

## **FIBRA MACQUARIE MÉXICO REPORTS FIRST QUARTER 2019 RESULTS**

- AFFO per Certificate Increases 4.5% YoY -
- Quarterly Cash Distribution per Certificate Increases 9.0% YoY -

MEXICO CITY, April 25, 2019 – FIBRA Macquarie México (FIBRAMQ) (BMV: FIBRAMQ), owner of one of the largest portfolios of industrial and retail property in Mexico, announced its financial and operating results for the quarter ended March 31, 2019.

### **FIRST QUARTER 2019 HIGHLIGHTS**

- AFFO per certificate increased 4.5% YoY to Ps 0.6289
- Consolidated occupancy increased 244 bps YoY to a record 94.7%
- Average industrial and retail rental rates increased 3.2% and 4.0% YoY, respectively
- Same store net operating income increased by 4.4%
- Quarterly cash distribution increased 9.0% YoY to Ps 0.4250 per certificate

“We started 2019 on solid ground with robust activity driving a record result for AFFO per certificate and closing occupancy,” said Juan Monroy, FIBRA Macquarie’s chief executive officer. “We remain focused on achieving further performance and financial gains across our business. We have a manageable lease expiration profile for 2019 with attractive supply demand dynamics in most of our markets which should support our performance across the portfolio. We also remain focused on disciplined capital management and will continue to pursue expansions and selective development opportunities with attractive yields. With our recent refinancing, we have further strengthened our balance sheet to support our growth initiatives throughout the year and beyond.”

## FINANCIAL AND OPERATING RESULTS

### Consolidated Portfolio

FIBRAMQ's total results were as follows:

TOTAL PORTFOLIO	1Q19	1Q18	Variance
Net Operating Income (NOI)	Ps 829.4m	Ps 824.7m	0.6%
EBITDA	Ps 776.3m	Ps 767.8m	1.1%
Funds From Operations (FFO)	Ps 564.6m	Ps 546.9m	3.2%
FFO per certificate	0.7332	0.6890	6.4%
Adjusted Funds From Operations (AFFO)	Ps 484.3m	Ps 477.8m	1.4%
AFFO per certificate	0.6289	0.6020	4.5%
NOI Margin	87.6%	87.6%	-6 bps
AFFO Margin	51.1%	50.8%	36 bps
GLA ('000s sqm) EOP	3,215	3,428	-6.2%
Occupancy EOP	94.7%	92.2%	244 bps
Average Occupancy	94.1%	92.2%	192 bps

FIBRAMQ's same store portfolio results were as follows:

TOTAL PORTFOLIO - SAME STORE	1Q19	1Q18	Variance
Net Operating Income (NOI)	Ps. 831.0m	Ps. 796.3m	4.4%
NOI Margin	87.7%	87.8%	-3bps
Number of Properties	253	253	-
GLA ('000s sqf) EOP	34,602	34,539	0.2%
GLA ('000s sqm) EOP	3,215	3,209	0.2%
Occupancy EOP	94.7%	93.5%	114 bps
Average Monthly Rent (US\$/sqm) EOP	5.29	5.25	0.6%
Industrial Customer Retention LTM EOP	86.6%	83.7%	289 bps
Weighted Avg Lease Term Remaining (years) EOP	3.8	3.6	3.4%
Percentage of US\$ denominated Rent EOP	75.3%	75.8%	-45 bps

### Industrial Portfolio

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

INDUSTRIAL PORTFOLIO	1Q19	1Q18	Variance
Net Operating Income (NOI)	Ps 676.6m	Ps 683.1m	-0.9%
NOI Margin	91.2%	91.4%	-15 bps
GLA ('000s sqft) EOP	29,691	31,991	-7.2%
GLA ('000s sqm) EOP	2,758	2,972	-7.2%
Occupancy EOP	94.8%	91.9%	297 bps
Average Occupancy	94.2%	91.9%	235 bps
Average monthly rent per leased (US\$/sqm) EOP	\$4.82	\$4.67	3.2%
Customer retention LTM	87%	85%	218 bps
Weighted Avg Lease Term Remaining (years) EOP	3.5	3.2	7.9%

For the three months ended March 31, 2019, FIBRAMQ's industrial portfolio delivered net operating income (NOI) of Ps 676.6 million, in line with the prior comparable period. NOI margins also remained steady.

The occupancy rate of the industrial portfolio as of March 31, 2019 was 94.8%, up 297 basis points versus the prior comparable quarter, and up 37 basis points sequentially.

Rental rates at the end of the period improved 3.2% versus the prior comparable quarter, to a weighted average of US\$4.82 per leased square meter per month, representing a record rental rate for FIBRAMQ's industrial portfolio. The increase was driven primarily by contractual increases and positive renewal spreads, and the impact of the sale of 35 non-strategic industrial assets which had rental rates lower than the portfolio average.

Both occupancy and rental rates benefitted from the sale of 35 non-strategic industrial assets which had lower occupancy and rental rates than the portfolio average.

FIBRAMQ signed 15 new and renewal leases in the first quarter of 2019, comprising 809 thousand square feet of industrial space. The signed leases included nine new leases totaling 508 thousand square feet and 6 renewal leases totaling 301 thousand square feet. Notable new leases included those with a global manufacturer of telecommunications, network and electronic equipment, and a medical device manufacturer in Ciudad Juárez, a logistics provider for electronics equipment in Monterrey, and an automotive tools manufacturer in Querétaro.

Renewal activity included the retention of a computer component manufacturer, a logistics provider and a retail food distributor. For the twelve-months ending March 31, 2019, FIBRAMQ's retention rate was 86.8%. The efficient re-leasing of four of the five vacated spaces during the same quarter reflects strong underlying market conditions.

For detail on FIBRAMQ's same store industrial portfolio results, please refer to First Quarter 2019 Supplementary Information materials located at [www.fibramacquarie.com/investors/bolsa-mexicana-de-valores-filings](http://www.fibramacquarie.com/investors/bolsa-mexicana-de-valores-filings).

## Retail Portfolio

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

RETAIL PORTFOLIO	1Q19	1Q18	Variance
Net Operating Income (NOI)	Ps 152.8m	Ps 141.7m	7.9%
NOI Margin	74.3%	73.1%	120 bps
GLA ('000s sqft) EOP	4,911	4,905	0.1%
GLA ('000s sqm) EOP	456	456	0.1%
Occupancy EOP	93.5%	94.5%	-94 bps
Average Occupancy	93.7%	94.6%	-93 bps
Average monthly rent per leased (Ps/sqm) EOP	\$158.68	\$152.51	4.0%
Customer retention LTM	83%	67%	1551 bps
Weighted Avg Lease Term Remaining (years) EOP	4.4	4.7	-6.7%

For the quarter ended March 31, 2019, FIBRAMQ's retail portfolio delivered NOI of Ps 152.8 million, a 7.9% increase from the prior year period. Year-over-year growth was driven by a 4.0% increase in average monthly rent, partially offset by a reduction in occupancy. The NOI result was further assisted by early termination lease income of Ps 9.4 million, in respect of two leases that were scheduled to

expire after FY2019. Strong leasing demand for both of the vacant prime location spaces are expected to result in both of the premises being re-let to leading retail operators during 2019.

During the first quarter of 2019, FIBRAMQ signed 62 leases, representing 20.1 thousand square meters. This activity included 16 new leases, 46 renewals and after taking into account moveouts, resulted in a sequential decrease in end of period occupancy of 43 bps to 93.5%.

## PORTFOLIO ACTIVITY

FIBRAMQ continued its deployment of available capital into accretive investments including targeted expansion of existing properties on a pre-leased basis and selective developments during the first quarter.

### Industrial and retail expansions

FIBRAMQ progressed with a 47 thousand square foot industrial property expansion for a manufacturer of lighting products in Reynosa which is expected to complete by June 2019. FIBRAMQ also commenced building a new 2,100 square meter retail center expansion at Multiplaza del Valle in Guadalajara, including 1,400 square meters for Cinépolis, a leading cinema operator. The project is expected to be completed in the second half of 2019.

### Industrial development

In January 2019, FIBRAMQ began construction of an industrial project in Ciudad Juárez, Chihuahua. The project involves the construction of up to two buildings, totaling approximately 435,000 square feet. Development will be completed in two stages with an expected total investment, including land, of approximately US\$20.4 million. A 209,000 square feet class A industrial building is expected to be completed in 2019 with an approximate investment of US\$9 million and is targeted for LEED certification.

Given its strong economic and demographic trends, Ciudad Juárez represents a priority location for FIBRAMQ with respect to its long-term objective of developing class A buildings in core markets. Over the medium term, FIBRAMQ intends to manage its development projects to not exceed 5% of GLA at any given time.

## BALANCE SHEET

The following table summarizes FIBRAMQ's debt profile as of March 31, 2019 and following completion of the previously announced refinancing:

Debt Overview	1Q19 Actual	1Q19 Pro forma <sup>1</sup>
Debt Outstanding	Ps 15.9b	Ps 15.9b
Total/undrawn Revolver	Ps 5.0b	Ps 4.7b
Fixed Debt Ratio	100%	100%
Debt Tenor Remaining	5.0	6.7
Real Estate Net LTV	36.7%	36.9%

<sup>1</sup> Pro-forma calculation takes into account completion of the US\$500 million refinancing activity announced on April 1, 2019 and further described below.

FIBRAMQ's CNBV regulatory debt to total asset ratio was 35.1% and the debt service coverage ratio was 5.0x.

Subsequent to quarter end, as previously announced, FIBRAMQ signed agreements representing refinancing activity totaling US\$500 million, comprised of a US\$425 million unsecured credit facility that closed on April 5, 2019 and a term sheet for a new US\$75 million secured term loan facility (together, the Refinancing). The Refinancing is debt neutral and enhances FIBRAMQ's debt profile by significantly extending the weighted average maturity of its debt and diversifying FIBRAMQ's lender base. FIBRAMQ drew US\$180 million under the unsecured five-year term loan and US\$75 million under the unsecured revolving facility and, together with US\$3 million cash on hand, used these proceeds to prepay a US\$258 million unsecured term loan that was due to expire on June 30, 2020.

To complete the refinancing activity by June 2019, a borrowing of US\$75 million under a new fifteen-year secured loan is expected to be used to repay the drawn revolver.

Of note, FIBRA Macquarie does not have any scheduled debt maturities until June 30, 2023.

## **CAPITAL ALLOCATION**

FIBRAMQ remains committed to its disciplined approach to capital deployment across property expansions and developments, certificate repurchases for cancellation, and repayment of revolving debt.

During the first quarter of 2019, FIBRAMQ continued to fund the expansion and development projects discussed above. During the full year of 2019, FIBRAMQ anticipates a total investment of US\$12.9m for the projects already committed and announced.

On January 31<sup>st</sup>, FIBRAMQ repaid a Peso-denominated secured loan of approximately Ps 284 million, further improving the capital structure and flexibility of the balance sheet.

FIBRAMQ's current buyback program has Ps 845.5 million remaining capacity until its expiration on June 25, 2019. On April 24, 2019 FIBRAMQ certificate holders approved an extended buyback program of Ps 1.0 billion for the one-year period commencing June 26, 2019. All certificates repurchased have been or will be cancelled.

For additional details on FIBRAMQ's capital management please refer to the First Quarter 2019 Supplementary Information materials located at [www.fibramacquarie.com/investors/bolsa-mexicana-de-valores-filings](http://www.fibramacquarie.com/investors/bolsa-mexicana-de-valores-filings).

## **DISTRIBUTION**

On April 25, 2019, FIBRAMQ declared a cash distribution for the quarter ended March 31, 2019 of Ps 0.4250 per certificate, a 9.0% increase over the distribution in the prior comparable period and a 3.7% increase sequentially. The distribution is expected to be paid on June 14, 2019 to holders of record on June 13, 2019. FIBRAMQ's certificates will commence trading ex-distribution on June 12, 2019.

## **2019 GUIDANCE**

FIBRA Macquarie reaffirmed its previously announced guidance cash distributions of approximately Ps 1.70 per certificate, paid in equal quarterly payments of Ps 0.425 for 2019. FIBRAMQ also reaffirmed its previously announced AFFO guidance of between Ps 2.45 and Ps 2.50 per certificate for the year. This guidance is driven by the following assumptions:

- Cash-generating capacity of its existing portfolio and an average exchange rate of Ps 19.25 per US dollar;
- No new acquisitions or divestments, other than completion of the sale of the two remaining properties from the portfolio sale announced last summer;
- No certificate repurchases;
- The continued stable performance of the properties in the portfolio, and stable market conditions; and
- The payment of cash distributions is subject to the approval of the board of directors of the Manager.

### **WEBCAST AND CONFERENCE CALL**

FIBRAMQ will host an earnings conference call and webcast presentation on Friday, April 26, 2019 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](http://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 First Quarter 2019 Earnings Call with conference number 9399517.

An audio replay will be available by dialing +1-855-859-2056 or +1-404-537-3406 for callers from outside the United States. The passcode for the replay is 9399517. A webcast archive of the conference call and a copy of FIBRA Macquarie's financial information for the first quarter 2019 will also be available on FIBRA Macquarie's website, [www.fibramacquarie.com](http://www.fibramacquarie.com).

### **ADDITIONAL INFORMATION**

For detailed charts, tables and definitions, please refer to the First Quarter 2019 Supplementary Information materials located at [www.fibramacquarie.com/investors/bolsa-mexicana-de-valores-filings](http://www.fibramacquarie.com/investors/bolsa-mexicana-de-valores-filings).

#### **About FIBRA Macquarie**

FIBRA Macquarie México (FIBRA Macquarie) (BMV:FIBRAMQ) is a real estate investment trust (fideicomiso de inversión en bienes raíces), or FIBRA, listed on the Mexican Stock Exchange (Bolsa Mexicana de Valores) targeting industrial, retail and office real estate opportunities in Mexico, with a primary focus on stabilized income-producing properties. FIBRA Macquarie's portfolio consists of 236 industrial properties and 17 retail/office properties, located in 20 cities across 16 Mexican states as of March 31, 2019. Nine of the retail/office properties are held through a 50/50 joint venture. For additional information about FIBRA Macquarie, please visit [www.fibramacquarie.com](http://www.fibramacquarie.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.

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

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

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## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT MARCH 31, 2019 (UNAUDITED) AND DECEMBER 31, 2018

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

	Mar 31, 2019 \$'000	Dec 31, 2018 \$'000
<b>Current assets</b>		
Cash and cash equivalents	362,626	555,591
Trade and other receivables, net	302,713	102,078
Other assets	98,078	72,597
Investment properties held for sale	139,278	147,622
<b>Total current assets</b>	<b>902,695</b>	<b>877,888</b>
<b>Non-current assets</b>		
Other receivables	174,817	424,411
Other assets	218,548	187,849
Equity-accounted investees	1,450,281	1,152,560
Goodwill	841,614	841,614
Investment properties	39,904,105	40,132,961
Derivative financial instruments	78,609	124,011
<b>Total non-current assets</b>	<b>42,667,974</b>	<b>42,863,406</b>
<b>Total assets</b>	<b>43,570,669</b>	<b>43,741,294</b>
<b>Current liabilities</b>		
Trade and other payables	480,037	398,314
Tenant deposits	29,279	33,182
Other liabilities	3,664	-
<b>Total current liabilities</b>	<b>512,980</b>	<b>431,496</b>
<b>Non-current liabilities</b>		
Tenant deposits	310,830	304,610
Interest-bearing liabilities	15,305,094	15,537,190
Deferred income tax	19,178	19,178
Other liabilities	20,520	-
<b>Total non-current liabilities</b>	<b>15,655,622</b>	<b>15,860,978</b>
<b>Total liabilities</b>	<b>16,168,602</b>	<b>16,292,474</b>
<b>Net assets</b>	<b>27,402,067</b>	<b>27,448,820</b>
<b>Equity</b>		
Contributed equity	17,497,483	17,497,483
Retained earnings	9,904,584	9,951,337
<b>Total equity</b>	<b>27,402,067</b>	<b>27,448,820</b>



# CONDENSED UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018

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

	3 months ended	
	Mar 31, 2019 \$'000	Mar 31, 2018 \$'000
Property related income	893,480	888,163
Property related expenses	(129,094)	(118,535)
<b>Net property income</b>	<b>764,386</b>	<b>769,628</b>
Management fees	(40,115)	(45,717)
Transaction related expenses	(4,329)	(1,869)
Professional, legal and other expenses	(12,905)	(11,151)
<b>Total expenses</b>	<b>(57,349)</b>	<b>(58,737)</b>
Finance costs	(214,450)	(215,566)
Interest income	7,416	2,927
Share of profits from equity-accounted investees	28,588	28,174
Net foreign exchange gain	241,600	1,135,171
Net unrealized foreign exchange loss on foreign currency denominated investment property	(526,200)	(2,280,370)
Unrealized revaluation gain/(loss) on investment property measured at fair value	70,646	(36,216)
Net unrealized (loss)/gain on interest rate swaps	(45,402)	28,924
<b>Profit/(loss) before tax for the period</b>	<b>269,235</b>	<b>(626,065)</b>
Current income tax	(288)	(58)
<b>Profit/(loss) for the period</b>	<b>268,947</b>	<b>(626,123)</b>
<b>Other comprehensive income</b>		
Other comprehensive income for the period	-	-
<b>Total comprehensive income/(loss) for the period</b>	<b>268,947</b>	<b>(626,123)</b>
<b>Profit/(loss) per CBFI*</b>		
Basic profit/(loss) per CBFI (pesos)	0.35	(0.79)

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

## CONDENSED UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018

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

	Contributed equity \$'000	Retained earnings \$'000	Total \$'000
Total equity at January 1, 2018	18,118,973	9,240,065	27,359,038
Total comprehensive loss for the period	-	(626,123)	(626,123)
<b>Total comprehensive loss for the period</b>	-	(626,123)	(626,123)
Transactions with equity holders in their capacity as equity holders:			
- Distributions to CBFI holders	-	(297,086)	(297,086)
- Repurchase of CBFI, including associated costs	(161,464)	-	(161,464)
<b>Total transactions with equity holders in their capacity as equity holders</b>	(161,464)	(297,086)	(458,550)
<b>Total equity at March 31, 2018</b>	<b>17,957,509</b>	<b>8,316,856</b>	<b>26,274,365</b>
Total equity at January 1, 2019	<b>17,497,483</b>	<b>9,951,337</b>	<b>27,448,820</b>
Total comprehensive income for the period	-	<b>268,947</b>	<b>268,947</b>
<b>Total comprehensive income for the period</b>	-	<b>268,947</b>	<b>268,947</b>
Transactions with equity holders in their capacity as equity holders:			
- Distributions to CBFI holders	-	(315,700)	(315,700)
<b>Total transactions with equity holders in their capacity as equity holders</b>	-	(315,700)	(315,700)
<b>Total equity at March 31, 2019</b>	<b>17,497,483</b>	<b>9,904,584</b>	<b>27,402,067</b>

# CONDENSED UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018

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

	3 months ended	
	Mar 31, 2019	Mar 31, 2018
	\$'000	\$'000
	Inflows / (Outflows)	Inflows / (Outflows)
<b>Operating activities:</b>		
Profit/(loss) before tax for the period	269,235	(626,065)
<b>Adjustments for:</b>		
Net unrealized foreign exchange loss on foreign currency denominated investment property	526,200	2,280,370
Unrealized revaluation (gain)/loss on investment property measured at fair value	(70,646)	36,216
Straight line rental income adjustment	3,247	16
Tenant improvement amortization	8,838	7,247
Leasing expense amortization	16,800	13,627
Right-of-use assets depreciation*	1,089	-
Interest income	(7,416)	(2,927)
Impairment loss on trade receivables	9,989	12,540
Net foreign exchange gain	(248,376)	(1,158,942)
Finance costs recognized in profit/(loss) for the period	214,450	215,566
Share of profits from equity-accounted investees	(28,588)	(28,174)
Net unrealized loss/(gain) on interest rates swaps	45,402	(28,924)
<b>Movements in working capital:</b>		
Decrease/(Increase) in receivables	9,603	(40,723)
Decrease in payables	(8,374)	(37,575)
<b>Net cash flows used in operating activities</b>	<b>741,453</b>	<b>642,252</b>
<b>Investing activities:</b>		
Investment property acquired	-	(29,595)
Capital contribution in equity-accounted investees	(277,383)	-
Maintenance capital expenditure and other capitalized cost	(221,329)	(108,949)
Distributions received from equity-accounted investees	8,250	18,586
<b>Net cash flows used in investing activities</b>	<b>(490,462)</b>	<b>(119,958)</b>
<b>Financing activities:</b>		
Interest income	7,416	2,927
Interest paid	(141,496)	(162,127)
Lease payments	(952)	-
Repurchase of CBFIs, including associated costs	-	(161,464)
Distribution to CBFI holders	(315,700)	(297,086)
<b>Net cash flows from financing activities</b>	<b>(450,732)</b>	<b>(617,750)</b>
Net decrease in cash and cash equivalents	(199,741)	(95,456)
Cash and cash equivalents at the beginning of the period	555,591	467,818
Foreign exchange loss on cash and cash equivalents	6,776	23,771
<b>Cash and cash equivalents at the end of the period**</b>	<b>362,626</b>	<b>396,133</b>

\*The depreciation is in respect of the rights-of-use assets held at the Group's vertically integrated internal platform level, calculated in accordance with IFRS 16.

\*\*Includes restricted cash balance of \$nil (2018: \$46.7 million) as at March 31, 2019.

## **FIBRA MACQUARIE MÉXICO**

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDING MARCH 31, 2019

Important: This English translation, available online at [www.fibramacquarie.com](http://www.fibramacquarie.com),  
is for courtesy purposes only. The Spanish original prevails.



# FIBRA

Macquarie México

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### Disclaimer

Other than Macquarie Bank Limited ("MBL") ABN 46 008 583 542, 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 MBL. MBL does not guarantee or otherwise provide assurance in respect of the obligations of these entities.





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## **Independent Auditors' Report on Review of Condensed Interim Consolidated Financial Statements**

To the CBFIs holders of  
Fideicomiso Irrevocable No. F/1622  
(CIBANCO, S. A. Institución de Banca Múltiple) and its controlled entities:

### *Introduction*

We have reviewed the accompanying condensed interim consolidated statement of financial position of Fideicomiso Irrevocable No. F/1622 (CIBANCO, S. A. Institución de Banca Múltiple) and its controlled entities ("Fibra Macquarie México" or "the Trust") as at March 31, 2019, the condensed interim consolidated statements of comprehensive income, changes in equity and cash flows for the three month period then ended, and notes to the condensed interim consolidated financial statements ("the condensed interim consolidated financial statements"). Management is responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

### *Scope of Review*

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



*FIBRA Macquarie Mexico*

2.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements as at and for the three months ended March 31, 2019 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG CARDENAS DOSAL, S. C.

A handwritten signature in blue ink, appearing to read 'L. G. Ortiz Esqueda', written over a faint, stylized graphic of four squares.

Luis Gabriel Ortiz Esqueda

Monterrey, Nuevo León, México  
April 25, 2019

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT MARCH 31, 2019 (UNAUDITED) AND DECEMBER 31, 2018

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

	Note	Mar 31, 2019 \$'000	Dec 31, 2018 \$'000
<b>Current assets</b>			
Cash and cash equivalents		362,626	555,591
Trade and other receivables, net		302,713	102,078
Other assets		98,078	72,597
Investment properties held for sale	11	139,278	147,622
<b>Total current assets</b>		<b>902,695</b>	<b>877,888</b>
<b>Non-current assets</b>			
Other receivables		174,817	424,411
Other assets		218,548	187,849
Equity-accounted investees	10	1,450,281	1,152,560
Goodwill		841,614	841,614
Investment properties	12	39,904,105	40,132,961
Derivative financial instruments	14	78,609	124,011
<b>Total non-current assets</b>		<b>42,667,974</b>	<b>42,863,406</b>
<b>Total assets</b>		<b>43,570,669</b>	<b>43,741,294</b>
<b>Current liabilities</b>			
Trade and other payables		480,037	398,314
Tenant deposits		29,279	33,182
Other liabilities	18	3,664	-
<b>Total current liabilities</b>		<b>512,980</b>	<b>431,496</b>
<b>Non-current liabilities</b>			
Tenant deposits		310,830	304,610
Interest-bearing liabilities	13	15,305,094	15,537,190
Deferred income tax	15	19,178	19,178
Other liabilities	18	20,520	-
<b>Total non-current liabilities</b>		<b>15,655,622</b>	<b>15,860,978</b>
<b>Total liabilities</b>		<b>16,168,602</b>	<b>16,292,474</b>
<b>Net assets</b>		<b>27,402,067</b>	<b>27,448,820</b>
<b>Equity</b>			
Contributed equity	16	17,497,483	17,497,483
Retained earnings		9,904,584	9,951,337
<b>Total equity</b>		<b>27,402,067</b>	<b>27,448,820</b>

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



## CONDENSED UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018

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

	Note	3 months ended	
		Mar 31, 2019 \$'000	Mar 31, 2018 \$'000
Property related income	5(a)	893,480	888,163
Property related expenses	5(b)	(129,094)	(118,535)
<b>Net property income</b>		<b>764,386</b>	<b>769,628</b>
Management fees	19(c)	(40,115)	(45,717)
Transaction related expenses		(4,329)	(1,869)
Professional, legal and other expenses	5(c)	(12,905)	(11,151)
<b>Total expenses</b>		<b>(57,349)</b>	<b>(58,737)</b>
Finance costs	5(d)	(214,450)	(215,566)
Interest income		7,416	2,927
Share of profits from equity-accounted investees	10	28,588	28,174
Net foreign exchange gain	5(e)	241,600	1,135,171
Net unrealized foreign exchange loss on foreign currency denominated investment property	11,12	(526,200)	(2,280,370)
Unrealized revaluation gain/(loss) on investment property measured at fair value	11,12	70,646	(36,216)
Net unrealized (loss)/gain on interest rate swaps	14	(45,402)	28,924
<b>Profit/(loss) before tax for the period</b>		<b>269,235</b>	<b>(626,065)</b>
Current income tax	15	(288)	(58)
<b>Profit/(loss) for the period</b>		<b>268,947</b>	<b>(626,123)</b>
<b>Other comprehensive income</b>			
Other comprehensive income for the period		-	-
<b>Total comprehensive income/(loss) for the period</b>		<b>268,947</b>	<b>(626,123)</b>
<b>Profit/(loss) per CBF<sup>*</sup></b>			
Basic profit/(loss) per CBF (pesos)	9	0.35	(0.79)

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

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

## CONDENSED UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018

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

		Contributed equity	Retained earnings	Total
	Note	\$'000	\$'000	\$'000
Total equity at January 1, 2018	16	18,118,973	9,240,065	27,359,038
Total comprehensive loss for the period		-	(626,123)	(626,123)
<b>Total comprehensive loss for the period</b>		-	(626,123)	(626,123)
Transactions with equity holders in their capacity as equity holders:				
- Distributions to CBFI holders	8	-	(297,086)	(297,086)
- Repurchase of CBFIs, including associated costs	16	(161,464)	-	(161,464)
<b>Total transactions with equity holders in their capacity as equity holders</b>		(161,464)	(297,086)	(458,550)
<b>Total equity at March 31, 2018</b>		<b>17,957,509</b>	<b>8,316,856</b>	<b>26,274,365</b>
Total equity at January 1, 2019	16	<b>17,497,483</b>	<b>9,951,337</b>	<b>27,448,820</b>
Total comprehensive income for the period		-	<b>268,947</b>	<b>268,947</b>
<b>Total comprehensive income for the period</b>		-	<b>268,947</b>	<b>268,947</b>
Transactions with equity holders in their capacity as equity holders:				
- Distributions to CBFI holders	8	-	<b>(315,700)</b>	<b>(315,700)</b>
<b>Total transactions with equity holders in their capacity as equity holders</b>		-	<b>(315,700)</b>	<b>(315,700)</b>
<b>Total equity at March 31, 2019</b>		<b>17,497,483</b>	<b>9,904,584</b>	<b>27,402,067</b>

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

## CONDENSED UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018

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

		3 months ended	
		Mar 31, 2019	Mar 31, 2018
		\$'000	\$'000
	Note	Inflows / (Outflows)	Inflows / (Outflows)
<b>Operating activities:</b>			
Profit/(loss) before tax for the period		269,235	(626,065)
<b>Adjustments for:</b>			
Net unrealized foreign exchange loss on foreign currency denominated investment property	11,12	526,200	2,280,370
Unrealized revaluation (gain)/loss on investment property measured at fair value	11,12	(70,646)	36,216
Straight line rental income adjustment		3,247	16
Tenant improvement amortization	5(b)	8,838	7,247
Leasing expense amortization	5(b)	16,800	13,627
Right-of-use assets depreciation*	18	1,089	-
Interest income		(7,416)	(2,927)
Impairment loss on trade receivables	5(b)	9,989	12,540
Net foreign exchange gain	5(e)	(248,376)	(1,158,942)
Finance costs recognized in profit/(loss) for the period	5(d)	214,450	215,566
Share of profits from equity-accounted investees	10(c)	(28,588)	(28,174)
Net unrealized loss/(gain) on interest rates swaps	14	45,402	(28,924)
<b>Movements in working capital:</b>			
Decrease/(Increase) in receivables		9,603	(40,723)
Decrease in payables		(8,374)	(37,575)
<b>Net cash flows used in operating activities</b>		<b>741,453</b>	<b>642,252</b>
<b>Investing activities:</b>			
Investment property acquired	12	-	(29,595)
Capital contribution in equity-accounted investees	10(b)	(277,383)	-
Maintenance capital expenditure and other capitalized cost		(221,329)	(108,949)
Distributions received from equity-accounted investees	10(b)	8,250	18,586
<b>Net cash flows used in investing activities</b>		<b>(490,462)</b>	<b>(119,958)</b>
<b>Financing activities:</b>			
Interest income		7,416	2,927
Interest paid		(141,496)	(162,127)
Lease payments		(952)	-
Repurchase of CBFIs, including associated costs		-	(161,464)
Distribution to CBFI holders	8	(315,700)	(297,086)
<b>Net cash flows from financing activities</b>		<b>(450,732)</b>	<b>(617,750)</b>
Net decrease in cash and cash equivalents		(199,741)	(95,456)
Cash and cash equivalents at the beginning of the period		555,591	467,818
Foreign exchange loss on cash and cash equivalents	5(e)	6,776	23,771
<b>Cash and cash equivalents at the end of the period**</b>		<b>362,626</b>	<b>396,133</b>

\*The depreciation is in respect of the rights-of-use assets held at the Group's vertically integrated internal platform level, calculated in accordance with IFRS 16. This amount is included in property administration expense in Note 5.

\*\*Includes restricted cash balance of \$nil (2018: \$46.7 million) as at March 31, 2019.

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

## NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

### 1. REPORTING ENTITY

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

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

These unaudited condensed interim consolidated financial statements comprise the trust and its controlled entities (together referred as the "Group" or "FIBRA Macquarie").

FIBRA Macquarie was established with the purpose of investing in real estate assets in Mexico.

#### ***Relevant activities during 2019 and 2018***

On January 31, 2019, FIBRA Macquarie made a full repayment of a secured loan at its JV level scheduled to mature on April 1, 2019, utilizing cash on hand. FIBRA Macquarie's 50 percent pro rata share of this loan repayment totaled to \$284.1 million.

On January 16, 2018 MMREIT Industrial Trust IV acquired a land parcel in Ciudad Juárez for a consideration of US\$3.2 million.

On July 5, 2018, FIBRA Macquarie sold 35 non-strategic industrial assets for US\$80.2 million of cash proceeds. Two additional industrial assets with an aggregate value of US\$7.2 million remain under contract for sale and are expected to close at a later date. The sale proceeds of US\$80.2 million for the 35 assets are to be received in three tranches. FIBRA Macquarie received US\$61.0 million at closing and will receive US\$11.2 million and US\$8.0 million on January 5, 2020 and July 5, 2020, respectively. Initial proceeds were used to fully repay the US\$40.0 million outstanding balance on FIBRA Macquarie's revolver facility, with the remaining US\$21.0 million held as unrestricted cash.

On November 1, 2018, FIBRA Macquarie announced an increase in the size of its certificates repurchase program. The Technical Committee and the Board of Directors of the Manager have approved an increased buyback program size of \$1.2 billion for the twelve months ending June 25, 2019, to fully align with the program size and duration approved by certificates holders at the 2018 annual general meeting.

## NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

### 2. BASIS OF PREPARATION AND PRESENTATION

#### a) Statement of compliance

These unaudited condensed interim consolidated financial statements are for the Group and have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. Certain information and note disclosures normally included in the annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been condensed or omitted in accordance with the provisions for reporting intermediate periods. Therefore, the condensed interim consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2018, prepared in accordance with IFRS. The results of the interim periods are not necessarily indicative of the comprehensive income for the full year. The Manager considers that all regular and recurring adjustments necessary for a fair presentation of a condensed interim consolidated financial statements have been included. The Group initially adopted IFRS 16 on January 1, 2019 and any changes to significant accounting policies are described in Note 4.

These condensed unaudited interim consolidated financial statements were approved by the Technical Committee of FIBRA Macquarie on April 25, 2019.

#### 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.

#### c) Critical accounting judgments and estimates

During the preparation of the unaudited condensed interim consolidated financial statements, the Manager is required to make judgments, estimations and estimates of uncertainties at March 31, 2019 that affect the application of accounting policies. The notes to the unaudited condensed interim consolidated financial statements set out areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the unaudited condensed interim consolidated financial statements such as:

##### *(i) Judgements*

- Estimation of fair value of investment properties: Critical judgments are made with respect to the fair values of investment properties. The fair values of investment properties are reviewed regularly by management with reference to independent property valuations and market conditions existing at the reporting date, using generally accepted market practices. The independent valuers are experienced, nationally recognized and qualified in the professional valuation of industrial and retail buildings in their respective geographic areas. Since inception, FIBRA Macquarie has performed yearly independent appraisals.

- Estimation of fair value of derivative financial instruments: The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as credit risk and volatility. Changes in assumptions about these factors could materially affect the reported fair value of financial instruments. See note 14 for further details.

- Classification of joint arrangements into joint ventures: Critical judgments are made with respect to the fair values of investment properties included in the JV with Grupo Frisa. See note 10 for further details.

##### *(ii) Assumptions and estimation of uncertainties*

- Critical assumptions relating to the valuation of investment properties at fair value include the receipt of contractual rents, expected future market rents, renewal rates, capital expenditures, discount rates that reflect current market uncertainties, capitalization rates and recent investment property transactions. If there is any change in these assumptions, or regional, national or international economic conditions, the fair value of investment properties may change materially. See note 12 for further details.

## NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

### 2. BASIS OF PREPARATION AND PRESENTATION (CONTINUED)

#### c) Critical accounting judgments and estimates (continued)

##### *(ii) Assumptions and estimation of uncertainties (continued)*

- Trade and other receivables: The portfolio is measured based on a forward-looking 'Expected Credit Loss' ("ECL") model. This requires considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. Any change in management's estimates can result in modification of the impairment loss of trade receivables.

- Income tax and deferred income tax: The recognition and measurement of deferred tax assets or liabilities is dependent on management's estimate of future taxable profits and income tax rates that are expected to be in effect in the period the asset is realised or the liability is settled. Any changes in management's estimates can result in changes in deferred tax assets or liabilities as reported in the Statement of Financial Position. See note 15 for further details.

- Goodwill is tested for impairment at least annually, and when circumstances indicate that the carrying value may be impaired based on key assumptions underlying the portfolio premium.

Management believes that the estimates used in preparing the unaudited condensed interim 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.

#### d) Measurement of fair value

The Group measures financial instruments, such as derivative and non-derivatives financial assets and investment properties, at fair value at every reporting date. Fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: in the principal market for the asset or liability, or, in the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the unaudited condensed interim consolidated financial statements are categorised in the level three hierarchy based on inputs used in the valuation process. The level in the fair value hierarchy under which within fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The levels of the fair value hierarchy are as follows:

Level 1 – Fair value is based on unadjusted quoted prices in active markets that are accessible to the entity for identical assets or liabilities. These quoted prices generally provide the most reliable evidence and should be used to measure fair value whenever available.

Level 2 – Fair value is based on inputs, other than Level 1 inputs, that are observable for the asset or liability, either directly or indirectly, substantially for the full term of the asset or liability through corroboration of observable market data.

Level 3 – Fair value is based on significant unobservable inputs for the asset or liability. Such inputs reflect the entity's own assumptions about how market participants would price the asset or liability.

#### e) Comparatives

Certain items in the comparative condensed unaudited interim consolidated statements of cash flow have been reclassified for the period ended March 31, 2018. These reclassifications have not resulted in any material impact on the unaudited condensed interim consolidated financial statements for the period ended March 31, 2019.

## NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied its accounting policies for all periods presented in the interim consolidated financial statements and in relation with those of the previous financial year.

#### a) Standards issued but not yet effective

A number of new standards are effective for periods beginning after January 1, 2019 and earlier application is permitted. However, the Group has not early adopted the new or amended standards in preparing these unaudited condensed interim consolidated financial statements.

The following amended standards and interpretations are not expected to have any significant impact on the Group's unaudited condensed interim consolidated financial statements:

- IFRS 17 Insurance Contracts
- IFRIC 23 Uncertainty over Tax Treatments.
- Prepayment Features with Negative Compensation (Amendments to IFRS 9).
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28).
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19).
- Annual Improvements to IFRS Standards 2015–2017 Cycle – various standards.
- Amendments to References to Conceptual Framework in IFRS Standards.

### 4. CHANGES IN ACCOUNTING POLICIES

#### IFRS 16 Leases

The Group has initially adopted IFRS 16 from January 1, 2019.

IFRS 16 replaces existing leases guidance, including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

IFRS 16 introduces two on-balance sheet accounting models: retrospective model and modified retrospective approach. The Group has elected to adopt the modified retrospective approach, which recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments in respect of its vertically integrated platform.

Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

Due to the modified retrospective approach chosen by the Group in applying this standard, comparative information throughout these condensed unaudited interim consolidated financial statements has not been restated and continues to be reported under IAS 17 and IFRIC 4.

#### (i) Leases in which the Group is a lessee

The Group has entered into operating lease agreements of a certain administrative facilities. The agreements typically run for a period between 2 and 7 years, with a renewal option.

The Group recognises a right-of-use asset and a lease liability at January 1, 2019. The right-of-use asset is initially measured at cost, which is equal to the initial amount of the lease liability

The right-of-use asset is subsequently depreciated using the straight-line method from January 1, 2019 to the earlier of, the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease.

## NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

### 4. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

#### *(i) Leases in which the Group is a lessee (continued)*

Lease payments included in the measurement of the lease liability comprise the following:

-fixed payments, and

-lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. If remeasured, a corresponding adjustment will be made to the carrying amount of the right-of-use asset, or it will be recorded in the statement of comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

In the comparative period, under IAS 17, assets held under leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease.

The following table shows the original measurement categories under IAS 17 and the new measurement categories under IFRS 16 as at January 1, 2019:

Balance sheet items	Note	Carrying amount under IAS 17 \$'000	Carrying amount under IFRS 16 \$'000
Other assets	18	-	24,621
Other liabilities	18	-	24,621

The rights of use assets is included in other assets (non-current) and the lease liabilities is included in other liabilities (current and non-current) in the condensed interim consolidate statement of financial position.



## NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

### 5. PROFIT/(LOSS) FOR THE PERIOD

The profit/(loss) for the period includes the following items of revenue and expenses:

	3 months ended	
	Mar 31, 2019	Mar 31, 2018
	\$'000	\$'000
<b>a) Property related income</b>		
Lease related income	833,800	830,572
Car parking income	13,633	14,219
Expenses recoverable from tenants	46,047	43,372
<b>Total property related income</b>	<b>893,480</b>	<b>888,163</b>
<b>b) Property related expenses</b>		
Property administration expense	(19,093)	(18,553)
Property insurance	(6,084)	(6,389)
Property tax	(15,957)	(16,289)
Repairs and maintenance	(22,842)	(21,368)
Industrial park fees	(10,569)	(7,266)
Security services	(5,555)	(5,741)
Property related legal and consultancy expenses	(1,633)	(917)
Tenant improvements amortization	(8,838)	(7,247)
Leasing expenses amortization	(16,800)	(13,627)
Utilities	(5,154)	(4,106)
Marketing costs	(3,195)	(1,976)
Car park operating fees	(1,998)	(2,080)
Impairment loss on trade receivables	(9,989)	(12,540)
Other property related expenses	(1,387)	(436)
<b>Total property related expenses</b>	<b>(129,094)</b>	<b>(118,535)</b>
<b>c) Professional, legal and other expenses</b>		
Tax advisory expenses	(838)	(787)
Accountancy expenses	(2,430)	(1,720)
Valuation expenses	(922)	(626)
Audit expenses	(1,185)	(1,156)
Other professional expenses	(2,962)	(3,453)
Other expenses	(4,568)	(3,409)
<b>Total professional, legal and other expenses</b>	<b>(12,905)</b>	<b>(11,151)</b>
<b>d) Finance costs</b>		
Interest expense on interest-bearing liabilities	(206,412)	(206,420)
Finance costs under effective interest method	(7,478)	(9,146)
Interest expense on lease liabilities	(560)	-
<b>Total finance costs</b>	<b>(214,450)</b>	<b>(215,566)</b>
<b>e) Net foreign exchange gain</b>		
Unrealized foreign exchange gain on monetary items	232,578	1,280,775
Realized foreign exchange gain/(loss)	9,022	(145,604)
<b>Total net foreign exchange gain</b>	<b>241,600</b>	<b>1,135,171</b>

At March 31, 2019, the Group had 68 employees (March 31, 2018: 62 employees) in its vertically integrated internal property management platform.

## NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

### 6. SEGMENT REPORTING

The chief operating decision-maker is the person 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 operating segments derive their income primarily from lease rental income derived from tenants in Mexico divided into two segments (Industrial and Retail). During the period, there were no transactions between the Group's operating segments.

The segment information includes proportionately consolidated results of the joint ventures, which are eliminated in the segment reconciliations. The CEO monitors the performance of the Group based on the location of the investment properties, as follows:

3 months ended March 31, 2019	North East \$'000	Industrial			Retail <sup>1,2,3</sup>		Total \$'000
		Central \$'000	North West \$'000	North \$'000	South \$'000	Central \$'000	
Revenue from external customers <sup>1</sup>	300,875	147,601	176,130	116,918	13,044	192,612	947,180
Segment net profit <sup>2</sup>	55,217	24,704	76,162	33,242	6,575	154,625	350,525
<i>Included in profit for the period:</i>							
Foreign exchange gain	18,115	13,773	26,006	12,143	4	9	70,050
Net unrealized foreign exchange loss on US\$ denominated investment property	(217,060)	(115,849)	(114,121)	(79,170)	-	-	(526,200)
Unrealized revaluation gain on investment property measured at fair value	3,651	8,865	29,688	10,658	1,854	23,561	78,277
Finance costs <sup>3</sup>	(13,775)	(10,647)	(20,471)	(9,468)	(3,629)	(11,308)	(69,298)
<b>3 months ended March 31, 2018</b>							
Revenue from external customers <sup>1</sup>	315,180	144,076	167,418	120,679	12,281	181,518	941,152
Segment net (loss)/profit <sup>2</sup>	(663,632)	(327,336)	(241,336)	(245,887)	6,453	178,363	(1,293,375)
<i>Included in loss for the period:</i>							
Foreign exchange gain	69,999	53,138	105,711	49,848	-	-	278,696
Net unrealized foreign exchange loss on US\$ denominated investment property	(945,895)	(480,870)	(481,230)	(372,375)	-	-	(2,280,370)
Unrealized revaluation (loss)/gain on investment property measured at fair value	(53,575)	(20,461)	(197)	(12,487)	2,970	60,345	(23,405)
Finance costs <sup>3</sup>	(13,383)	(10,018)	(19,645)	(9,350)	(4,291)	(14,222)	(70,909)

<sup>1</sup> The retail south segment and the retail central segment include revenues relating to joint ventures amounting to \$13.0 million (March 31, 2018 \$12.2 million) and \$40.7 million (March 31, 2018 \$40.7 million), respectively.

<sup>2</sup> The retail south segment and the retail central segment include operating profits relating to joint ventures amounting to \$6.6 million (March 31, 2018 \$6.5 million), and \$20.5 million (March 31, 2018 \$21.4 million), respectively.

<sup>3</sup> The retail south segment and the retail central segment include finance costs relating to the joint ventures amounting to \$3.6 million (March 31, 2018 \$4.2 million) and \$11.3 million (March 31, 2018 \$14.2 million), respectively.

## NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

### 6. SEGMENT REPORTING (CONTINUED)

	Industrial*				Retail		Total
	North East	Central	North West	North	South	Central	
As at March 31, 2019	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total segment assets*	14,797,369	7,905,805	7,812,689	5,408,302	498,961	7,329,705	43,752,831
Total segment liabilities	(1,336,291)	(955,151)	(1,673,958)	(813,694)	(146,684)	(516,944)	(5,442,722)
<b>As at December 31, 2018</b>							
Total segment assets*	14,912,860	7,961,635	7,850,086	5,442,593	496,835	7,282,584	43,946,593
Total segment liabilities	(1,335,805)	(958,139)	(1,686,739)	(817,896)	(216,876)	(732,249)	(5,747,704)

\*During the year ended December 31, 2018, the Group disposed of 35 non-strategic industrial assets as follows: 16 properties in Northeast, 14 in North and 5 in Northwest.

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

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

	3 months ended	
	Mar 31, 2019	Mar 31, 2018
	\$'000	\$'000
Total segment revenue	947,180	941,152
Revenue attributable to equity-accounted investees	(53,701)	(52,988)
Financial income	7,416	2,927
<b>Total revenue for the period</b>	<b>900,895</b>	<b>891,091</b>
Segment profit/(loss)	350,525	(1,293,375)
Unallocated amounts:		
Property expenses not included in reporting segments	1,049	558
Finance costs not included in reporting segments <sup>1</sup>	(160,090)	(163,170)
Interest income	7,416	2,927
Items attributable to equity-accounted investees	1,522	334
Net foreign exchange gain <sup>2</sup>	171,564	856,474
Net unrealized (loss)/gain on interest rate swaps	(45,402)	28,924
Management fees <sup>3</sup>	(40,115)	(45,717)
Transaction related expenses	(4,329)	(1,869)
Professional, legal and other expenses	(12,905)	(11,151)
Income tax expense	(288)	(58)
<b>Profit/(loss) for the period</b>	<b>268,947</b>	<b>(626,123)</b>

<sup>1</sup> A portion of existing debt is in the form of unsecured facilities at FIBRA Macquarie level and consequently, in 2019 and 2018 finance cost is considered as a reconciling item.

<sup>2</sup> Unrealized foreign exchange gain arising in respect of the unsecured debt revaluation at the end of the relevant period.

<sup>3</sup> Fees related with the Manager in respect of the existing management agreement entered into on December 11, 2012 (the "Management Agreement").

## NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

### 6. SEGMENT REPORTING (CONTINUED)

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

	Mar 31, 2019 \$'000	Dec 31, 2018 \$'000
Segment assets	43,752,831	43,946,593
<i>Items non included in segment assets:</i>		
Cash, cash equivalents and restricted cash <sup>1</sup>	272,926	489,675
Trade and other receivables, net	5,810	15,224
Other assets	64,375	58,642
Assets attributable to equity-accounted investees <sup>2</sup>	(2,054,163)	(2,045,411)
Investment in equity-accounted investees <sup>2</sup>	1,450,281	1,152,560
Derivative financial instruments not included in reporting segment	78,609	124,011
<b>Total assets</b>	<b>43,570,669</b>	<b>43,741,294</b>
Segment liabilities	(5,442,722)	(5,747,704)
<i>Items non included in segment liabilities:</i>		
Interest-bearing liabilities <sup>3</sup>	(11,253,394)	(11,422,373)
Trade and other payables <sup>4</sup>	(36,670)	3,931
Liabilities attributable to equity-accounted investees <sup>2</sup>	603,882	892,849
Other liabilities	(20,520)	-
Deferred income tax liability	(19,178)	(19,178)
<b>Total liabilities</b>	<b>(16,168,602)</b>	<b>(16,292,475)</b>

<sup>1</sup> Corresponds to bank balances in Mexican peso and US dollars at FIBRA Macquarie level.

<sup>2</sup> Corresponds to the net assets of the equity-accounted investees and the balance of the investment in JV at FIBRA Macquarie level.

<sup>3</sup> Corresponds to existing debt at FIBRA Macquarie level and consequently, in 2019 and 2018, finance cost is considered as a reconciling item.

<sup>4</sup> Relates to payable balances at FIBRA Macquarie level.

### 7. SEASONALITY OF OPERATIONS

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

### 8. DISTRIBUTIONS PAID OR PROVIDED FOR

On March 13, 2019, FIBRA Macquarie made a distribution payment amounting to \$315.7 million, 0.410 per CBFI (March 31, 2018: \$297.1 million, 0.375 per CBFI).

### 9. PROFIT/(LOSS) PER CBFI

	3 months ended Mar 31, 2019 \$'000	Mar 31, 2018 \$'000
<b>Profit/(loss) per CBFI</b>		
Basic profit/(loss) per CBFI (\$)	0.35	(0.79)
<b>Basic profit/(loss) used in the calculation of earnings per CBFI</b>		
Net profit/(loss) for basic earnings per CBFI (\$'000)	268,947	(626,123)
Weighted average number of CBFI's used as the denominator in calculating basic earnings per CBFI ('000)	770,000	793,744

## NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

### 10. EQUITY-ACCOUNTED INVESTEEES

MMREIT Retail Trust III entered into two joint arrangements with Grupo 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 Mar 31, 2019	Ownership interest as at Dec 31, 2018	Mar 31, 2019 \$'000	Dec 31, 2018 \$'000
JV Trust CIB/589	Mexico / Own and lease retail property	50%	50%	540,524	250,905
JV Trust CIB/586	Mexico / Own and lease retail property	50%	50%	909,757	901,655

#### b) Movement in carrying amounts

	Mar 31, 2019 \$'000	Dec 31, 2018 \$'000
Carrying amount at the beginning of the period/year	1,152,560	1,137,652
Capital contribution during the period	277,383	-
Distributions received during the period/year	(8,250)	(49,671)
Share of profits after income tax	20,956	51,350
Share of revaluation gain on investment property measured at fair value	7,632	13,229
<b>Carrying amount at the end of the period/year</b>	<b>1,450,281</b>	<b>1,152,560</b>

#### c) Summarized financial information for joint ventures

The below table provides summarized financial information for the JV Trusts since these are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the JV Trusts 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 Mar 31, 2019 \$'000	JV Trust CIB/589 Dec 31, 2018 \$'000	JV Trust CIB/586 Mar 31, 2019 \$'000	JV Trust CIB/586 Dec 31, 2018 \$'000
Total current assets <sup>1,2</sup>	21,169	20,417	57,891	67,337
Total non-current assets	1,074,873	1,072,069	2,954,395	2,931,001
Total current liabilities <sup>3</sup>	(7,913)	(583,163)	(24,682)	(26,634)
Total non-current liabilities <sup>3</sup>	(7,081)	(7,514)	(1,168,090)	(1,168,393)
<b>Net assets</b>	<b>1,081,048</b>	<b>501,809</b>	<b>1,819,514</b>	<b>1,803,311</b>

<sup>1</sup> Includes cash and cash equivalents of \$38.3 million (December 31, 2018: \$64.7 million).

<sup>2</sup> Includes restricted cash of \$19.1 million (December 31, 2018: \$29.8 million).

<sup>3</sup> Current and non-current financial liabilities (excluding trade and other payables and provisions) amounts to \$1,150.0 million (December 31, 2018: \$1,717.0 million).

## NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

### 10. EQUITY-ACCOUNTED INVESTEEES (CONTINUED)

#### c) Summarized financial information for joint ventures (continued)

Summarized Statement of Financial Position	JV Trust CIB/589 Mar 31, 2019 \$'000	JV Trust CIB/589 Dec 31, 2018 \$'000	JV Trust CIB/586 Mar 31, 2019 \$'000	JV Trust CIB/586 Dec 31, 2018 \$'000
<b>Reconciliation to carrying amounts:</b>				
Opening net assets <sup>1</sup>	501,809	535,912	1,803,311	1,739,392
Net movements for the period/year	579,239	(34,103)	16,203	63,919
<b>Net assets</b>	<b>1,081,048</b>	<b>501,809</b>	<b>1,819,514</b>	<b>1,803,311</b>
FIBRA Macquarie's share (%)	50%	50%	50%	50%
FIBRA Macquarie's share (\$)	540,524	250,905	909,757	901,655
FIBRA Macquarie's carrying amount	540,524	250,905	909,757	901,655

<sup>1</sup> During three months ended March 31, 2019 FIBRA Macquarie paid VAT on behalf of the JV Trusts amounting to \$5.1 million (2018: \$5.8 million). These recoverable amounts have been settled against the distributions received by FIBRA Macquarie from the JV Trusts.

Summarized Statement of Comprehensive Income	JV Trust CIB/589 3 months ended Mar 31, 2019 \$'000	JV Trust CIB/589 3 months ended Mar 31, 2018 \$'000	JV Trust CIB/586 3 months ended Mar 31, 2019 \$'000	JV Trust CIB/586 3 months ended Mar 31, 2018 \$'000
<b>Revenue:</b>				
Property related and other income	26,172	29,781	81,230	76,196
Revaluation of investment property measured at fair value	7,541	11,305	7,723	14,320
Financial income	2,379	157	866	652
<b>Total revenue</b>	<b>36,092</b>	<b>41,243</b>	<b>89,819</b>	<b>91,168</b>
<b>Expenses:</b>				
Finance costs	(4,884)	(12,074)	(24,989)	(24,952)
Other expenses	(9,457)	(9,519)	(29,406)	(29,518)
<b>Total expenses</b>	<b>(14,341)</b>	<b>(21,593)</b>	<b>(54,395)</b>	<b>(54,470)</b>
<b>Profit for the period</b>	<b>21,751</b>	<b>19,650</b>	<b>35,424</b>	<b>36,698</b>
FIBRA Macquarie's share (%)	50%	50%	50%	50%
<b>FIBRA Macquarie's share</b>	<b>10,876</b>	<b>9,825</b>	<b>17,712</b>	<b>18,349</b>

#### d) Share of contingent liabilities of joint venture

As at March 31, 2019 and December 31, 2018, there was no share of contingent liabilities incurred jointly with the joint venture partner and no contingent liabilities of the joint ventures for which FIBRA Macquarie is liable.

## NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

### 11. INVESTMENT PROPERTIES HELD FOR SALE

	Mar 31, 2019 \$'000	Dec 31, 2018 \$'000
Carrying amount at the beginning of the period/year	147,622	-
<i>Additions/disposals during the period/year:</i>		
Transfers from investment properties <sup>1</sup>	-	1,753,449
Disposals <sup>2</sup>	-	(1,571,168)
Net unrealized foreign exchange loss on USD denominated investment property	(2,277)	(12,243)
Revaluation of investment property measured at fair value	(6,067)	(22,416)
<b>Carrying amount at the end of the period/year</b>	<b>139,278</b>	<b>147,622</b>

<sup>1</sup> Investment properties reclassified as 'Investment property held for sale' are based on the Group's expectations of the likelihood that assets will be sold in a period no more than 12 months and the asset is being actively marketed in accordance with IFRS 5.

<sup>2</sup> During the year ended December 31, 2018, the Group disposed of 35 properties in Chihuahua, Ciudad Juárez, Matamoros, Reynosa and Tijuana and de-recognized goodwill amounting to \$41.1 million associated with those properties and transferred to the consolidated statement of comprehensive income. The loss on disposal amounting to \$3.4 million solely relates to transaction related costs.

### 12. INVESTMENT PROPERTIES

	Note	Mar 31, 2019 \$'000	Dec 31, 2018 \$'000
Carrying amount at the beginning of the period/year		40,132,961	41,722,712
<i>Additions during the period/year:</i>			
Asset acquisition		-	61,244
Capital expenditure (including tenant improvements)		116,230	123,660
Transfers from Investment property under construction		5,938	124,849
Investment property under construction	12(a)	57,479	(95,149)
Net unrealized foreign exchange loss on US\$ denominated investment property		(523,923)	(71,468)
Revaluation of investment property measured at fair value		76,713	29,383
Leasing commissions, net of amortization		38,707	(8,821)
Transfer to investment properties held for sale	11	-	(1,753,449)
<b>Carrying amount at the end of the period/year</b>		<b>39,904,105</b>	<b>40,132,961</b>

#### a) Investment property under construction\*

	Mar 31, 2019 \$'000	Dec 31, 2018 \$'000
Carrying amount at the beginning of the period/year	61,163	156,312
Capital expenditure	63,417	29,700
Transfer to completed investment properties	(5,938)	(124,849)
<b>Carrying amount at the end of the period/year</b>	<b>118,642</b>	<b>61,163</b>

\*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 completion, whichever is earlier, any difference between the initial recognition and the fair value at that date will be taken to the income statement.

## NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

### 12. INVESTMENT PROPERTIES (CONTINUED)

#### 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, 2018.

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

During interim reporting periods, the Manager performs an internal mark-to-market valuation process. This fair value changes from this internal valuation process are reviewed by FIBRA Macquarie's independent auditor and the board of directors of the Manager at each reporting date. The Manager confirms that there have been no material changes to the assumptions applied by the Independent Valuer. The inputs used in the internal valuations at March 31, 2019 were as follows:

- The range of reversionary capitalisation rates applied to the portfolio were between 7.50% to 10.50% (December 31, 2018: 7.50% and 10.50%) for industrial and 8.25% to 9.50% (December 31, 2018: 8.25% and 9.50%) for retail properties.
- The discount rates applied range between 8.50% and 11.50% (December 31, 2018: 8.50% and 11.50%) for industrial properties and 9.25% and 10.25% (December 31, 2018: 9.25% and 10.25%) for retail properties.
- The vacancy rate applied for retail properties ranged between 3.00% and 5.00% (December 31, 2018: 3.00% and 5.00%), with a weighted average of 4.80%. (2018:4.80%).

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 three 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 cost.

### 13. INTEREST BEARING LIABILITIES

	Mar 31, 2019 \$'000	Dec 31, 2018 \$'000
<b>The Group has access to:</b>		
<i><b>Loan facilities - undrawn</b></i>		
Undrawn US\$-denominated notes	3,420,446	3,474,032
Undrawn MXN-denominated notes	1,604,806	1,604,806
<b>Total undrawn loan facilities</b>	<b>5,025,252</b>	<b>5,078,838</b>
<i><b>Loan facilities - drawn</b></i>		
US\$-denominated term funding	9,069,511	9,211,596
US\$-denominated notes	6,298,273	6,396,943
Unamortized transaction costs	(62,690)	(71,349)
<b>Total loan facilities, net of unamortized transaction costs</b>	<b>15,305,094</b>	<b>15,537,190</b>



## NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

### 13. INTEREST BEARING LIABILITIES (CONTINUED)

The relevant credit facilities are summarised as follows:

Lenders / Facility Type	Currency	Facility Limit \$' million	Drawn Amount \$' million	Interest Rate p.a.	Maturity Date	Carrying Amount	
						Mar 31, 2019 \$'000	Dec 31, 2018 \$'000
Various Banks through a Credit Facility - Term Loan	US\$	258.0	258.0	90 day Libor + 3.125% <sup>2</sup>	Jun-20 <sup>1</sup>	<b>4,962,091</b>	5,032,814
Various Insurance Companies through Notes	US\$	250.0	250.0	5.55%	Jun-23	<b>4,840,250</b>	4,915,838
MetLife - Term Loan <sup>3</sup>	US\$	210.0	210.0	5.38%	Sep-27	<b>4,051,700</b>	4,114,818
Various Insurance Companies through Notes	US\$	75.0	75.0	5.44%	Sep-26	<b>1,451,053</b>	1,473,720
<b>Balance at the end of the period/year</b>						<b>15,305,094</b>	15,537,190

<sup>1</sup> Extendable by one year at FIBRA Macquarie's discretion, subject to certain conditions being satisfied.

<sup>2</sup> Fixed by interest rate swap. Refer to note 14.

<sup>3</sup> Thirty nine industrial properties are secured pursuant to this Term Loan.

#### Interest-bearing liabilities – Current

As March 31, 2019, FIBRA Macquarie does not have any debt maturity during the next 12 months to be considered as interest-bearing liability current.

Reconciliation of movements of interest-bearing liabilities to cash flows arising from financing activities:

	Mar 31, 2019 \$'000	Dec 31, 2018 \$'000
Carrying amount at the beginning of the period/year	<b>15,537,190</b>	16,318,550
<b>Changes from financing cash flows:</b>		
Repayments of interest-bearing liabilities	-	(770,052)
<b>Total changes for financing cash flow</b>	<b>-</b>	<b>(770,052)</b>
Total effect of changes in foreign exchange rate	<b>(239,574)</b>	(59,742)
<b>Liability-related other changes:</b>		
Amortization of capitalized borrowing costs	<b>7,478</b>	48,434
<b>Carrying amount at the end of the period/year</b>	<b>15,305,094</b>	15,537,190

On July 9, 2018, the Group made a prepayment in respect of the US\$40.0 million drawn revolving credit facility.

## NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

### 14. DERIVATIVE FINANCIAL INSTRUMENTS

On August 31, 2016 and then subsequently on September 27, 2016, FIBRA Macquarie entered into interest rate swap contracts with various counterparties, whereby FIBRA Macquarie on a quarterly basis pays an annual fixed rate of interest of 1.25% and 1.134% on its respective interest rate swap contracts and receives a variable rate based on 3 month US\$ LIBOR. The swaps fully hedge the exposure to the variable interest rate payments associated with the US\$258.0 million unsecured credit facility (term loan).

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 key terms.

Counterparties	Trade date	Maturity date	Notional amount	Mar 31, 2019 \$'000	Dec 31, 2018 \$'000
Various Banks	Aug 31, 2016	Jun 30, 2020	US\$155.5 million	45,709	71,553
Various Banks	Sep 27, 2016	Jun 30, 2020	US\$102.5 million	32,900	52,458
<b>Total estimated fair value</b>				<b>78,609</b>	<b>124,011</b>

### 15. TAXATION

FIBRA Macquarie is deemed to be a real estate investment trust for Mexican federal income tax purposes. Under Articles 187 and 188 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 CBFH holders on a yearly basis. If the net tax result during any fiscal year is greater than the distributions made to CBFH 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 unaudited condensed interim consolidated financial statements. Deferred income taxes are calculated on the basis of income taxes at the rate applicable in the period in which the reversal of the corresponding temporary differences is expected. The major components of the income tax expense for the period/year ended March 31, 2019 and December 31, 2018, respectively, with respect to the results of the Group's subsidiaries are:

	Mar 31, 2019 \$'000	Dec 31, 2018 \$'000
<i>Current income tax</i>		
Opening balance as of January 1	1,274	-
Current income tax for the period	(288)	(381)
Advance tax paid	271	1,655
<b>Income tax recoverable</b>	<b>1,257</b>	<b>1,274</b>
<i>Deferred income tax</i>		
Opening balance as of January 1	19,178	6,277
Relating to temporary differences provision	-	12,901
<b>Deferred income tax</b>	<b>19,178</b>	<b>19,178</b>

## NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

### 16. CONTRIBUTED EQUITY

	No. of CBFIs '000	\$'000
Balance at January 1, 2018	799,979	18,118,973
CBFIs repurchased for cancellation during the year	(29,979)	(621,490)
CBFIs outstanding at December 31, 2018	770,000	17,497,483
<b>Balance at January 1, 2019</b>	<b>770,000</b>	<b>17,497,483</b>
<b>CBFIs outstanding at March 31, 2019</b>	<b>770,000</b>	<b>17,497,483</b>

On June 25, 2017, FIBRA Macquarie's Technical Committee approved a CBFi buy-back program under the terms of the Trust Agreement and provided instructions to the Fund Trustee to carry out the repurchase of certificates for subsequent cancellation; subsequently, on June 26, 2018, FIBRA Macquarie's Technical Committee approved the extension of this program through to June 25, 2019.

As of March 31, 2019, a total of 41,363,500 CBFIs, amounting to \$872.5 million (including transaction costs), have been repurchased.

### 17. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The Group measures the following assets and liabilities at fair value and further information about the assumptions made in measuring fair values is included in the following notes:

- Investment properties held for sale, (Note 11).
- Investment properties, (Note 12).
- Derivative financial instruments, (Note 14).

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 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.

The Management regularly reviews significant unobservable inputs and valuations adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair value, then the Management assesses the evidence obtained from the third parties to support the conclusion about these valuations meet the requirements of IFRS, including the level in the FV hierarchy in which the valuations should be classified. Significant valuation issues are reported to the Board of Directors.

## NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

### 17. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

The fair value of derivative financial instruments is calculated as the present value of the estimated future cash flows.

Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates.

Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps.

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.

	Level 2	Total fair value	Total carrying amount
As at March 31, 2019	\$'000	\$'000	\$'000
Trade and other receivables	472,850	472,850	477,530
Interest-bearing liabilities*	14,655,492	14,655,492	15,305,094
<b>As at December 31, 2018</b>			
Trade and other receivables	514,370	514,370	526,489
Interest-bearing liabilities*	15,343,108	15,343,108	15,537,190

\*Net unamortized transaction costs.

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

	Level 1	Level 2	Level 3	Total
As at March 31, 2019	\$'000	\$'000	\$'000	\$'000
Derivative financial instruments	-	78,609	-	78,609
Investment properties held for sale	-	-	139,278	139,278
Investment properties	-	-	39,904,105	39,904,105
<b>As at December 31, 2018</b>				
Derivative financial instruments	-	124,011	-	124,011
Investment properties held for sale	-	-	147,622	147,622
Investment properties	-	-	40,132,961	40,132,961

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

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

## NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

### 17. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

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

	Mar 31, 2019 \$'000	Dec 31, 2018 \$'000
Balance at the beginning of the period/year	40,132,961	41,722,712
Capital expenditure/leasing commission, net of amortization	218,354	144,539
Transfer to investment properties held for sale	-	(1,753,449)
Asset acquisitions	-	61,244
Net unrealized foreign exchange loss on US dollar denominated investment property	(523,923)	(71,468)
Unrealized revaluation gain on investment property measured at fair value	76,713	29,383
<b>Balance at the end of the period/year</b>	<b>39,904,105</b>	<b>40,132,961</b>

### 18. LEASES

#### a) As a lessor

Agreements entered into by the Group and its tenants have been classified as operating leases under IFRS 16 (until December 31, 2018 these were classified under IAS 17). The Group is the lessor of the leases entered into with third parties in respect of its investment properties. Of the leases entered into by the Group, there are a certain amount that are fixed-term leases which include renewal options exercisable by the respective tenant. Notwithstanding these particular leases, the lease agreements entered into by the Group have expiration dates ranging from January 1, 2019 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:

March 31, 2019	<1 year	1-5 years	>5 years	Total
Minimum future lease collections (US\$'000)	126,160	323,710	66,970	516,840
Minimum future lease collections (US\$'000)*	24,410	63,856	6,370	94,636

\* Amounts in Peso to US Dollar equivalent.

## NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

### 18. LEASES (CONTINUED)

#### b) As a lessee

The details of initial recognition of IFRS 16 *Leases* are set out in the table below:

	Mar 31, 2019 \$'000
<b>Right-of-use assets (included in other assets):</b>	
Initial adoption of IFRS 16	24,621
Effect of changes in foreign exchange rate	(45)
Depreciation charge for the period	(1,089)
<b>Balance at the end of the period</b>	<b>23,487</b>
<b>Lease liabilities (included in other liabilities):</b>	
Initial adoption of IFRS 16	24,621
Effect of changes in foreign exchange rate	(45)
Interest on lease liabilities	560
Lease payments	(952)
<b>Balance at the end of the period</b>	<b>24,184</b>
<b>Balance classified as current</b>	<b>3,664</b>
<b>Balance classified as non-current</b>	<b>20,520</b>
<b>Lease liabilities (Maturity analysis - contractual undiscounted cash flows):</b>	
<1 year	5,711
1-5 years	22,013
>5 years	4,380
<b>Total undiscounted lease liabilities at the end of the period</b>	<b>32,104</b>

### 19. RELATED PARTY INFORMATION

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

#### a) Transactions with key management personnel

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

#### b) Trustee

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

The trustee of the Investment Trusts is CIBanco, Sociedad Anónima, Institución de Banca Múltiple whose registered office is at Av. Paseo de las Palmas 215, piso 7, Lomas de Chapultepec I Sección, Miguel Hidalgo, Mexico City, 11000 ("Investment Trust Trustee"). The other trustee within the Group is Banco Nacional de Mexico, S.A., integrante del Grupo Financiero Banamex. For the three months ended March 31, 2019, the trustees' fees for the Group amounted to \$0.7 million (March 31, 2018: \$0.8 million).

As at March 31, 2019, fees due to the trustees amounted to \$nil (December 31, 2018: \$nil).

## NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

### 19. RELATED PARTY INFORMATION (CONTINUED)

#### c) Manager

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

Under the terms of the Management Agreement, MMREM is entitled to a base management fee of \$40.1 million (March 31, 2018: \$45.7 million) for the three months ended March 31, 2019. 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 and, (ii) the total number of outstanding CBFIs at the close of trading on the calculation date.

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 March 31, 2019, no performance fee was payable by FIBRA Macquarie.

#### d) Other associated entities

During the three months ended March 31, 2019, the Group accrued expenses totaling \$0.8 million (March 31, 2018: \$0.1 million) in respect of out of pocket expenses incurred by affiliate entities of MMREM, in performance of its duties as Manager. As at March 31, 2019, expenses due to MMREM amounted to \$0.8 million (March 31, 2018: \$0.1 million).

As at March 31, 2019, Macquarie Infrastructure and Real Asset Holding Pty Limited, an affiliate entity of MMREM, held 36,853,632 CBFIs and received a distribution of \$15.1 million during the period ended March 31, 2019 (March 31, 2018: \$14.0 million).

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.

### 20. EVENTS OCCURRING AFTER REPORTING PERIOD

On April 5, 2019, FIBRA Macquarie announced the completion of its US\$425 million unsecured credit facility. The initial drawings of US\$180 million under the unsecured five-year term loan, together with US\$75 million drawn under the unsecured revolving facility and US\$3 million cash on hand, were used to fully prepay an existing US\$258 million unsecured term loan that was due to expire on June 30, 2020.

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.

