks through a Credit Facility - Term Loan	US$	258.0	258.0	90 day Libor + 3.125%[2]	Jun-20[1]	5,227,129	-
Various Banks through a Credit Facility - Revolving Credit Facility	US$	176.5	114.0	30 day Libor + 2.75%	Jun-19[1]	2,320,514	-
Various Insurance Companies through a Note Purchase and Guaranty Agreement	US$	75.0	75.0	5.44%	Sep-26	1,546,644	-
Various Insurance Companies through a Note Purchase and Guaranty Agreement	US$	250.0	250.0	5.55%	Jun-23	5,158,974	-
MetLife - Term Loan	US$	182.5	182.5	4.50%	Jan-18	3,761,165	3,124,375
Banamex - Term Loan	MXN	940.0	-	6.73%	Oct-16	-	937,621
BRE Debt México	US$	365.4	-	5.07%	Dec-17	-	6,259,173
BRE Debt México	US$	184.5	-	90 day Libor + 3.85%	Dec-17	-	3,171,512
BRE Debt México	US$	80.5	-	5.07%	Dec-17	-	1,379,923
BRE Debt México	US$	86.2	-	90 day Libor + 3.80%	Dec-17	-	1,474,386
Balance at the end of the year						**18,014,426**	**16,346,990**

[1]Extension of one year available at FIBRA Macquarie's option, subject to meeting certain conditions.

[2]Fixed by an interest rate swap. Refer to note 18.

On June 30, 2016, FIBRA Macquarie completed the refinancing of its secured loans of US$716.6 million with BRE Debt México, maturing in December 2017 (the "refinancing"). As part of the transaction, FIBRA Macquarie signed a US$e435 million 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. On June 30, 2016, 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.

On September 30, 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

During the year, in accordence with the loan agreement, the Group elected to amortize the principal portion of the 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) has been classified as a current liability as at December 31, 2016.

The loan facility with Banamex was due for repayment on October 31, 2016 and therefore classified as a current liability as at December 31, 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

18. 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 4.375% and 4.269%. The swaps hedge the exposure to the variable interest rate payments associated with the US$258.0 million unsecured credit facility (term loan). These are not designated as effective hedges from an IFRS perspective, and therefore, the marked-to-market adjustments are taken to Statement of Comprehensive Income. See note 17.

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 date	Notional amount	Dec 31, 2016	Dec 31, 2015
Various Banks	31-Aug-16	30-Jun-20	US$155.5 million	54,908	-
Various Banks	27-Sep-16	30-Jun-20	US$102.5 million	42,854	-
Total estimated fair value				**97,762**	-

19. 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 the income tax 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 year ended December 31, 2016 with respect to the results of the Group's subsidiaries are:

	Year ended Dec 31, 2016 $'000	Dec 31, 2015 $'000
Current income tax		
Current income tax charge	**1,409**	-
Deferrred income tax		
Relating to origination and reversal of temporary diferences	**1,667**	-
Income tax expense for the year	**3,076**	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

20. CONTRIBUTED EQUITY

	No. of CBFIs '000	$'000
Balance at January 1, 2015	811,364	18,376,480
Capital raising costs	-	(6,486)
CBFIs on issue at December 31, 2015	811,364	18,369,994
Balance at January 1, 2016	811,364	18,369,994
CBFIs on issue at December 31, 2016	**811,364**	**18,369,994**

Under the terms of the MMREIT Retail Trust II asset purchase agreement with Grupo Inmobiliario Carr and its partners, the holders of CBFIs issued as purchase consideration are contractually obliged to vote to approve all CBFI holders' meeting resolutions required for any follow-on offering proposed by FIBRA Macquarie, including approval of the proposed price or price range in relation to such follow-on offering. As per the purchase agreement, Grupo Inmobiliario Carr and its partners' obligation to hold the said CBFIs ended in November 2014. As at December 31, 2016, the Group is not aware of the CBFIs held by Grupo Inmobiliario Carr and its partners.

21. RETAINED EARNINGS

	$'000
Balance as at January 1, 2015	2,476,442
Total comprehensive income for the year	3,908,488
Distributions paid	(1,234,524)
Balance as at December 31, 2015	5,150,406
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**

22. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

22. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

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, 2016, the largest individual tenant represents 2.7% (2015: 3.3%) 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 $612.4 million at December, 31 2016 (December 31, 2015: $2.2 billion). The cash and cash equivalents are held mainly with Banamex and Banco Mercantil Del Norte, financial institution counterparties, which are rated A-2, based on rating agency as at December 31, 2016.

Other assets

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 significant geographical locations and counterparty types. The amounts shown represent the maximum credit risk of the Group's assets as of December 31, 2016 and 2015 respectively.

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

*Includes restricted cash

As at Dec 31, 2015	Cash and cash equivalents* $'000	Other assets $'000	Trade receivables $'000	VAT receivables $'000	Total $'000
Mexico					
Financial institutions	2,394,426	-	-	-	2,394,426
Government institutions	-	-	-	287,020	287,020
Other	-	96,422	102,431	-	198,853
Total	2,394,426	96,422	102,431	287,020	2,880,299

*Includes restricted cash

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

	2016 $'000	2015 $'000
Neither past due nor impaired	**32,291**	17,519
Past due < 30 days	**13,980**	14,891
Past due 31 - 90 days	**41,140**	39,749
Past due > 90 days	**29,454**	30,272
Total trade and other receivables	**116,865**	102,431

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

22. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(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:

2016	On demand $'000	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.

2015	On demand $'000	Less than 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	Total $'000
Trade and other payables	-	(350,300)	-	-	(350,300)
Tenant deposits	-	-	(18,925)	(306,804)	(325,729)
Interest bearing liabilities*	-	-	(940,000)	(15,470,478)	(16,410,478)
Total	-	(350,300)	(958,925)	(15,777,282)	(17,086,507)

* Exclude unamortized debt establishment costs amounting to $63.5 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

22. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

Foreign currency risk (continued)

The Group is exposed to foreign currency risk through it's ownership of 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.

	2016 USD exposures* $'000	2015 USD exposures* $'000
Investment properties	**36,907,764**	29,791,258
Trade receivables	**47,287**	61,844
Cash and cash equivalents (including restricted cash)	**465,591**	556,649
Other assets	**9,619**	45,056
Trade and other payables	**(468,979)**	(242,606)
Tenant deposits	**(326,136)**	(254,972)
Interest-bearing liabilities	**(18,014,426)**	(14,470,840)
Net Exposure	**18,620,720**	15,486,389

*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 2016	**Movement of +10% $'000**	**Movement of -10% $'000**
US dollar exposure	**1,862,072**	**(1,862,072)**

*The amounts presented are in Mexican Pesos.

	Sensitivity of operating profit*	
As at 2015	Movement of +10% $'000	Movement of -10% $'000
US dollar exposure	1,548,639	(1,548,639)

*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 a fixed interest rate where possible. Currently, 87% (December 31, 2015: 65%) of the Group's debt funding has a fixed rate of interest considering fixed interest rates with regard to the US$258.0 million term loan. Refer to note 18.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

22. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

Interest rate risk (continued)

Sensitivity analysis

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

	Dec 31, 2016 $'000	Dec 31, 2015 $'000
Floating rate		
Cash and cash equivalents	**145,875**	1,499,321
Interest bearing liabilities	**(2,355,696)**	(5,597,503)
Net floating exposure	**(2,209,821)**	(4,098,182)

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

	Sensitivity of operating profit	
As at 2016	**Movement of +1% $'000**	**Movement of -1% $'000**
Effect of net floating exposure	**(22,098)**	**22,098**

	Sensitivity of operating profit	
As at 2015	Movement of +1% $'000	Movement of -1% $'000
Effect of net floating exposure	(40,982)	40,982

23. FAIR VALUES OF ASSETS AND LIABILITIES

The Group measures the following assets and liabilities at fair value:
- Trade and other receivable and payables
- 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

23. FAIR VALUES OF ASSETS AND LIABILITIES (CONTINUED)

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, 2016	Level 2 $'000	Total fair value $'000	Total carrying amount $'000
Interest-bearing liabilities*	**18,083,533**	**18,083,533**	**18,014,426**

*Net of unamortized transaction costs.

As at December 31, 2015	Level 2 $'000	Total fair value $'000	Total carrying amount $'000
Interest-bearing liabilities*	16,850,326	16,850,326	16,346,990

*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, 2016	Level 2 $'000	Level 3 $'000	Total $'000
Derivative financial instruments	**97,762**	**-**	**97,762**
Investment properties	**-**	**42,466,715**	**42,466,715**

As at December 31, 2015	Level 2 $'000	Level 3 $'000	Total $'000
Derivative financial instruments	-	-	-
Investment properties	-	35,639,298	35,639,298

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

	Dec 31, 2016 $'000	Dec 31, 2015 $'000
Balance at the beginning of the year	**35,639,298**	27,612,778
Asset acquisitions	**900,090**	3,486,997
Net unrealized foreign exchange gain on US$ denominated investment property	**5,731,704**	3,871,204
Unrealized gain on investment property measured at fair value	**195,623**	668,319
Balance at the end of the year	**42,466,715**	35,639,298

There were no transfers between levels during the year ended December 31, 2016 and 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

24. LEASES

Agreements entered into between the Group and its tenants have been classified as operating leases under IAS 17. The lease agreements entered into by the Group have expiration dates ranging from January 1, 2016 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, 2016	<1 year	1-5 years	>5 years	Total
Minimum future lease payments (US$'000)	125,537	300,762	39,591	465,890
Minimum future lease payments ($'000)	23,918	54,812	6,996	85,726

The above information is based on the current leasing profile as at December 31, 2016 and does not consider future renewals and new leases.

25. COMMITMENTS AND CONTINGENT LIABILITIES

On July 23, 2015, MMREIT Industrial Trust IV completed the acquisition of an eight-property industrial portfolio located in Monterrey, Nuevo Leon, which includes four stabilized properties, two build-to-suit ("BTS") development properties and two land parcels. As per the purchase agreement, FIBRA Macquarie is committed to pay an additional consideration of US$5.6 million (approximately $115.7 million) for the two BTS projects, in each case subject to development completion and the tenant having taken possession and paid the first month's rent. The first BTS project was completed during the fourth quarter of 2015 and has been recognized as a financial liability. The second BTS project is expected to be completed by the first quarter of the 2017.

The Group has no significant contingent liabilities.

26. 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

The trustee of FIBRA Macquarie is Deutsche Bank Mexico, S.A. Institución de Banca Múltiple ("FIBRA Macquarie Trustee"), whose registered office has changed to Av. Pedregal No 24, Col. Molino del Rey, Miguel Hidalgo, Mexico City 11040 with effect from April 7, 2016.

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 Paseo de las Palmas 215, piso 7, Col. Lomas de Chapultepec, C.P. 11000, Mexico, D.F ("Investment Trust Trustee"). The other trustees within the Group are Banco Nacional de Mexico and Deutsche Bank Mexico. For the three months and year ended December 31, 2016, the trustees' fees for the Group amounted to $1.2 million (December 31, 2015: $1.0 million)and $4.4 million (December 31, 2015: $3.7 million) respectively.

As at December 31, 2016, fees due to the trustees amounted to $1.65 million (December 31, 2015: $1.59 million).

(c) Manager

MMREM acts as manager of FIBRA Macquarie and has its registered office is at Paseo de la Reforma 115, Piso 6, Col. Lomas de Chapultepec, México, D.F. 11000 México.

Under the terms of FIBRA Macquarie's trust agreement, MMREM is entitled to receive a base management fee of $49.1 million (December 31, 2015: $46.7 million) and $184.6 million (December 31, 2015: $198.2 million) for the three months and year ended December 31, 2016. 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

26. RELATED PARTY INFORMATION (CONTINUED)

(c) Manager (continued)

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, 2016 no performance fee was payable by FIBRA Macquarie.

(d) Other associated entities

During the three months and year ended December 31, 2016 amounts totaling $0.1 million (December 31, 2015: 1.0 million) and $3.0 million (December 31, 2015: $5.6 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 $0.3 million (December 31, 2015: $0.4 million) and $0.6 million (December 31, 2015: $4.0 million) was paid to other associated entities of MMREM in the same respect for the three months and year ended December 31, 2016.

Under the terms of a fund administration agreement, Deutsche Bank (Cayman) Limited, an associated entity of the FIBRA Macquarie Trustee, is entitled to receive fees for services rendered amounting to $nil (December 31, 2015: $nil) and $nil (December 31, 2015: $5.8 million) for the three months and year ended December 31, 2016.

As at December 31, 2016, 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, 2015: 36,853,632) and received a distribution of $65.60 million (December 31, 2015: $56.02 million) for the year ended December 31, 2016.

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.

A renewed consulting agreement with Polygon Realty, a company controlled by Mrs. Nanny Gaul, the wife of Mr. Peter Gaul, a former Macquarie Group employee, was put in place in March 2016 with effect from March 3, 2016, with the prior approval of the Audit and Practices Committee and independent members of the Technical Committee.

During the year ended December 31, 2016 FIBRA Macquarie paid VAT on behalf of the JV trusts amounting to $10.8 millions (2015: $17.9 million). These recoverable amount have been settled againts the distributions received by FIBRA Macquarie from the JV trusts.

27. EVENTS OCCURING AFTER REPORTING YEAR

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.