

FIBRA Macquarie



FIBRA MACQUARIE MÉXICO REPORTS FIRST QUARTER 2018 RESULTS

- **AFFO per Certificate Increases 3.2% YoY** -
- **Increases quarterly distribution per Certificate by 4.0%** -

MEXICO CITY, April 26, 2018 – FIBRA Macquarie México (FIBRAMQ) (BMV: FIBRAMQ), owner of one of the largest portfolios of industrial and retail property in Mexico, announced its financial and operating results for the quarter ended March 31, 2018.

FIRST QUARTER 2018 HIGHLIGHTS

- Increase in AFFO per certificate of 3.2% YoY to Ps 0.6020, a record since inception
- Average industrial and retail rental rates increased 2.6% and 5.3% YoY respectively
- Increase in quarterly AFFO margin of 160 basis points YoY
- Authorization of a quarterly cash distribution of Ps 0.39 per certificate, a 4% increase over the prior quarter

MANAGEMENT COMMENTARY

“In the first quarter of 2018 we continued the momentum we established last year. With a continued focus on real estate operations and leasing, prudent capital allocation, and optimizing our portfolio, we made progress on each of our key strategic priorities,” said Juan Monroy, FIBRA Macquarie’s chief executive officer. “Although FX movements impacted our year-over-year NOI comparison, the strength of our platform and real estate team allowed us to produce a solid quarter of earnings growth and margin improvements. We also continue to accretively reinvest our retained AFFO in both certificate buybacks and expansions, and we maintain an attractive pipeline of additional potential expansions. We intend to pursue opportunistic asset recycling sales, as we seek to both enhance the composition of our portfolio and reinvest the proceeds into value creating opportunities. As the year progresses, we maintain confidence in our portfolio, strategy and outlook.”

FINANCIAL AND OPERATING RESULTS

Consolidated Portfolio

FIBRAMQ's total results were as follows:

TOTAL PORTFOLIO	1Q18	1Q17	Variance
Net Operating Income (NOI)	Ps 824.7m	Ps 838.8m	-1.7%
EBITDA	Ps 767.8m	Ps 778.8m	-1.4%
Funds From Operations (FFO)	Ps 546.9m	Ps 549.9m	-0.5%
FFO per certificate	Ps 0.6890	Ps 0.6778	1.7%
Adjusted Funds From Operations (AFFO)	Ps 477.8m	Ps 473.2m	1.0%
AFFO per certificate	Ps 0.6020	Ps 0.5832	3.2%
NOI Margin	87.6%	87.2%	43 bps
AFFO Margin	50.8%	49.2%	158 bps
GLA ('000s sqm) EOP	3,428	3,433	-0.1%
Occupancy EOP	92.2%	92.7%	-53 bps
Average Occupancy	92.2%	92.7%	-51 bps

FIBRAMQ's same store portfolio results were as follows:

TOTAL PORTFOLIO - SAME STORE	1Q18	1Q17	Variance
Net Operating Income (NOI)	Ps 825.2m	Ps 825.3m	0.0%
GLA ('000s sqm) EOP	3,414	3,377	1.1%
Occupancy EOP	92.3%	92.9%	-52 bps
Industrial Retention (LTM)	84%	66%	1,859 bps
Weighted Avg Lease Term Remaining (years) EOP	3.55	3.76	-5.5%

Industrial Portfolio

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

INDUSTRIAL PORTFOLIO	1Q18	1Q17	Variance
Net Operating Income (NOI)	Ps 683.0m	Ps 705.0m	-3.1%
NOI Margin	91.4%	90.3%	112 bps
GLA ('000s sqft) EOP	31,991	32,050	-0.2%
GLA ('000s sqm) EOP	2,972	2,978	-0.2%
Occupancy EOP	91.9%	92.3%	-46 bps
Average Occupancy	91.9%	92.4%	-54 bps
Average monthly rent per leased (US\$/sqm) EOP	\$4.67	\$4.55	2.6%
Customer retention LTM	85%	66%	1,910 bps
Weighted Avg Lease Term Remaining (years) EOP	3.2	3.2	1.4%

For the three months ended March 31, 2018, FIBRAMQ's industrial portfolio delivered net operating income (NOI) of Ps 683.0 million, compared to Ps 705.0 million in the prior comparable period. The year-over-year decline in NOI was primarily due to appreciation of the Peso relative to the US Dollar.

Rental rates improved compared to the same quarter last year, with a closing weighted average of US\$4.67 per leased square meter per month, a 2.6% increase. This rate increase was driven primarily by contractual increases, along with positive renewal spreads. The industrial portfolio occupancy rate as of March 31, 2018 was 91.9%. The 50 basis points decrease in closing occupancy compared to the prior year was due to a moderate leasing quarter combined with some tenant specific move-outs.

FIBRAMQ signed 19 new and renewal leases in the first quarter of 2018, comprising 1.0 million square feet. Signed leases included six new leases totaling 289 thousand square feet and 13 renewal leases totaling 745 thousand square feet. New leases included two new expansions.

Notable new leases in the quarter include a manufacturer of materials samples in Tijuana and a contract manufacturer in Ciudad Juárez. Renewal activity was diversified across various geographies and customer types, including manufacturers of consumer packaging, water technology equipment and automotive parts.

For the twelve-month period ending March 31, 2018, FIBRAMQ achieved a retention rate of 85%, showing ongoing improvement from the prior year comparable period. For the remainder of 2018, FIBRAMQ is facing a slightly elevated lease expiration schedule and a tempered leasing environment given the lingering macroeconomic backdrop and upcoming Mexican elections.

Retail Portfolio

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

RETAIL PORTFOLIO	1Q18	1Q17	Variance
Net Operating Income (NOI)	Ps 141.7m	Ps 133.8m	5.9%
NOI Margin	73.1%	73.9%	-81 bps
GLA ('000s sqm) EOP	456	455	0.1%
Occupancy EOP	94.5%	95.2%	-70 bps
Average Occupancy	94.6%	95.0%	-35 bps
Average monthly rent per leased (Ps/sqm) EOP	Ps 152.51	Ps 144.85	5.3%
Customer retention LTM	67%	65%	182
Weighted Avg Lease Term Remaining (years) EOP	4.7	5.2	-9.5%

FIBRAMQ's retail portfolio delivered NOI of Ps 141.7 million, an increase of 5.9% from the prior year period. Year-over-year growth was driven by a 5.3% increase in average monthly rents and an increase in parking income. During the first quarter, FIBRAMQ signed 57 leases, representing 8.4 thousand square meters. This activity included 20 new leases and 37 renewals.

PORTFOLIO AND EXPANSION ACTIVITY

FIBRAMQ continues to effectively execute its strategy to deploy retained AFFO into accretive investments. A key element of this strategy is the targeted expansion of existing properties on a pre-leased basis along with selective development in core markets. During the first quarter of 2018, FIBRAMQ deployed or committed to deploy US\$5.7 million.

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

- A 37 thousand square foot expansion for a food and beverage manufacturer in Guadalajara, which includes an option to for a second expansion of 27 thousand square foot
- A 14 thousand square foot expansion for a manufacturer of irrigation systems in Queretaro.

FIBRAMQ commenced a 59 thousand square foot expansion for a manufacturer of beauty, personal care and pharmaceutical goods in Reynosa.

ASSET RECYCLING PROGRAM

FIBRAMQ remains committed to owning a best-in-class portfolio by continuing to enhance its property composition through asset recycling opportunities, and continues to pursue both single asset and portfolio sales in its industrial portfolio.

BALANCE SHEET AND CAPITAL MARKETS ACTIVITY

As of March 31, 2018, FIBRAMQ had approximately Ps 16.1 billion of debt outstanding, Ps 4.1 billion available on its undrawn revolving credit facility and Ps 370.7 million of unrestricted cash on hand. FIBRAMQ's CNBV regulatory debt to total asset ratio was 35.8%. The percentage of fixed-rate to variable-rate debt is 95% with a weighted-average debt tenor remaining of approximately 5.7 years. FIBRAMQ maintains sufficient liquidity and flexibility, and has no scheduled debt expirations for the remainder of 2018.

CAPITAL ALLOCATION

The following table provides an overview of how FIBRA Macquarie has funded and deployed its cash to execute on its previously stated initiatives to maximize value to its certificate holders. FIBRA Macquarie remains committed to utilizing retained AFFO and proceeds from non-core asset sales to deploy capital across property expansions and developments, certificates re-purchased for cancellation and repayment of revolving debt.

CAPITAL SOURCES AND ALLOCATIONS – FY2017/YTD2018	Ps equivalent	US\$ equivalent
Capital sources		
Retained AFFO – FY2017/1Q18	790.0m	41.8m
Asset Sales – FY2017/1Q18	525.1m	28.3m
Utilization of surplus cash	449.6m	23.2m
Capital sources - total	1,764.7m	93.3m
Capital allocations		
Expansions & Developments – FY2017/1Q18	442.5m	23.4m
Certificates re-purchased for cancellation – FY2017/1Q18	412.2m	21.9m
Debt repayment – FY2017/1Q18	832.9m	44.0m
Other – FY2017/1Q18	77.2m	4.1m
Capital allocations - total	1,764.7m	93.3m

Note: Uses average FX for the corresponding period. "Other" includes income-generating Above-Standard Tenant Improvements of US\$1.2m in 2017 and US\$0.4m in 1Q 2018.

For additional information, please refer to page eight of the First Quarter 2018 Supplementary Information materials located at www.fibramacquarie.com/investors/bolsa-mexicana-de-valores-filings.

CERTIFICATE BUY-BACK AND CANCELLATION PROGRAM

During the first quarter of 2018, FIBRAMQ continued executing on its certificate buyback program as it believes it generates highly accretive returns as the certificates continue to trade at a discount to NAV.

CERTIFICATE REPURCHASES	Number	Amount
First Quarter 2018	7.7m	Ps 161.5m
Since program commencement	19.1m	Ps 412.2m
Remaining	21.4m	

All repurchased certificates have been cancelled or will be cancelled in due course. FIBRAMQ is authorized to repurchase up to 5.0% of outstanding certificates. The timing, price per certificate and amount of future repurchases will depend upon prevailing market prices, trading windows, general economic and market conditions and other considerations, including investment alternatives.

Daily updates of FIBRAMQ's buyback activity can be found at

http://www.bmv.com.mx/en/issuers/corporativeinformation/FIBRAMQ-30024-CGEN_CAPIT.

DISTRIBUTION

On April 26, 2018, FIBRAMQ declared a cash distribution for the quarter ended March 31, 2018 of Ps 0.39 per certificate. This distribution represents a 4.0% increase from the prior quarter dividend and will be considered a return of capital for Mexican tax purposes.

The distribution is expected to be paid on May 10, 2018 to holders of record on May 9, 2018. FIBRAMQ's certificates will commence trading ex-distribution on May 8, 2018.

2018 GUIDANCE

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

This guidance is based on the following assumptions:

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

Based upon the mid-point of our 2018 guidance and closing certificate price as of April 26, 2018 of Ps 18.89, the current implied AFFO yield is 12.0% and distribution yield is 8.3%.

WEBCAST AND CONFERENCE CALL

FIBRAMQ will host an earnings conference call and webcast presentation on Friday, April 27, 2018 at 7:30 a.m. CT / 8:30 a.m. ET. The conference call, which will also be audio webcast, can be accessed online at www.fibramacquarie.com or by dialing toll free +1 (877) 304 8957. Callers from outside the United States may dial +1 (973) 638 3235. Please ask for the *FIBRA Macquarie First Quarter 2018 Earnings Call*.

An audio replay will be available by dialing +1-855-859-2056 or +1-404-537-3406 for callers outside the United States. The passcode for the replay is 2288845. A webcast archive of the conference call and a copy of FIBRAMQ's financial information for the first quarter 2018 will also be available on FIBRAMQ's website, www.fibramacquarie.com.

ADDITIONAL INFORMATION

We are pleased to introduce NAREIT-defined "EBITDA for real estate" (EBITDAre) into our First Quarter 2018 Supplementary Information materials. We also adjust EBITDAre for non-recurring transaction expenses (such as asset acquisition-related expenses) to derive EBITDA, as we consider EBITDA, exclusive of non-recurring transaction expenses, to also be a relevant non-GAAP financial metric.

For detailed charts, tables and definitions, please refer to the First Quarter 2018 Supplementary Information materials located at www.fibramacquarie.com/investors/bolsa-mexicana-de-valores-filings.

About FIBRA Macquarie

FIBRA Macquarie México (FIBRA Macquarie) (BMV:FIBRAMQ) is a real estate investment trust (fideicomiso de inversión en bienes raíces), or FIBRA, listed on the Mexican Stock Exchange (Bolsa Mexicana de Valores) targeting industrial, retail and office real estate opportunities in Mexico, with a primary focus on stabilized income-producing properties. FIBRA Macquarie's portfolio consists of 271 industrial properties and 17 retail/office properties, located in 20 cities across 16 Mexican states as of March 31, 2018. Nine of the retail properties are held through a 50/50 joint venture with Grupo Frisa. FIBRA Macquarie is managed by Macquarie México Real Estate Management, S.A. de C.V. which operates within the Macquarie Infrastructure and Real Assets division of Macquarie Group. For additional information about FIBRA Macquarie, please visit www.fibramacquarie.com.

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

About Macquarie Group

Macquarie Group (Macquarie) is a global provider of banking, financial, advisory, investment and funds management services. Macquarie's main business focus is making returns by providing a diversified range of services to clients. Macquarie acts on behalf of institutional, corporate and retail clients and counterparties around the world. Founded in 1969, Macquarie operates in more than 61 office locations in 25 countries. Macquarie employs approximately 13,966 people and has assets under management of more than US\$371 billion as of September 30, 2017.

Cautionary Note Regarding Forward-Looking Statements

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

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

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CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT MARCH 31, 2018 (UNAUDITED) AND DECEMBER 31, 2017

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

	Mar 31, 2018 \$'000	Dec 31, 2017 \$'000
Current assets		
Cash and cash equivalents	349,388	417,529
Trade and other receivables, net	87,998	74,539
Other assets	83,593	73,938
Investment properties held for sale	1,377,316	-
Total current assets	1,898,295	566,006
Non-current assets		
Restricted cash	46,745	50,289
Other assets	193,966	196,673
Equity-accounted investees	1,147,240	1,137,652
Goodwill	882,758	882,758
Investment properties	38,088,882	41,722,712
Derivative financial instruments	140,497	111,573
Total non-current assets	40,500,088	44,101,657
Total assets	42,398,383	44,667,663
Current liabilities		
Trade and other payables	608,455	630,784
Tenant deposits	39,237	39,295
Total current liabilities	647,692	670,079
Non-current liabilities		
Tenant deposits	292,548	313,719
Interest-bearing liabilities	15,177,501	16,318,550
Deferred income tax	6,277	6,277
Total non-current liabilities	15,476,326	16,638,546
Total liabilities	16,124,018	17,308,625
Net assets	26,274,365	27,359,038
Equity		
Contributed equity	17,957,509	18,118,973
Retained earnings	8,316,856	9,240,065
Total equity	26,274,365	27,359,038

CONDENSED UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017

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

	Three months ended	
	Mar 31, 2018 \$'000	Mar 31, 2017 \$'000
Property related income	888,163	913,167
Property related expenses	(118,535)	(129,302)
Net property income	769,628	783,865
Management fees	(45,717)	(48,129)
Transaction related expenses	(1,869)	(1,261)
Professional, legal and other expenses	(11,151)	(11,765)
Total expenses	(58,737)	(61,155)
Finance costs	(215,566)	(225,909)
Financial income	2,927	2,877
Share of profits from equity-accounted investees	28,174	15,767
Foreign exchange gain	1,135,171	1,586,778
Net unrealized foreign exchange loss on foreign currency denominated investment property measured at fair value	(2,280,370)	(3,086,820)
Unrealized revaluation loss on investment property measured at fair value	(36,216)	(301,455)
Net unrealized gain/ (loss) on interest rate swaps	28,924	(2,382)
Loss before taxes for the period	(626,065)	(1,288,434)
Current income tax	(58)	(221)
Loss for the period	(626,123)	(1,288,655)
Other comprehensive income		
Other comprehensive income for the period	-	-
Total comprehensive loss for the period	(626,123)	(1,288,655)
Loss per CBFI*		
Basic and diluted loss per CBFI (pesos)	(0.79)	(1.59)

*Real Estate Trust Certificates

CONDENSED UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017

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

	Contributed equity	Retained earnings	Total
	\$'000	\$'000	\$'000
Total equity at January 1, 2017	18,369,994	8,666,697	27,036,691
Total comprehensive loss for the period	-	(1,288,655)	(1,288,655)
Total comprehensive loss for the period	-	(1,288,655)	(1,288,655)
Transactions with equity holders in their capacity as equity holders:			
- Distributions to CBFIs holders	-	(356,999)	(356,999)
Total transactions with equity holders in their capacity as equity holders	-	(356,999)	(356,999)
Total equity at March 31, 2017	18,369,994	7,021,043	25,391,037
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)
Total comprehensive loss for the period	-	(626,123)	(626,123)
Transactions with equity holders in their capacity as equity holders:			
- Distributions to CBFIs holders	-	(297,086)	(297,086)
- Repurchase of CBFIs, including associated costs	(161,464)	-	(161,464)
Total transactions with equity holders in their capacity as equity holders	(161,464)	(297,086)	(458,550)
Total equity at March 31, 2018	17,957,509	8,316,856	26,274,365

CONDENSED UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017

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

	Three months ended Mar 31, 2018 \$'000 Inflows/(Outflows)	Mar 31, 2017 \$'000 Inflows/(Outflows)
Operating activities:		
Loss before taxes for the period	(626,065)	(1,288,434)
Adjustments for:		
Net unrealized foreign exchange loss on foreign currency denominated investment property measured at fair value	2,280,370	3,086,820
Unrealized revaluation loss on investment property measured at fair value	36,216	301,455
Straight line rental income adjustment	16	(5,966)
Tenant improvements amortization	7,247	7,816
Leasing expense amortization	13,627	10,933
Financial income	(2,927)	(2,877)
Provision for bad debts	12,540	5,448
Foreign exchange gain	(1,158,942)	(1,633,252)
Finance costs recognized in loss for the period	215,566	225,909
Share of profits from equity-accounted investees	(28,174)	(15,767)
Net unrealized (gain)/ loss on interest rate swaps	(28,924)	2,382
Movements in working capital:		
(Increase)/decrease in receivables	(40,723)	35,865
(Decrease)/increase in payables	(95,173)	44,076
Net cash flows from operating activities	584,654	774,408
Investing activities:		
Investment property acquired	(61,244)	-
Maintenance capital expenditure and other capitalized costs	(19,702)	(117,798)
Distributions received from equity-accounted investees	18,586	23,422
Net cash flows used in investing activities	(62,360)	(94,376)
Financing activities:		
Financial income	2,927	2,877
Repayment of interest-bearing liabilities	-	(404,227)
Interest paid	(162,127)	(171,328)
Repurchase of CBFIs, including associated costs	(161,464)	-
Distributions to CBFIs holders	(297,086)	(356,999)
Net cash flows from financing activities	(617,750)	(929,677)
Net decrease in cash and cash equivalents	(95,456)	(249,645)
Cash and cash equivalents at the beginning of the period	467,818	663,173
Foreign exchange loss on cash and cash equivalents	23,771	46,474
Cash and cash equivalents at the end of the period*	396,133	460,002

*Includes restricted cash balance of \$46.7 million (2017: \$46.1 million).

FIBRA MACQUARIE MÉXICO

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDING MARCH 31, 2018

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



FIBRA

Macquarie México

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Disclaimer

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

To the Technical Committee and CBFIs Holders
FIBRA Macquarie Mexico 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 Multiple, Division Fiduciaria) and its controlled entities ("Fibra Macquarie México" or "the Trust") as at March 31, 2018, 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

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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, 2018 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 'Luis Gabriel Ortiz Esqueda', written over the printed name.

Luis Gabriel Ortiz Esqueda

Monterrey, Nuevo León, México
April 26, 2018

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT MARCH 31, 2018 (UNAUDITED) AND DECEMBER 31, 2017

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

	Note	Mar 31, 2018 \$'000	Dec 31, 2017 \$'000
Current assets			
Cash and cash equivalents		349,388	417,529
Trade and other receivables, net		87,998	74,539
Other assets		83,593	73,938
Investment properties held for sale	10	1,377,316	-
Total current assets		1,898,295	566,006
Non-current assets			
Restricted cash		46,745	50,289
Other assets		193,966	196,673
Equity-accounted investees	9	1,147,240	1,137,652
Goodwill		882,758	882,758
Investment properties	11	38,088,882	41,722,712
Derivative financial instruments	13	140,497	111,573
Total non-current assets		40,500,088	44,101,657
Total assets		42,398,383	44,667,663
Current liabilities			
Trade and other payables		608,455	630,784
Tenant deposits		39,237	39,295
Total current liabilities		647,692	670,079
Non-current liabilities			
Tenant deposits		292,548	313,719
Interest-bearing liabilities	12	15,177,501	16,318,550
Deferred income tax	14	6,277	6,277
Total non-current liabilities		15,476,326	16,638,546
Total liabilities		16,124,018	17,308,625
Net assets		26,274,365	27,359,038
Equity			
Contributed equity	15	17,957,509	18,118,973
Retained earnings		8,316,856	9,240,065
Total equity		26,274,365	27,359,038

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, 2018 AND 2017

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

	Note	3 months ended Mar 31, 2018 \$'000	Mar 31, 2017 \$'000
Property related income	4(a)	888,163	913,167
Property related expenses	4(b)	(118,535)	(129,302)
Net property income		769,628	783,865
Management fees	17(c)	(45,717)	(48,129)
Transaction related expenses		(1,869)	(1,261)
Professional, legal and other expenses	4(c)	(11,151)	(11,765)
Total expenses		(58,737)	(61,155)
Finance costs	4(d)	(215,566)	(225,909)
Financial income	4(e)	2,927	2,877
Share of profits from equity-accounted investees	9	28,174	15,767
Foreign exchange gain	4(f)	1,135,171	1,586,778
Net unrealized foreign exchange loss on foreign currency denominated investment property measured at fair value	10,11	(2,280,370)	(3,086,820)
Unrealized revaluation loss on investment property measured at fair value	10,11	(36,216)	(301,455)
Net unrealized gain/(loss) on interest rate swaps	13	28,924	(2,382)
Loss before tax for the period		(626,065)	(1,288,434)
Current income tax		(58)	(221)
Loss for the period		(626,123)	(1,288,655)
Other comprehensive income			
Other comprehensive income for the period		-	-
Total comprehensive loss for the period		(626,123)	(1,288,655)
Loss per CBFI*			
Basic and diluted loss per CBFI (pesos)	8	(0.79)	(1.59)

*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, 2018 AND 2017

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

	Note	Contributed equity \$'000	Retained earnings \$'000	Total \$'000
Total equity at January 1, 2017	15	18,369,994	8,666,697	27,036,691
Total comprehensive loss for the period		-	(1,288,655)	(1,288,655)
Total comprehensive loss for the period		-	(1,288,655)	(1,288,655)
Transactions with equity holders in their capacity as equity holders:				
- Distributions to CBFI holders	7	-	(356,999)	(356,999)
Total transactions with equity holders in their capacity as equity holders		-	(356,999)	(356,999)
Total equity at March 31, 2017		18,369,994	7,021,043	25,391,037
Total equity at January 1, 2018	15	18,118,973	9,240,065	27,359,038
Total comprehensive loss for the period		-	(626,123)	(626,123)
Total comprehensive loss for the period		-	(626,123)	(626,123)
Transactions with equity holders in their capacity as equity holders:				
- Distributions to CBFI holders	7	-	(297,086)	(297,086)
- Repurchase of CBFIs, including associated costs	15	(161,464)	-	(161,464)
Total transactions with equity holders in their capacity as equity holders		(161,464)	(297,086)	(458,550)
Total equity at March 31, 2018		17,957,509	8,316,856	26,274,365

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 FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017

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

	Note	3 months ended	
		Mar 31, 2018 \$'000	Mar 31, 2017 \$'000
		Inflows / (Outflows)	Inflows / (Outflows)
Operating activities:			
Loss before tax for the period		(626,065)	(1,288,434)
Adjustments for:			
Net unrealized foreign exchange loss on foreign currency denominated investment property measured at fair value	10,11	2,280,370	3,086,820
Unrealized revaluation loss on investment property measured at fair value	10,11	36,216	301,455
Straight line rental income adjustment		16	(5,966)
Tenant improvement amortization	4(b)	7,247	7,816
Leasing expense amortization	4(b)	13,627	10,933
Financial income	4(e)	(2,927)	(2,877)
Provision for bad debts	4(b)	12,540	5,448
Foreign exchange gain	4(f)	(1,158,942)	(1,633,252)
Finance costs recognized in loss for the period	4(d)	215,566	225,909
Share of profits from equity-accounted investees	9	(28,174)	(15,767)
Net unrealized (gain)/loss on interest rates swaps	13	(28,924)	2,382
Movements in working capital:			
(Increase)/decrease in receivables		(40,723)	35,865
(Decrease)/increase in payables		(95,173)	44,076
Net cash flows from operating activities		584,654	774,408
Investing activities:			
Investment property acquired	11	(61,244)	-
Maintenance capital expenditure and other capitalized cost		(19,702)	(117,798)
Distributions received from equity-accounted investees	9	18,586	23,422
Net cash flows used in investing activities		(62,360)	(94,376)
Financing activities:			
Financial income	4(e)	2,927	2,877
Repayment of interest-bearing liabilities		-	(404,227)
Interest paid		(162,127)	(171,328)
Repurchase of CBFIs, including associated costs		(161,464)	-
Distribution to CBFI holders	7	(297,086)	(356,999)
Net cash flows from financing activities		(617,750)	(929,677)
Net decrease in cash and cash equivalents		(95,456)	(249,645)
Cash and cash equivalents at the beginning of the period		467,818	663,173
Foreign exchange loss on cash and cash equivalents	4(f)	23,771	46,474
Cash and cash equivalents at the end of the period*		396,133	460,002

*Includes restricted cash balance of \$46.7 million (2017: \$46.1 million).

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 México, S.A., Institución de Banca Múltiple, División Fiduciaria, as substituted trustee, and CIBanco, S.A., Institución de Banca Múltiple ("CIBanco"), as substitute trustee, with the acknowledgment of MMREM as settlor and beneficiary in second place of the Trust Agreement, executed a trustee substitution agreement (hereinafter the "Trustee Substitution Agreement") whereby CIBanco agreed to act as the FIBRA Macquarie Trustee, assuming all the rights and obligations derived in such capacity from the Trust Agreement.

Background information

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

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

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

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

The following acquisitions have been completed to date:

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

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

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

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

NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

1. REPORTING ENTITY (CONTINUED)

Background information (continued)

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

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

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

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

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

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

On June 26, 2017, FIBRA Macquarie announced a certificate repurchase program in accordance with the terms of its Trust Agreement. FIBRA Macquarie is authorized to repurchase up to five percent of its outstanding certificates for a period of twelve months, refer to note 15 for further details.

On September 13, 2017, FIBRA Macquarie announced the successful close of a new 10-year, non-amortizing, non-recourse, secured loan of US\$210.0 million, with a fixed interest rate of 5.38 percent. Proceeds of this refinancing were used to fully prepay a US\$180.0 million secured loan maturing on February 1, 2018. The balance was used to partially repay the amount of drawn revolver facilities to the current level of US\$40.0 million, refer to note 12 for further details.

2. BASIS OF PREPARATION

(a) Basis of accounting

These unaudited condensed interim consolidated financial statements are for the Group. The unaudited condensed interim consolidated financial statements 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, 2017, 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.

This is the first set of the Group financial statement where IFRS 9 has been applied. Changes to significant accounting policies are described in Note 3.

These condensed unaudited interim consolidated financial statements were approved by the Technical Committee of FIBRA Macquarie on April 26, 2018.

(b) Use of judgements and estimates

Preparing the unaudited condensed interim consolidated financial statements requires the Manager to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed unaudited interim consolidated financial statements, the significant judgments made by the Manager in applying FIBRA Macquarie's accounting policies and the key sources of uncertainty were the same as those that applied to the as at and for consolidated financial statements for the year ended December 31, 2017.

NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the changes mentioned below, the Group has consistently applied its accounting policies for all periods presented in the Interim Consolidated Financial Statements.

The Group adopted *IFRS 9 Financial Instruments* on January 1 2018. Furthermore, the Group, currently, does not designate any derivatives as hedge instruments, therefore, there will be no impact with regards to the new hedge accounting rules.

The nature and effects of the key changes to the Group's accounting policies resulting from its adoption of IFRS 9 are summarized below.

(a) Classification of financial assets and financial liabilities:

IFRS 9 contain three principal classification categories for financial assets: measured at amortized cost, Fair Value through Other Comprehensive Income ("FVOCI") and Fair Value through Profit and Loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

(b) Hedge Accounting:

Since the Group does not designate any derivatives as hedge instruments, there is no impact nor change in the current policies of the Group.

(c) Transition:

The Group performed a qualitative and quantitative assessment of the impacts of IFRS 9. The activities that have been carried out include review and documentation of the business models for financial assets, accounting policies, processes and internal controls related to financial instruments.

(d) Classification of financial assets and financial liabilities on the date of initial application of IFRS 9:

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and the financial liabilities as at 1 January 2018:

Balance sheet items	Note	Original classification under IAS 39	New classification under IFRS 9	Carrying amount under IAS 39 \$'000	Carrying amount under IFRS 9 \$'000
Financial Assets					
Interest rate swaps	13	Fair value through P&L	Fair value through P&L	111,573	111,573
Cash and cash equivalents		Held to maturity	Amortized cost	417,529	417,529
Account receivables		Loans and receivables	Amortized cost	74,539	72,184
Restricted Cash		Held to maturity	Amortized cost	50,289	50,289
Financial Liabilities					
Interest-bearing liabilities	12	Other financial liabilities	Other financial liabilities	16,318,550	16,318,550
Tenant deposits		Other financial liabilities	Other financial liabilities	39,295	39,295

IFRS 16 Leases

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

NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

4. LOSS FOR THE PERIOD

The loss for the period includes the following items of revenue and expenses:

	3 months ended	
	Mar 31, 2018	Mar 31, 2017
	\$'000	\$'000
a) Property related income		
Lease related income	830,572	861,389
Car park income	14,219	13,576
Expenses recoverable from tenants	43,372	38,202
Total property related income	888,163	913,167
b) Property related expenses		
Property administration expense	(18,553)	(17,569)
Property insurance	(6,389)	(8,390)
Property tax	(16,289)	(16,108)
Repairs and maintenance	(21,368)	(34,317)
Industrial park fees	(7,266)	(9,074)
Security services	(5,741)	(4,793)
Property related legal and consultancy expenses	(917)	(2,864)
Tenant improvements amortization	(7,247)	(7,816)
Leasing expenses amortization	(13,627)	(10,933)
Utilities	(4,106)	(4,941)
Marketing costs	(1,976)	(4,237)
Car park operating fees	(2,080)	(2,347)
Provision for doubtful debt	(12,540)	(5,448)
Other property related expenses	(436)	(465)
Total property related expenses	(118,535)	(129,302)
c) Professional, legal and other expenses		
Tax advisory expenses	(787)	(988)
Accountancy expenses	(1,720)	(2,412)
Valuation expenses	(626)	(1,947)
Audit expenses	(1,156)	(1,050)
Other professional expenses	(3,453)	(2,733)
Other expenses	(3,409)	(2,635)
Total professional, legal and other expenses	(11,151)	(11,765)
d) Finance costs		
Interest expense on interest-bearing liabilities	(206,420)	(214,070)
Other finance costs	(9,146)	(11,839)
Total finance costs	(215,566)	(225,909)
e) Financial income		
Returns earned on Mexican government bonds	2,927	2,877
Total financial income	2,927	2,877
f) Foreign exchange gain		
Net unrealized foreign exchange gain on monetary items	1,135,931	1,561,705
Net realized foreign exchange (loss)/gain	(760)	25,073
Total foreign exchange gain	1,135,171	1,586,778

At March 31, 2018, the Group had 62 employees (March 31, 2017: 62 employees) in its vertically integrated internal property management platform.

NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

5. SEGMENT REPORTING

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

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

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

3 months ended March 31, 2018	Industrial				Retail ^{1,2,3}		Total
	North East \$'000	Central \$'000	North West \$'000	North \$'000	South \$'000	Central \$'000	
Revenue from external customers ¹	315,180	144,076	167,418	120,679	12,281	181,518	941,152
Segment net (loss)/profit ²	(663,632)	(327,336)	(241,336)	(245,887)	6,453	178,363	(1,293,375)
<i>Included in (loss)/profit of 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 on investment property measured at fair value	(53,575)	(20,461)	(197)	(12,487)	2,970	60,345	(23,405)
Finance costs ³	(13,383)	(10,018)	(19,645)	(9,350)	(4,291)	(14,222)	(70,909)
3 months ended March 31, 2017							
Revenue from external customers ¹	327,558	152,690	167,018	133,670	11,096	169,901	961,933
Segment net (loss)/profit ²	(1,040,983)	(501,361)	(413,145)	(466,835)	3,549	129,653	(2,289,122)
<i>Included in (loss)/profit of the period:</i>							
Foreign exchange gain/(loss)	106,479	78,933	145,448	12,072	10	(75)	342,867
Net unrealized foreign exchange loss on US\$ denominated investment property	(1,251,949)	(659,516)	(630,685)	(544,670)	-	-	(3,086,820)
Unrealized revaluation (loss)/gain on investment property measured at fair value	(171,412)	(43,572)	(55,025)	(46,259)	986	18,161	(297,121)
Finance costs ³	(13,027)	(9,758)	(18,500)	(1,202)	(4,197)	(14,247)	(60,931)

¹The retail south segment and the retail central segment includes revenues relating to joint ventures amounting to \$12.2 million (March 31, 2017: \$11.1 million) and \$40.7 million (March 31, 2017: \$37.6 million) respectively.

²The retail south segment and the retail central segment includes operating profits relating to joint ventures amounting to \$6.5 million (March 31, 2017: \$3.5 million) and \$21.4 million (March 31, 2017: \$12.0 million) respectively.

³The retail south segment and the retail central segment include finance costs relating to the joint ventures amounting to \$4.2 million (March 31, 2017: \$4.2 million) and \$14.2 million (March 31, 2017: \$14.2 million) respectively.

As at March 31, 2018	Industrial*				Retail		Total
	North East \$'000	Central \$'000	North West \$'000	North \$'000	South \$'000	Central \$'000	
Total segment assets	14,468,076	7,381,567	7,465,955	5,729,185	471,820	7,401,353	42,917,956
Total segment liabilities	(1,295,135)	(896,558)	(1,609,980)	(812,293)	(205,919)	(890,498)	(5,710,383)
As at December 31, 2017							
Total segment assets*	15,468,859	7,875,917	7,917,509	6,104,851	470,416	7,376,308	45,213,860
Total segment liabilities	(1,811,940)	(1,174,433)	(1,933,389)	(1,034,978)	(206,738)	(980,660)	(7,142,138)

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

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

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

NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

5. SEGMENT REPORTING (CONTINUED)

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

	3 months ended	
	Mar 31, 2018 \$'000	Mar 31, 2017 \$'000
Total segment revenue	941,152	961,933
Revenue attributable to equity-accounted investees	(52,988)	(48,766)
Financial income	2,927	2,877
Total revenue for the period	891,091	916,044
Segment loss	(1,293,375)	(2,289,122)
Property expenses not included in reporting segments	558	644
Finance costs not included in reporting segments ¹	(163,170)	(183,421)
Financial income	2,927	2,877
Items attributable to equity-accounted investees	334	180
Foreign exchange gain ²	856,474	1,243,946
Net unrealized gain/(loss) on interest rate swap	28,924	(2,383)
Fees payable to the Manager ³	(45,717)	(48,129)
Transaction related expenses	(1,869)	(1,261)
Professional, legal and other expenses	(11,151)	(11,765)
Income tax expense	(58)	(221)
Operating loss for the period	(626,123)	(1,288,655)

¹A portion of existing debt was converted to unsecured facilities at FIBRA Macquarie level and consequently, in 2018 and 2017 finance cost is considered as a reconciling item.

²Foreign exchange gain (unrealized) arising in respect of the unsecured debt revaluation at the end of the relevant period.

³Fees related with the Manager in respect of the existing management agreement, for further details see Note 17.

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

	Mar 31, 2018 \$'000	Dec 31, 2017 \$'000
Segment assets	42,917,956	45,213,860
<i>Items non included in segment assets:</i>		
Cash, cash equivalents and restricted cash ¹	201,047	158,973
Trade and other receivables, net	404	356
Other assets	26,924	74,877
Assets attributable to equity-accounted investees ²	(2,035,685)	(2,029,628)
Investment in equity-accounted investees ²	1,147,240	1,137,652
Derivative financial instruments not included in reporting segment	140,497	111,573
Total assets	42,398,383	44,667,663
Segment liabilities	(5,710,383)	(7,142,138)
<i>Items non included in segment liabilities:</i>		
Interest-bearing liabilities ³	(11,343,472)	(12,193,973)
Trade and other payables ⁴	47,668	1,141,787
Liabilities attributable to equity-accounted investees ²	888,446	891,976
Deferred income tax liability	(6,277)	(6,277)
Total liabilities	(16,124,018)	(17,308,625)

¹Corresponds to bank balances denominated in Mexican Peso and US dollars at FIBRA Macquarie level.

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

³A portion of existing debt was converted to unsecured facilities at FIBRA Macquarie level and consequently, in 2018 and 2017 finance cost is considered as a reconciling item.

⁴Relates to payable balances at FIBRA Macquarie level.

NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

6. SEASONALITY OF OPERATIONS

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

7. DISTRIBUTIONS PAID OR PROVIDED FOR

During the three months ended March 31, 2018, FIBRA Macquarie made a distribution payment amounting to \$297.0 million (0.375 per CBF), paid on March 09, 2018 (March 31, 2017: \$356.9 million, \$0.440 per CBF).

8. LOSS PER CBF

	3 months ended	
	Mar 31, 2018	Mar 31, 2017
Loss per CBF		
Basic and diluted loss per CBF (\$)	(0.79)	(1.59)
Basic and diluted loss used in the calculation of earnings per CBF		
Net loss for basic and diluted loss per CBF (\$'000)	(626,123)	(1,288,655)
Weighted average number of CBFs and potential CBFs used as the denominator in calculating basic and diluted loss per CBF ('000)	793,744	811,364

9. EQUITY-ACCOUNTED INVESTEEES

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

a) Carrying amounts

Name of the entity	Country of establishment / Principal activity	Ownership interest as at Mar 31, 2018	Ownership interest as at Dec 31, 2017	Mar 31, 2018 \$'000	Dec 31, 2017 \$'000
JV Trust CIB/589	Mexico / Own & lease retail property	50%	50%	280,650	267,956
JV Trust CIB/586	Mexico / Own & lease retail property	50%	50%	866,590	869,696

b) Movement in carrying amounts

	Mar 31, 2018 \$'000	Dec 31, 2017 \$'000
Carrying amounts at the beginning of the period/ year	1,137,652	1,084,875
Distributions received during the period/year	(18,586)	(62,975)
Share of profits after income tax	15,362	52,570
Share of revaluation gain on investment property measured at fair value	12,812	63,182
Carrying amounts at the end of the period/year	1,147,240	1,137,652

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

9. EQUITY-ACCOUNTED INVESTEEES (CONTINUED)

c) Summarized financial information for joint ventures

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

Summarized Statement of Financial Position	JV Trust CIB/589 Mar 31, 2018 \$'000	JV Trust CIB/589 Dec 31, 2017 \$'000	JV Trust CIB/586 Mar 31, 2018 \$'000	JV Trust CIB/586 Dec 31, 2017 \$'000
Total current assets ¹	19,881	26,040	49,040	60,905
Total non-current assets	1,133,296	1,115,358	2,869,152	2,856,952
Total current liabilities	(29,691)	(43,171)	(32,161)	(25,674)
Total non-current liabilities ²	(562,185)	(562,315)	(1,152,852)	(1,152,791)
Net assets	561,301	535,912	1,733,179	1,739,392

¹Includes cash and cash equivalents of \$42.7 million (December 31, 2017: \$45.9 million).

²Non-current financial liabilities (excluding trade and other payables and provisions) amounts to \$1,718.0 million (December 31, 2017: \$1,718.5 million).

Summarized Statement of Financial Position	JV Trust CIB/589 Mar 31, 2018 \$'000	JV Trust CIB/589 Dec 31, 2017 \$'000	JV Trust CIB/586 Mar 31, 2018 \$'000	JV Trust CIB/586 Dec 31, 2017 \$'000
Reconciliation to carrying amounts:				
Opening net assets ¹	535,912	504,060	1,739,392	1,665,690
Net movements for the period/year	25,389	31,852	(6,213)	73,702
Net assets	561,301	535,912	1,733,179	1,739,392
FIBRA Macquarie's share (%)	50%	50%	50%	50%
FIBRA Macquarie's share (\$)	280,650	267,956	866,590	869,696
FIBRA Macquarie's carrying amount	280,650	267,956	866,590	869,696

¹During the three months ended March 31, 2018 FIBRA Macquarie paid VAT on behalf of the JV trusts amounting to \$5.8 millions (full year 2017: \$19.7 million). These recoverable amount have been settled against the distributions received by FIBRA Macquarie from the JV trusts.

Summarized Statement of Comprehensive Income	JV Trust CIB/589 3 months ended Mar 31, 2018 \$'000	JV Trust CIB/589 3 months ended Mar 31, 2017 \$'000	JV Trust CIB/586 3 months ended Mar 31, 2018 \$'000	JV Trust CIB/586 3 months ended Mar 31, 2017 \$'000
Revenue:				
Property related and other income	29,781	28,950	76,196	68,584
Revaluation of investment property measured at fair value	11,305	1,500	14,320	7,171
Financial income	157	223	652	291
Total revenue	41,243	30,673	91,168	76,046
Expenses:				
Finance costs	(12,074)	(12,043)	(24,952)	(24,842)
Other expenses	(9,519)	(8,527)	(29,518)	(29,771)
Total expense	(21,593)	(20,570)	(54,470)	(54,613)
Profit for the period	19,650	10,103	36,698	21,433
FIBRA Macquarie's share (%)	50%	50%	50%	50%
FIBRA Macquarie's share	9,825	5,051	18,349	10,716

d) Share of contingent liabilities of joint venture

As at March 31, 2018 and December 31, 2017, there was no share of contingent liabilities incurred jointly with the joint venture partners and no contingent liabilities of the joint ventures for which FIBRA Macquarie is liable.

NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

10. INVESTMENT PROPERTIES HELD FOR SALE

	Mar 31, 2018 \$'000	Dec 31, 2017 \$'000
Carrying amount at the beginning of the period/year	-	284,130
<i>Additions/disposals during the period/year:</i>		
Transfers from investment properties ¹	1,507,100	198,289
Capital expenditure (including tenant improvements)	4,243	-
Disposals ²	-	(478,934)
Net unrealized foreign exchange loss on US\$ denominated investment property	(121,426)	(7,985)
Revaluation of investment property measured at fair value	(17,908)	4,500
Leasing commissions, net of amortization	5,307	-
Carrying amount at the end of the period/year	1,377,316	-

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

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

11. INVESTMENT PROPERTIES

	Note	Mar 31, 2018 \$'000	Dec 31, 2017 \$'000
Carrying amount at the beginning of the period/year		41,722,712	42,466,715
<i>Additions during the period/year:</i>			
Land acquisition		61,244	-
Capital expenditure (including tenant improvements)		(13,986)	305,328
Transfers from Investment property under construction		4,444	172,643
Investment property under construction	11(a)	-	(17,986)
Net unrealized foreign exchange loss on US\$ denominated investment property		(2,158,944)	(1,558,247)
Transfer to investment properties held for sale	10	(1,507,100)	(198,289)
Revaluation of investment property measured at fair value		(18,308)	544,665
Leasing commissions, net of amortization		(1,180)	7,883
Carrying amount at the end of the period/ year		38,088,882	41,722,712

(a) Investment property under construction*

	Mar 31, 2018 \$'000	Dec 31, 2017 \$'000
Carrying amount at the beginning of the period/year	156,312	174,298
Capital expenditure	-	154,657
Transfer to completed investment properties	(4,444)	(172,643)
Carrying amount at the end of the period/year	151,868	156,312

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

(b) Asset-by-asset valuation

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

The valuation process and fair value changes are reviewed by 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, 2018 were as follows:

- The range of reversionary capitalisation rates applied to the portfolio were between 7.50% and 10.25% (December 31, 2017: 7.50% and 10.25%) for industrial and 8.25% and 9.5% (December 31, 2017: 8.25% and 9.5%) for retail.
- The discount rates applied range between 8.50% and 11.50% (December 31, 2017: 8.50% and 11.50%) for industrial and 9.25% and 10.50% (December 31, 2017: 9.25% and 10.50%) for retail.
- The vacancy rate applied for shopping centers ranged between 3.00% and 5.00% (December 31, 2017: 3.00% and 5.00%), with an average of 4.80%.

NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

11. INVESTMENT PROPERTIES (CONTINUED)

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

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

During other reporting periods, an internal marked-to-market revaluation is conducted by the Group and the results are accounted for in the respective quarter.

In the current quarter, an internal revaluation process was completed in order to estimate the market value of the properties applying primarily an income analysis, using direct capitalization as well as discounted cash flow.

(c) Portfolio valuation

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

- (i) US\$1.86 billion (December 31, 2016: US\$1.86 billion) for the Industrial Trusts; and
- (ii) \$5.72 billion (December 31, 2016: \$5.40 billion) for the Retail Trusts.

12. INTEREST BEARING LIABILITIES

	Mar 31, 2018 \$'000	Dec 31, 2017 \$'000
The group has access to:		
<i>Loan facilities - undrawn</i>		
Undrawn US\$-denominated notes	2,504,024	2,693,882
Undrawn MXN-denominated notes	1,604,806	1,604,806
Total undrawn loan facilities	4,108,830	4,298,688
<i>Loan facilities - drawn</i>		
US\$-denominated notes	5,961,963	6,414,005
US\$-denominated revolving credit facility	733,779	789,416
US\$-denominated term funding	8,585,225	9,236,166
Unamortized transaction costs	(103,466)	(121,037)
Total loan facilities net of unamortized transaction costs	15,177,501	16,318,550

The relevant credit facilities are summarised as follows:

Lenders / Facility Type	Currency	Facility Limit \$' millions	Drawn Amount \$' millions	Interest Rate p.a.	Maturity Date	Mar 31, 2018 \$'000	Dec 31, 2017 \$'000
Various Banks through a Credit Facility - Term Loan	US\$	258.0	258.0	90 day Libor + 3.125% ²	Jun-20 ¹	4,671,076	5,018,554
Various Banks through a Credit Facility - Revolving Credit Facility	US\$	176.5	40.0	30 day Libor + 2.75%	Jun-19 ¹	718,148	770,003
Various Insurance Companies through a Note Purchase and Guaranty Agreement	US\$	75.0	75.0	5.44%	Sep-26	1,373,332	1,477,399
Various Insurance Companies through a Note Purchase and Guaranty Agreement	US\$	250.0	250.0	5.55%	Jun-23	4,580,916	4,928,018
MetLife - Term Loan	US\$	210.0	210.0	5.38%	Sep-27	3,834,029	4,124,576
Balance at the end of the period/year						15,177,501	16,318,550

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

²Fixed by interest rate swap. Refer to note 13.

Interest-bearing liabilities - Non-current

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

Interest-bearing liabilities - Current

FIBRA Macquarie does not have any maturities until June 2019, therefore, the interest-bearing liabilities (current) as at March 31, 2018 is nil.

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

12. INTEREST BEARING LIABILITIES (CONTINUED)

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

	Mar 31, 2018 \$'000	Dec 31, 2017 \$'000
Carrying amount at the beginning of the period/year	16,318,550	18,014,426
Changes from financing cash flows:		
Proceeds from interest-bearing liabilities, net of facility charges	-	3,672,621
Repayments of interest-bearing liabilities	-	(4,601,532)
Total changes for financing cash flow	-	(928,911)
Total effect of changes in foreign exchange rate	(1,150,195)	(830,159)
Liability-related other changes:		
Amortization of capitalized borrowing costs	9,146	63,194
Carrying amount at the end of the period/ year	15,177,501	16,318,550

13. DERIVATIVE FINANCIAL INSTRUMENTS

On August 31, 2016 and then subsequently on September 27, 2016, FIBRA Macquarie entered into interest rate swap contracts with various banks, whereby FIBRA Macquarie pays a fixed rate of interest of 1.25% and 1.134% and receives a variable rate based on 90 days plus LIBOR. The swaps fully hedge the exposure to the variable interest rate payments associated with the US\$258.0 million unsecured credit facility (term loan). See note 12.

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

Counterparties	Trade date	Maturity date	Notional amount	Mar 31, 2018 \$'000	Dec 31, 2017 \$'000
Various Banks	Aug 31, 2016	Jun 30, 2020	US\$155.5 million	81,908	63,827
Various Banks	Sep 27, 2016	Jun 30, 2020	US\$102.5 million	58,589	47,746
Total estimated fair value				140,497	111,573

14. 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 CBFI holders on a yearly basis. If the net tax result during any fiscal year is greater than the distributions made to CBFI holders during the twelve months ended March of such fiscal year, FIBRA Macquarie is required to pay the corresponding tax at a rate of 30% of such excess.

The Group's subsidiaries are subject to income tax and hence the tax effects have been recognized in these consolidated financial statements. Deferred income taxes are calculated on the basis of income taxes at the rate applicable in the period in which the reversal of the corresponding temporary differences is expected. The major components of the income tax expense for the period/year ended March 31, 2018 and December 31, 2017 with respect to the results of the Group's subsidiaries are:

	Mar 31, 2018 \$'000	Dec 31, 2017 \$'000
Deferred income tax relating to origination and reversal of temporary differences	6,277	6,277
Total Income tax payable	6,277	6,277

15. CONTRIBUTED EQUITY

	No. of CBFI's '000	\$'000
Balance at January 1, 2017	811,364	18,369,994
CBFI's repurchased during the year	(11,385)	(251,021)
CBFI's outstanding at December 31, 2017	799,979	18,118,973
Balance at January 1, 2018	799,979	18,118,973
CBFI's repurchased during the period	(7,748)	(161,464)
CBFI's outstanding at March 31, 2018	792,231	17,957,509

On June 25, 2017, the Technical Committee approved a CBFI buy-back program under the terms of the Trust Agreement and provided instructions to the Fund Trustee to carry out the repurchase of certificates for subsequent cancellation. For the period ended March 31, 2018, a total of 7,747,967 CBFI's, amounting to \$161.4 million (including transaction costs), have been repurchased.

NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

16. FAIR VALUES OF ASSETS AND LIABILITIES

The Group measures the following assets and liabilities at fair value:

- Trade and other receivable and payables
- Investment properties held for sale
- Investment properties
- Derivative financial instruments

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

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

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

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

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

Financial instruments measured at fair value are categorized in their entirety, in accordance with the levels of the fair value hierarchy as outlined below:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

As at March 31, 2018	Level 2 \$'000	Total fair value \$'000	Total carrying amount \$'000
Interest-bearing liabilities*	15,351,157	15,351,157	15,177,501

As at December 31, 2017

Interest-bearing liabilities*	16,425,514	16,425,514	16,318,550
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*Net of unamortized transaction costs.

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

As at March 31, 2018	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Derivative financial instruments	-	140,497	-	140,497
Investment properties held for sale	-	-	1,377,316	1,377,316
Investment properties	-	-	38,088,882	38,088,882
As at December 31, 2017				
Derivative financial instruments	-	111,573	-	111,573
Investment properties	-	-	41,722,712	41,722,712

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

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

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

16. FAIR VALUES OF ASSETS AND LIABILITIES (CONTINUED)

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

	Mar 31, 2018 \$'000	Dec 31, 2017 \$'000
Balance at the beginning of the period/year	41,722,712	42,466,715
Capital expenditure/leasing commission net of amortization	(10,722)	467,868
Transfer to investment properties held for sale	(1,507,100)	(198,289)
Asset acquisitions	61,244	-
Net unrealized foreign exchange loss on US\$ denominated investment property	(2,158,944)	(1,558,247)
Unrealized revaluation (loss)/gain on investment property measured at fair value	(18,308)	544,665
Balance at the end of the period/year	38,088,882	41,722,712

17. RELATED PARTY INFORMATION

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

(a) Transactions with key management personnel

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

(b) Trustee

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

The trustee of the Investment Trusts is CIBanco, Sociedad Anónima, Institución de Banca Múltiple (formerly The Bank of New York Mellon, Sociedad Anónima, Institución de Banca Múltiple) whose registered office is at Av. Paseo de las Palmas 215, piso 7, Col. Lomas de Chapultepec I Seccion, Miguel Hidalgo, Mexico City, C.P. 11000 ("Investment Trust Trustee"). The other trustee within the Group is Banco Nacional de Mexico, S.A., Integrante del Grupo Financiero Banamex. For the three months ended March 31, 2018, the trustees' fees for the Group amounted to \$0.8 million (March 31, 2017: \$1.2 million) respectively.

As at March 31, 2018, fees due to the trustees amounted to \$nil (December 31, 2017: \$0.1 million).

(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 FIBRA Macquarie's Trust Agreement, MMREM was entitled to a base management fee of \$45.7 million (March 31, 2017: \$48.1 million) for the three months ended March 31, 2018. The base management fee is calculated as 1% per annum of the value of the market capitalization of FIBRA Macquarie for the relevant calculation period. The fee is calculated on April 1 and October 1 respectively for the subsequent six month period. The market capitalization is calculated as the product of: (i) the average closing price per CBFI during the last 60 trading days prior to the calculation date (or, in the case of the period to March 31, 2013, the issuance price per CBFI in the global offering) and, (ii) the total number of outstanding CBFIs at the close of trading on the calculation date (or, in the case of the period to March 31, 2013, the total number of outstanding CBFIs at close of trading on the initial settlement date of the global offering, including any CBFIs issued and effectively listed at any time as a result of the exercise of any over-allotment option in connection with the global offering).

MMREM is also entitled to receive a performance fee, which is calculated as 10% of an amount comprising the market capitalization, per above, plus the aggregate amount of all distributions made to CBFI holders, increased at a rate equal to the aggregate of 5% per annum and an annual cumulative Mexican inflation rate from their respective payment dates, minus the aggregate issuance price of all issuances of CBFIs, plus the aggregate amount of all repurchases of CBFIs, in each case, increased at a rate equal to the aggregate of 5% per annum and the annual cumulative Mexican inflation rate from their respective issuance or repurchase dates, less any performance fees previously paid. This potential fee is payable on the last business day of each two year period commencing on December 19, 2012 and must be reinvested into FIBRA Macquarie CBFIs for a minimum duration of one year. As at March 31, 2018 no performance fee was payable by FIBRA Macquarie.

NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

17. RELATED PARTY INFORMATION**(d) Other associated entities**

During the three months ended March 31, 2018 amounts totaling \$0.1 million (March 31, 2017: \$0.5 million) in respect to out of pocket expenses incurred by Macquarie Services (Mexico) S.A. de C.V., an associated entity of MMREM in respect of out of pocket expenses incurred by MMREM in performance of its duties as Manager. Additionally, an amount of \$nil (March 31, 2017: \$1.0 million) was paid to other associated entities of MMREM in the same respect for the three months ended March 31, 2018.

As at March 31, 2018 expenses due to MMREM amounted to \$0.1 million.

As at March 31, 2018, Macquarie Infrastructure and Real Asset Holding Pty Limited (formerly Macquarie Development Capital Pty Limited), an associated entity of MMREM, held 36,853,632 CBFIs and received a distribution of \$14.0 million during the period ended March 31, 2018 (March 31, 2017: \$16.2 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.

18. EVENTS OCCURRING AFTER REPORTING PERIOD

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.

