

FIBRA Macquarie



FIBRA MACQUARIE MÉXICO REPORTS FIRST QUARTER 2017 RESULTS

AFFO per Certificate Increases 15.4%

Adjusts Distribution Policy to Act on Value-Creating Expansions

MEXICO CITY, April 27, 2017 – FIBRA Macquarie México (FIBRAMQ) (BMV: FIBRAMQ), owner of one of the largest portfolios of industrial and retail properties in Mexico, announced its financial and operating results for the quarter ended March 31, 2017.

HIGHLIGHTS

- Increase in AFFO per certificate of 15.4% to Ps 0.5832
- Overall occupancy of 92.7%, up 60 bps
- Increase in industrial property rental rates of 2.3% to US\$4.55 per square meter per month
- Reaffirms AFFO guidance of between Ps. 2.13 and Ps. 2.18 per certificate in 2017
- For the full year 2017, FIBRAMQ expects to make cash distributions of between Ps 1.45 and Ps 1.50, consistent with achieving a long-term target AFFO payout ratio of approximately 70%
- Authorization of a quarterly cash distribution of Ps 0.375 per certificate; retained capital expected to be primarily deployed into accretive expansion opportunities

“During the first quarter we continued to serve our customer needs, effectively manage our properties, and prudently pursue opportunities to unlock value in our portfolio through building expansions and developments. Through our high-quality portfolio and best-in-class administration platform, we were able to deliver another quarter of strong AFFO growth,” said Juan Monroy, FIBRA Macquarie’s chief executive officer. “We are reducing our payout ratio and intend to use the retained capital to create additional value for certificate holders by acting on our pipeline of building expansion needs. Our priority is to be good stewards of capital and to generate the highest possible risk-adjusted returns for certificate holders over the long term and believe these building expansion projects are consistent with that objective.”

DISTRIBUTION POLICY

On April 27, 2017, FIBRAMQ declared a cash distribution for the quarter ended March 31, 2017 of Ps. 0.375 per certificate. The distribution is expected to be paid on May 10, 2017 to holders of record on May 9, 2017. FIBRAMQ’s certificates will commence trading ex-distribution on May 5, 2017.

FIBRAMQ reduced its payout ratio in favor of positioning itself to act on attractive value-creating building expansion opportunities. Management believes pursuing such opportunities is consistent with its view that both Mexican and sector fundamentals remain strong and, combined with FIBRAMQ’s track record of deploying capital effectively, will deliver attractive unlevered NOI and AFFO yields as well as an increase in NAV per certificate.

FIBRAMQ has a solid pipeline of expansion projects for its customers. Since IPO, FIBRAMQ has invested Ps 570.1 million in expansions, developing an additional 650 thousand square feet of gross leasable area (GLA). These expansions have produced double digit unlevered cash yields, and have enhanced and extended existing customer relationships and attracted new customers. Investing in expansions of existing properties allows FIBRAMQ to deploy capital on a de-risked basis and provide potentially higher returns to investors.

The payment of any future cash distribution 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.

FINANCIAL AND OPERATING RESULTS

For the quarter ended March 31, 2017 compared with the quarter ended March 31, 2016 FIBRAMQ reported:

TOTAL PORTFOLIO	1Q17	1Q16	Variance
Net Operating Income (NOI)	Ps 838.8m	Ps 743.9m	12.8%
Funds From Operations (FFO)	Ps 549.9m	Ps 471.1m	16.7%
Adjusted Funds From Operations (AFFO)	Ps 473.2m	Ps 410.0m	15.4%
Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)	Ps 778.8m	Ps 684.7m	13.8%
GLA ('000s sqm) EOP	3,433	3,440	-0.2%
Occupancy EOP	92.7%	92.1%	60 bps

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

TOTAL PORTFOLIO - SAME STORE	1Q17	1Q16	Variance
Net Operating Income	Ps 832.9m	Ps 702.2m	18.6%
GLA ('000s sqm) EOP	3,407.5	3,386.1	0.6%
Occupancy EOP	92.7%	92.8%	-10bps
Industrial Retention (LTM)	67%	76%	-1,050bps
Retail Retention (LTM)	65%	74%	-900bps
Weighted Avg Lease Term Remaining (years) EOP	3.6	3.9	-0.3

Industrial Portfolio

The following table summarizes the results for FIBRAMQ's industrial portfolio during the quarter ended March 31, 2017 and the prior comparable period.

INDUSTRIAL PORTFOLIO	1Q17	1Q16	Variance
Net Operating Income	Ps 705.0m	Ps 619.5m	13.8%
GLA ('000s sqft) EOP	32,050	32,243	-0.6%
GLA ('000s sqm) EOP	2,978	2,996	-0.6%
Occupancy EOP	92.3%	91.6%	70 bps
Average monthly rent per leased (US\$/sqm) EOP	\$4.55	\$4.45	2.3%
Retention (LTM)	66%	76%	-1,050 bps
Weighted Avg Lease Term Remaining (years) EOP	3.2	3.4	-6.7%

FIBRAMQ's industrial portfolio generated a 13.8% increase in NOI to Ps 705.0 million versus the prior comparable period. The increase was driven by improvements in both occupancy levels and rental rates as well as foreign exchange rate movements. The occupancy rate across the industrial portfolio at March 31, 2017 was 92.3%, up 70 basis points over the first quarter in 2016. Occupancy declined by 30 basis points versus the fourth quarter in 2016. Rental rates rose to an average of US\$4.55 per leased square meter per month at the end of the first quarter, up 2.3% from the end of the first quarter in 2016.

FIBRAMQ signed nine new and renewal leases in the first quarter comprising 410 thousand square feet of GLA. The leases included four new leases totaling 112 thousand square feet, and five renewal leases totaling 298 thousand square feet. Leasing during the first quarter was slower than previous quarters. Management attributed the slowdown to potential new customers waiting for more clarity in the macroeconomic and political outlook, together with relatively few lease expirations during the period.

Notable new contracts included 15 thousand square feet leased to an existing logistics company that expanded its operations into Saltillo and 27 thousand square feet leased to a company in Puebla that provides tooling and automation solutions to the automotive and aeronautical industries. Key renewals included leases with an automotive parts supplier, a refrigeration manufacturer and a logistics provider in Monterrey, and a fastenings and plastics manufacturer in Querétaro that also added a 14 thousand square foot expansion.

Six customers, representing 266 thousand square feet, vacated properties during the quarter. This figure compares favorably with the first quarter in 2016 in which 12 customers representing 835 thousand square feet moved out. FIBRAMQ temporarily removed 165 thousand square feet from its industrial portfolio GLA as two vacant properties are undergoing renovation and improvements.

Retail Portfolio

The following table summarizes the proportionally combined results of operations for FIBRAMQ's retail portfolio during the quarter ended March 31, 2017 and the prior comparable period.

RETAIL PORTFOLIO	1Q17	1Q16	Variance
Net Operating Income	Ps 133.8m	Ps 124.5m	7.5%
GLA ('000s sqm) EOP	455	445	2.2%
Occupancy EOP	95.2%	95.2%	0 bps
Average monthly rent per leased (Ps/sqm) EOP	144.85	142.51	1.6%
Retention (LTM)	65%	74%	-900 bps
Weighted Avg Lease Term Remaining (years) EOP	5.2	5.6	-7.4%

FIBRAMQ's retail portfolio generated a 7.5% increase in NOI to Ps 133.8 million versus the first quarter of 2016. The improvement was driven by increases in both leased GLA and average monthly rent. Additionally, sales reported by our customers increased by 5.0% from the prior year period, demonstrating the ongoing strength in Mexican consumer spending. FIBRAMQ signed 60 leases including 38 new leases and 22 renewals representing a total of seven thousand square meters of retail GLA.

The majority of the new leasing activity during the quarter was with small shop customers, which typically has a positive impact on average monthly rent per square meter.

PORTFOLIO ACTIVITY

FIBRAMQ maintains an active pipeline of expansion and selective new development opportunities in its core markets. Subsequent to quarter end, FIBRAMQ completed two projects: a 54 thousand square foot expansion of an industrial facility in Ciudad Juárez and a new 145 thousand square foot industrial building in Reynosa.

BALANCE SHEET

As of March 31, 2017, FIBRAMQ had approximately Ps 16,887.6 million of debt outstanding, Ps 3,137.8 million available on its undrawn revolving credit facility and Ps 431.2 million of unrestricted cash on hand on a proportionally combined basis. In addition, FIBRAMQ's CNBV regulatory debt to total asset ratio was 37.8% and the regulatory DSCR ratio was 1.2x.

FIBRAMQ is exploring options to accelerate the refinancing of the US\$182 million loan secured by properties in its industrial portfolio that matures in February 2018.

CERTIFICATE BUY-BACK PROGRAM

On April 24, 2017, at the Annual General Meeting, certificate holders noted and acknowledged the potential for FIBRAMQ to establish a certificate buy-back program in accordance with the terms of its trust agreement. When and if the buy-back program is launched is subject to FIBRAMQ's capital allocation strategy and market conditions and Technical Committee approval.

OUTLOOK

FIBRAMQ reaffirmed its stable outlook for 2017 and expects continued strength in the performance of both its industrial and retail segments. Management expects FIBRAMQ's real estate portfolio to generate total AFFO of between Ps. 2.13 and Ps. 2.18 per certificate in 2017. For the full year 2017, FIBRAMQ expects to make cash distributions of between Ps 1.45 and Ps 1.50, consistent with achieving a long-term target AFFO payout ratio of approximately 70%.

The AFFO and distribution guidance is based on the cash-generating capacity of its existing portfolio, and assumes no acquisitions or divestments, an average exchange rate of Ps. 19.0 per US dollar for the remainder of the year (versus Ps. 20.4 for the first quarter of 2017) and no change in the number of certificates on issue. Whilst overall portfolio performance and underlying AFFO in natural currency is expected to remain steady for the remainder of 2017, AFFO in Peso equivalent terms is expected to be lower compared to the first quarter of 2017 if the recent strengthening of the Peso against the US dollar continues.

WEBCAST AND CONFERENCE CALL

FIBRAMQ will host an earnings conference call and webcast presentation on Friday, April 28, 2017 at 7:30 a.m. CT / 8:30 a.m. ET. The conference call, which will also be audio webcast, can be accessed online at www.fibramacquarie.com or by dialing toll free +1 (877) 304 8957. Callers from Mexico should dial 01-800-9269157 and other callers from outside the United States should dial +1-973-638-3235. Please ask for the *FIBRA Macquarie First Quarter 2017 Earnings Call*.

An audio replay will be available by dialing +1-855-859-2056 or +1-404-537-3406 for callers outside the United States. The passcode for the replay is 4194436. A webcast archive of the conference call and a copy of FIBRAMQ's financial information for the first quarter 2017 will also be available on FIBRAMQ's website, <http://www.fibramacquarie.com>.

ADDITIONAL INFORMATION

For detailed charts, tables and definitions, please refer to the First Quarter 2017 Supplementary Information materials located at <http://www.fibramacquarie.com/investors/bolsa-mexicana-de-valoresfilings>.

About FIBRA Macquarie

FIBRA Macquarie México (FIBRA Macquarie) (BMV:FIBRAMQ) is a real estate investment trust (fideicomiso de inversión en bienes raíces), or FIBRA, listed on the Mexican Stock Exchange (Bolsa Mexicana de Valores) targeting industrial, retail and office real estate opportunities in Mexico, with a primary focus on stabilized income-producing properties. FIBRA Macquarie's portfolio consists of 275 industrial properties and 17 retail properties, located in 24 cities across 19 Mexican states as of March 31, 2017. 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\$104.1 billion of total assets under management as of September 30, 2016.

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Macquarie Group (Macquarie) is a global provider of banking, financial, advisory, investment and funds management services. Macquarie's main business focus is making returns by providing a diversified range of services to clients. Macquarie acts on behalf of institutional, corporate and retail clients and counterparties around the world. Founded in 1969, Macquarie operates in over 27 countries. Macquarie employs over 13,800 people and has assets under management of more than \$377 billion (as of September 30, 2016). For more information, please visit www.macquarie.com.

Cautionary Note Regarding Forward-looking Statements

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

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

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CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT MARCH 31, 2017 (UNAUDITED) AND DECEMBER 31, 2016

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

	Mar 31, 2017 \$'000	Dec 31, 2016 \$'000
Current assets		
Cash and cash equivalents	413,825	612,443
Restricted cash	46,177	10,849
Trade and other receivables, net	83,908	116,865
Other assets	66,445	72,677
Investment properties held for sale	112,776	284,130
Total current assets	723,131	1,096,964
Non-current assets		
Restricted cash	-	39,881
Other assets	189,984	185,323
Equity-accounted investees	1,077,220	1,084,875
Goodwill	931,605	931,605
Investment properties	39,356,461	42,466,715
Derivative financial instruments	95,380	97,762
Total non-current assets	41,650,650	44,806,161
Total assets	42,373,781	45,903,125
Current liabilities		
Trade and other payables	599,481	480,673
Interest-bearing liabilities	3,406,462	67,977
Tenant deposits	20,184	21,396
Income tax payable	1,630	1,409
Total current liabilities	4,027,757	571,455
Non-current liabilities		
Tenant deposits	327,223	346,863
Interest-bearing liabilities	12,626,097	17,946,449
Deferred income tax	1,667	1,667
Total non-current liabilities	12,954,987	18,294,979
Total liabilities	16,982,744	18,866,434
Net assets	25,391,037	27,036,691
Equity		
Contributed equity	18,369,994	18,369,994
Retained earnings	7,021,043	8,666,697
Total equity	25,391,037	27,036,691

CONDENSED UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

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

	3 months ended	
	March 31, 2017 \$'000	March 31, 2016 \$'000
Property related income	913,167	837,118
Property related expenses	(129,302)	(137,356)
Net property income	783,865	699,762
Management fees	(48,129)	(46,087)
Transaction related expenses	(1,261)	46
Professional, legal and other expenses	(11,765)	(13,126)
Total expenses	(61,155)	(59,167)
Finance costs	(225,909)	(218,225)
Financial income	2,877	12,458
Share of profits from equity-accounted investees	15,767	12,061
Foreign exchange gain/(loss)	1,586,778	(157,352)
Net unrealized foreign exchange (loss)/gain on foreign currency denominated investment property measured at fair value	(3,086,820)	299,272
Unrealized revaluation loss on investment property measured at fair value	(301,455)	-
Net unrealized loss on interest rate swaps	(2,382)	-
(Loss)/profit before taxes for the period	(1,288,434)	588,809
Current income tax	(221)	-
Net (loss)/profit for the period	(1,288,655)	588,809
Other comprehensive income		
Other comprehensive income for the period	-	-
Total comprehensive (loss)/ income for the period	(1,288,655)	588,809
Earnings per CBFi*		
Basic earnings per CBFi (pesos)	(1.59)	0.73
Diluted earnings per CBFi (pesos)	(1.59)	0.73

*Real Estate Trust Certificates (Certificados Bursátiles Fiduciarios Inmobiliarios)

CONDENSED UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

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

	Contributed equity \$'000	Retained earnings \$'000	Total \$'000
Total equity at January 1, 2016	18,369,994	5,150,406	23,520,400
Total comprehensive income for the period	-	588,809	588,809
Total comprehensive income for the period	-	588,809	588,809
Transactions with equity holders in their capacity as equity holders:			
- Distributions to CBFI holders	-	(373,227)	(373,227)
Total transactions with equity holders in their capacity as equity holders	-	(373,227)	(373,227)
Total equity at March 31, 2016	18,369,994	5,365,988	23,735,982
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 CBFI 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

CONDENSED UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

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

	3 months ended	
	Mar 31, 2017 \$'000 Inflows/(Outflows)	Mar 31, 2016 \$'000 Inflows/(Outflows)
Operating activities:		
(Loss)/profit for the period before taxes	(1,288,434)	588,809
Adjustments for:		
Net unrealized foreign exchange loss/(gain) on foreign currency denominated investment property measured at fair value	3,086,820	(299,272)
Unrealized revaluation loss on investment property measured at fair value	301,455	-
Straight line rental income adjustment	(5,966)	(7,437)
Tenant improvements amortization	7,816	3,037
Leasing expense amortization	10,933	7,415
Financial income	(2,877)	(12,458)
Provision for bad debt	5,448	7,945
Net foreign exchange (gain)/loss	(1,633,252)	172,940
Finance costs recognized in profit for the period	225,909	218,225
Share of profits from equity-accounted investees	(15,767)	(12,061)
Net unrealized loss on interest rate swaps	2,382	-
Movements in working capital:		
Decrease/(increase) in receivables	35,865	(28,774)
Decrease in payables	44,076	(42,719)
Net cash flows from operating activities	774,408	595,650
Investing activities:		
Investment property - asset acquisitions	-	(396,408)
Maintenance capital expenditure and other capitalized costs	(117,798)	(3,792)
Distributions received from equity-accounted investees	23,422	1,606
Net cash flows from/(used in) investing activities	(94,376)	(398,594)
Financing activities:		
Financial income	2,877	12,458
Repayment of interest-bearing liabilities	(404,227)	-
Interest paid	(171,328)	(208,629)
Distributions to CBFi holders	(356,999)	(373,227)
Net cash flows used in financing activities	(929,677)	(569,398)
Net decrease in cash and cash equivalents	(249,645)	(372,342)
Cash, cash equivalents at the beginning of the period	663,173	2,394,426
Foreign exchange gain/(loss) on cash and cash equivalents	46,474	(15,588)
Cash and cash equivalents at the end of the period*	460,002	2,006,496

*Included in the cash and cash equivalent balance at the end of the period is restricted cash of \$46.1 million (March 31, 2016: \$188.8 million).

FIBRA MACQUARIE MÉXICO

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDING MARCH 31, 2017

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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 FIBRA Macquarie Mexico and its controlled entities ("FIBRAMM" or the "Trust") as at March 31, 2017, 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 interim 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 March 31, 2017 is 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 the printed name.

Luis Gabriel Ortiz Esqueda

Monterrey, Nuevo León, México
April 27, 2017

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT MARCH 31, 2017 (UNAUDITED) AND DECEMBER 31, 2016

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

	Note	Mar 31, 2017 \$'000	Dec 31, 2016 \$'000
Current assets			
Cash and cash equivalents		413,825	612,443
Restricted cash		46,177	10,849
Trade and other receivables, net		83,908	116,865
Other assets		66,445	72,677
Investment properties held for sale	10	112,776	284,130
Total current assets		723,131	1,096,964
Non-current assets			
Restricted cash		-	39,881
Other assets		189,984	185,323
Equity-accounted investees	9	1,077,220	1,084,875
Goodwill		931,605	931,605
Investment properties	10	39,356,461	42,466,715
Derivative financial instruments	12	95,380	97,762
Total non-current assets		41,650,650	44,806,161
Total assets		42,373,781	45,903,125
Current liabilities			
Trade and other payables		599,481	480,673
Interest-bearing liabilities	11	3,406,462	67,977
Tenant deposits		20,184	21,396
Income tax payable	13	1,630	1,409
Total current liabilities		4,027,757	571,455
Non-current liabilities			
Tenant deposits		327,223	346,863
Interest-bearing liabilities	11	12,626,097	17,946,449
Deferred income tax	13	1,667	1,667
Total non-current liabilities		12,954,987	18,294,979
Total liabilities		16,982,744	18,866,434
Net assets		25,391,037	27,036,691
Equity			
Contributed equity	14	18,369,994	18,369,994
Retained earnings		7,021,043	8,666,697
Total equity		25,391,037	27,036,691

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, 2017 AND 2016

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

	Note	3 months ended	
		March 31, 2017 \$'000	March 31, 2016 \$'000
Property related income	4(a)	913,167	837,118
Property related expenses	4(b)	(129,302)	(137,356)
Net property income		783,865	699,762
Management fees	4(c)	(48,129)	(46,087)
Transaction related expenses	4(d)	(1,261)	46
Professional, legal and other expenses	4(e)	(11,765)	(13,126)
Total expenses		(61,155)	(59,167)
Finance costs	4(f)	(225,909)	(218,225)
Financial income	4(g)	2,877	12,458
Share of profits from equity-accounted investees	9	15,767	12,061
Foreign exchange gain/(loss)	4(h)	1,586,778	(157,352)
Net unrealized foreign exchange (loss)/gain on foreign currency denominated investment property measured at fair value	4(i)	(3,086,820)	299,272
Unrealized revaluation loss on investment property measured at fair value	4(i)	(301,455)	-
Net unrealized loss on interest rate swaps	4(j)	(2,382)	-
(Loss)/profit before taxes for the period		(1,288,434)	588,809
Current income tax	4(k)	(221)	-
Net (loss)/profit for the period		(1,288,655)	588,809
Other comprehensive income			
Other comprehensive income for the period		-	-
Total comprehensive (loss)/ income for the period		(1,288,655)	588,809
Earnings per CBFI*			
Basic earnings per CBFI (pesos)	8	(1.59)	0.73
Diluted earnings per CBFI (pesos)	8	(1.59)	0.73

*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, 2017 AND 2016

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

	Note	Contributed equity \$'000	Retained earnings \$'000	Total \$'000
Total equity at January 1, 2016	14	18,369,994	5,150,406	23,520,400
Total comprehensive income for the period		-	588,809	588,809
Total comprehensive income for the period		-	588,809	588,809
Transactions with equity holders in their capacity as equity holders:				
- Distributions to CBFI holders	7	-	(373,227)	(373,227)
Total transactions with equity holders in their capacity as equity holders		-	(373,227)	(373,227)
Total equity at March 31, 2016		18,369,994	5,365,988	23,735,982
Total equity at January 1, 2017	14	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

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, 2017 AND 2016

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

		3 months ended	
		Mar 31, 2017 \$'000	Mar 31, 2016 \$'000
	Note	Inflows/(Outflows)	Inflows/(Outflows)
Operating activities:			
(Loss)/profit for the period before taxes		(1,288,434)	588,809
<i>Adjustments for:</i>			
Net unrealized foreign exchange loss/(gain) on foreign currency denominated investment property measured at fair value	4(i)	3,086,820	(299,272)
Unrealized revaluation loss on investment property measured at fair value	4(i)	301,455	-
Straight line rental income adjustment		(5,966)	(7,437)
Tenant improvements amortization	4(b)	7,816	3,037
Leasing expense amortization	4(b)	10,933	7,415
Financial income	4(g)	(2,877)	(12,458)
Provision for bad debt	4(b)	5,448	7,945
Net foreign exchange (gain)/loss		(1,633,252)	172,940
Finance costs recognized in profit for the period		225,909	218,225
Share of profits from equity-accounted investees	9	(15,767)	(12,061)
Net unrealized loss on interest rate swaps	4(j)	2,382	-
Movements in working capital:			
Decrease/(increase) in receivables		35,865	(28,774)
Decrease in payables		44,076	(42,719)
Net cash flows from operating activities		774,408	595,650
Investing activities:			
Investment property - asset acquisitions	10	-	(396,408)
Maintenance capital expenditure and other capitalized costs		(117,798)	(3,792)
Distributions received from equity-accounted investees	9	23,422	1,606
Net cash flows from/(used in) investing activities		(94,376)	(398,594)
Financing activities:			
Financial income	4(g)	2,877	12,458
Repayment of interest-bearing liabilities		(404,227)	-
Interest paid		(171,328)	(208,629)
Distributions to CBFH holders	7	(356,999)	(373,227)
Net cash flows used in financing activities		(929,677)	(569,398)
Net decrease in cash and cash equivalents		(249,645)	(372,342)
Cash, cash equivalents at the beginning of the period		663,173	2,394,426
Foreign exchange gain/(loss) on cash and cash equivalents		46,474	(15,588)
Cash and cash equivalents at the end of the period*		460,002	2,006,496

*Included in the cash and cash equivalent balance at the end of the period is restricted cash of \$46.1 million (March 31, 2016: \$188.8 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, "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 changed to Av. Pedregal No 24, Col. Molino del Rey, Miguel Hidalgo, Mexico City 11040 with effect from April 7, 2016. FIBRA Macquarie's trust agreement was amended on November 20, 2012, amended and restated on December 11, 2012, to, among other things, add as parties to the Trust Agreement, Monex Casa de Bolsa, S.A. de C.V., Monex Grupo Financiero, as common representative, and Macquarie México Real Estate Management, S.A. de C.V., as manager (in such capacity, "MMREM" or the "Manager"), and further amended and restated on August 27, 2014 (such amended and restated trust agreement, the "Trust Agreement").

Background information

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

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

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

The following acquisitions have been completed to date:

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

- MMREIT Industrial Trust I acquired a portfolio of 155 industrial properties from affiliates of BRE Debt Mexico II, S.A. de C.V. SOFOM ENR ("BRE Debt Mexico", formerly GE Capital Real Estate Mexico S. de R.L. de C.V.);
- MMREIT Industrial Trust II acquired a portfolio of 49 industrial properties from affiliates of Corporate Properties of the Americas ("CPA"), financed in part by BRE Debt Mexico loan facilities; and
- MMREIT Industrial Trust III acquired a portfolio of 39 industrial properties from affiliates of CPA, financed in part by a Metropolitan Life Insurance Company ("MetLife") loan facility.

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

On November 04, 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. 5 of the properties were acquired on November 6, 2013 and the remaining property was acquired on March 27, 2014 for a total consideration of \$2.8 billion (excluding transaction costs and taxes).

On March 28, 2014, MMREIT Retail Trust III acquired a 50% interest in a portfolio of 9 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 8 industrial properties including 2 build-to-suit ("BTS") development properties from Desarrollos Industriales Nexxus for US\$24.3 million (excluding transaction costs and taxes). FIBRA Macquarie will pay an additional consideration of US\$5.6 million for the two BTS projects subject to certain conditions being fulfilled. Refer to note 16 for further information.

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 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 09, 2016, MMREIT Industrial Trust IV acquired a portfolio of two industrial properties and adjacent land from Los Bravos for a total of US\$21.7 million (excluding transaction costs and taxes).

On June 30, 2016, FIBRA Macquarie completed the refinancing of its secured loans of US\$716.6 million with BRE Debt Mexico, maturing in December 2017 (the "refinancing"). As part of the transaction, FIBRA Macquarie signed a US\$435 million unsecured bank credit agreement and a US\$250 million unsecured seven-year private placement note purchase agreement resulting in total unsecured facilities of US\$609.5 million and \$1.4 billion. On June 30, 2016, the initial drawings totaling US\$609.5 million and \$830.0 million together with US\$57.4 million of existing cash were used to prepay the US\$716.6 million BRE Debt Mexico loans.

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

Besides this, on September 30, 2016, FIBRA Macquarie also implemented an interest rate swap agreement fixing the variable interest rate exposure relating to the US\$258 million term loan tranche through to June 30, 2020. Refer to note 12 for further details.

2. BASIS OF PREPARATION**(a) Basis of accounting**

These condensed interim consolidated financial statements are for the Group. The 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, 2016, 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.

These condensed interim consolidated financial statements were approved by the Technical Committee of FIBRA Macquarie on April 27, 2017.

(b) Use of judgements and estimates

Preparing the 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 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 consolidated financial statements for the year ended December 31, 2016.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements for the year ended December 31, 2016.

New IFRS standards or amendments to existing standards applicable from January 1, 2017 have already been adopted and the Manager will adopt any relevant standards as and when these are issued.

NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

4. PROFIT FOR THE PERIOD

The profit for the period includes the following items of revenue and expense:

	3 months ended	
	Mar 31, 2017 \$'000	Mar 31, 2016 \$'000
a) Property related income		
Lease related income	861,389	775,087
Car park income	13,576	13,131
Expenses recoverable from tenants	38,202	48,900
Total property related income	913,167	837,118
b) Property related expenses		
Property management expenses	(17,569)	(19,318)
Property insurance	(8,390)	(7,343)
Property tax	(16,108)	(14,242)
Repairs and maintenance	(41,440)	(52,590)
Security services	(4,793)	(5,289)
Property related legal and consultancy expenses	(4,815)	(8,223)
Tenant improvements amortization	(7,816)	(3,037)
Leasing expenses amortization	(10,933)	(7,415)
Utilities	(4,941)	(3,830)
Marketing costs	(4,237)	(4,475)
Car park operating fees	(2,347)	(2,613)
Provision for bad debt	(5,448)	(7,945)
Other property related expenses	(465)	(1,036)
Total property related expenses	(129,302)	(137,356)
c) Management fees		
Fees payable to the Manager	(48,129)	(46,087)
Total management fees	(48,129)	(46,087)
d) Transaction related expenses		
Other transaction related expenses	(1,261)	46
Total transaction related expenses	(1,261)	46
e) Professional, legal and other expenses		
Tax advisory expenses	(988)	(722)
Accountancy expenses	(2,412)	(1,536)
Valuation expenses	(1,947)	(1,758)
Audit expenses	(1,050)	(950)
Other professional expenses	(2,733)	(4,524)
Other expenses	(2,635)	(3,636)
Total professional, legal and other expenses	(11,765)	(13,126)

NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

4. PROFIT FOR THE PERIOD (CONTINUED)

The profit for the period includes the following items of revenue and expense:

	3 months ended	
	Mar 31, 2017	Mar 31, 2016
	\$'000	\$'000
f) Finance costs		
Interest expense on interest-bearing liabilities	(214,070)	(210,480)
Other finance costs	(11,839)	(7,745)
Total finance costs	(225,909)	(218,225)
g) Financial income		
Returns earned on Mexican government bonds	2,877	12,458
Total financial income	2,877	12,458
h) Foreign exchange gain/(loss)		
Net unrealized foreign exchange gain/(loss) on monetary items	1,561,705	(164,807)
Net realized foreign exchange gain	25,073	7,455
Total foreign exchange gain/(loss)	1,586,778	(157,352)
i) Movement in investment property measured at fair value		
Net unrealized foreign exchange (loss)/gain on investment property	(3,086,820)	299,272
Unrealized revaluation loss on investment property	(301,455)	-
Total movement in investment property measured at fair value	(3,388,275)	299,272
j) Net unrealized loss on interest rate swaps		
Net unrealized loss on interest rate swaps	(2,382)	-
Total net unrealized loss on interest rate swaps	(2,382)	-
k) Income tax expense		
Current income tax	(221)	-
Total income tax expense	(221)	-

As March 31, 2017, the Group had 62 employees (March 31, 2016: 61 employees) in its vertically integrated internal property administration 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, 2017	North East \$'000	Industrial Central \$'000	North West \$'000	North \$'000	Retail/Office ^{1,2,3} South \$'000	Central \$'000	Total \$'000
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 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 foreign currency 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)
3 months ended Mar 31, 2016							
Revenue from external customers ¹	282,460	138,442	136,610	154,723	10,452	161,693	884,380
Segment net profit ²	250,318	97,758	103,313	127,069	2,663	44,731	625,852
<i>Included in profit of the period:</i>							
Foreign exchange (loss)/gain	(46,631)	(38,431)	(33,981)	(27,181)	7	(20,690)	(166,907)
Net unrealized foreign exchange gain on foreign currency denominated investment property	100,473	70,745	65,045	53,010	-	-	289,273
Finance costs ³	(58,759)	(46,372)	(40,748)	(33,494)	(3,663)	(51,751)	(234,787)

¹The retail south segment and the retail central segment include revenues relating to the joint ventures amounting to \$11.1 million (March 31, 2016: \$10.5 million) and \$37.6 million (March 31, 2016: \$36.8 million) respectively.

²The retail south segment and the retail central segment include operating profits relating to the joint ventures amounting to \$3.5 million (March 31, 2016: \$2.7 million) and \$12.0 million (March 31, 2016: \$9.4 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, 2016: \$3.7 million) and \$14.2 million (March 31, 2016: \$12.9 million) respectively.

As at Mar 31, 2017	North East \$'000	Industrial Central \$'000	North West \$'000	North \$'000	Retail/Office South \$'000	Central \$'000	Total \$'000
Total segment assets	14,463,850	7,529,441	7,439,018	6,075,185	448,142	7,028,088	42,983,724
Total segment liabilities	(1,600,392)	(1,092,661)	(1,784,543)	(346,901)	(203,024)	(936,114)	(5,963,635)
As at Dec 31, 2016							
Total segment assets	15,862,346	8,250,867	8,122,078	6,675,919	447,670	6,996,136	46,355,016
Total segment liabilities	(1,658,071)	(1,143,891)	(1,904,247)	(333,924)	(200,809)	(907,472)	(6,148,414)

The operating segments derive their income primarily from lease rental income, in respect of 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 net profit is reconciled to total revenue and net (loss)/profit as follows:

	3 months ended	
	Mar 31, 2017	Mar 31, 2016
	\$'000	\$'000
Total segment revenue	961,933	884,380
Revenue attributable to equity-accounted investees	(48,766)	(47,262)
Financial income	2,877	12,458
Total revenue for the period	916,044	849,576
Segment net (loss)/profit	(2,289,122)	625,852
Property expenses not included in reporting segment	644	(8)
Finance cost not included in reporting segment	(183,421)	-
Financial income	2,877	12,458
Items attributable to equity-accounted investees	180	24
Foreign exchange gain	1,243,946	9,650
Net unrealized loss on interest rate swap	(2,383)	-
Fees payable to the Manager	(48,129)	(46,087)
Transaction related expenses	(1,261)	46
Professional, legal and other expenses	(11,765)	(13,126)
Income tax expense	(221)	-
Net (loss)/profit for the period	(1,288,655)	588,809

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

	As at Mar 31, 2017	As at Dec 31, 2016
	\$'000	\$'000
Segment assets	42,983,724	46,355,016
<i>Items not included in segment assets:</i>		
Cash, cash equivalents and restricted cash	167,014	260,428
Trade and other receivables	354	304
Other assets	19,534	72,109
Assets attributable to equity-accounted investees	(1,969,445)	(1,967,369)
Investment in equity-accounted investees	1,077,220	1,084,875
Derivative financial instruments	95,380	97,762
Total assets	42,373,781	45,903,125
Segment liabilities	(5,963,635)	(6,148,414)
<i>Items not included in segment liabilities:</i>		
Interest-bearing liabilities	(12,626,096)	(14,253,261)
Trade and other payables	717,837	655,823
Liabilities attributable to equity-accounted investees	892,226	882,494
Income tax payable	(1,409)	(1,409)
Deferred income tax liability	(1,667)	(1,667)
Total liabilities	(16,982,744)	(18,866,434)

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, 2017, FIBRA Macquarie made a distribution payment amounting to \$356.9 million (\$0.440 per CBFI) paid on March 10, 2017 (March 31, 2016: \$373.2 million, \$0.460 per CBFI).

8. EARNINGS PER CBFI

	3 months ended	
	Mar 31, 2017	Mar 31, 2016
Earnings per CBFI		
Basic earnings per CBFI (\$)	(1.59)	0.73
Diluted earnings per CBFI (\$)	(1.59)	0.73
Basic earnings used in the calculation of earnings per CBFI		
Net (loss)/profit for the period (\$'000)	(1,288,655)	588,809
Weighted average number of CBFI's ('000)	811,364	811,364
Diluted earnings used in the calculation of earnings per CBFI		
Net (loss)/profit used in calculating diluted earnings per CBFI (\$'000)	(1,288,655)	588,809
Weighted average number of CBFI's and potential CBFI's used as the denominator in calculating diluted earnings per CBFI's ('000)	811,364	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 ventures 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	Ownership interest	Mar 31, 2017 \$'000	Dec 31, 2016 \$'000
		as at Mar 31, 2017	as at Dec 31, 2016		
JV Trust CIB/589	Mexico/Own and lease retail properties	50%	50%	247,010	252,030
JV Trust CIB/586	Mexico/Own and lease retail properties	50%	50%	830,210	832,845

b) Movement in carrying amounts

	Mar 31, 2017 \$'000	Dec 31, 2016 \$'000
Carrying amounts at the beginning of the period/ year	1,084,875	959,363
Distributions received during the period/year	(23,422)	(1,773)
Share of profits after income tax	11,433	52,036
Share of unrealized gains on investment properties measured at fair value	4,334	75,249
Carrying amounts at the end of the period/year	1,077,220	1,084,875

NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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 as these are considered to be material to the Group. The information disclosed below reflects the total amounts presented in the financial statements of the joint ventures and not FIBRA Macquarie's 50% 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, 2017 \$'000	JV Trust CIB/589 Dec 31, 2016 \$'000	JV Trust CIB/586 Mar 31, 2017 \$'000	JV Trust CIB/586 Dec 31, 2016 \$'000
Total current assets*	20,375	29,813	63,719	65,105
Total non-current assets	1,066,152	1,064,171	2,788,646	2,775,648
Total current liabilities	(30,823)	(27,319)	(37,375)	(19,982)
Total non-current liabilities**	(561,685)	(562,605)	(1,154,570)	(1,155,081)
Net assets	494,019	504,060	1,660,420	1,665,690
Reconciliation to carrying amounts:				
Opening net assets	483,916	449,215	1,638,987	1,465,964
Profits for the period/ year	10,103	54,845	21,433	199,726
Net assets	494,019	504,060	1,660,420	1,665,690
FIBRA Macquarie's share (%)	50%	50%	50%	50%
FIBRA Macquarie's share	247,010	252,030	830,210	832,845
FIBRA Macquarie's carrying amount	247,010	252,030	830,210	832,845

*Includes cash and cash equivalents of \$68.8 million (Dec 31, 2016: \$50.4 million).

**Non-current financial liabilities (excluding trade and other payables and provisions) amounts to \$1.7 billion (Dec 31, 2016: \$1.7 billion).

Summarized Statement of Comprehensive Income	JV Trust CIB/589 3 months ended Mar 31, 2017 \$'000	JV Trust CIB/589 3 months ended Mar 31, 2016 \$'000	JV Trust CIB/586 3 months ended Mar 31, 2017 \$'000	JV Trust CIB/586 3 months ended Mar 31, 2016 \$'000
Revenue				
Rental and other income	28,950	28,668	68,584	65,858
Revaluation of investment property measured at fair value	1,500	-	7,171	-
Financial income	223	82	291	88
Total revenue	30,673	28,750	76,046	65,946
Expenses				
Interest expense	(12,043)	(12,086)	(24,842)	(21,038)
Other expenses	(8,527)	(9,162)	(29,771)	(28,288)
Total expense	(20,570)	(21,248)	(54,613)	(49,326)
Profit for the period	10,103	7,502	21,433	16,620
FIBRA Macquarie's share (%)	50%	50%	50%	50%
FIBRA Macquarie's share	5,051	3,751	10,716	8,310

d) Share of contingent liabilities of joint venture

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

NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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10. INVESTMENT PROPERTIES

	Note	Mar 31, 2017 \$'000	Dec 31, 2016 \$'000
Carrying amount at the beginning of the period/year		42,466,715	35,639,298
Additions during the period/year:			
Asset acquisitions*		-	447,945
Capital expenditure (including tenant improvements)		75,308	320,533
Transfers from Investment properties under construction		162,896	224,755
Investment properties under construction	10(a)	(141,296)	174,298
Net unrealized foreign exchange (loss)/ gain on USD denominated investment properties		(3,086,820)	5,731,704
Investment properties held for sale**		171,354	(284,130)
Disposals		-	(37,611)
Revaluation of investment properties measured at fair value		(301,455)	195,623
Leasing commissions, net of amortization		9,759	54,300
Carrying amount at the end of the period/year		39,356,461	42,466,715

*Refer to note 1 for further details.

**Investment properties reclassified as 'Investment property held for sale' based on the Group's expectations of the likelihood that assets will be sold within the next 12 months and the asset being actively marketed in accordance with IFRS 5. As at March 31, 2017, the Group performed a reassessment and have changed the mix of properties classified as held for sale, limiting the classification to those assets where negotiations are an advanced stage. The corresponding accounting effect has been recorded here.

(a) Investment property under construction*

	Mar 31, 2017 \$'000	Dec 31, 2016 \$'000
Carrying amount at the beginning of the period/year	174,298	-
Capital expenditure	21,600	399,053
Transfer to completed investment properties	(162,896)	(224,755)
Carrying amount at the end of the period/year	33,002	174,298

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

(b) Asset-by-asset valuation

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

The valuation process and fair value changes are reviewed by the independent auditor and the board of directors of the Manager at each reporting date. The 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, 2017 were as follows:

- The average annualized net operating income ("NOI") yield range across all properties was 7.5% to 10.0% for industrial and 8.0% to 9.0% for retail.
- The range of reversionary NOI capitalisation rates applied to the portfolio were between 7.5% and 10.0% for industrial and 8.25% and 9.5% for retail.
- The discount rates applied range between 9.25% to 11.25% for industrial and 9.25% to 10.75% for retail.
- The vacancy rate applied for shopping centers ranged between nil and 16.0% was an average of 5.0%.

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 of these assumptions. Changes in discount rates attributable to changes in market conditions can have a significant impact on property valuations.

(c) Portfolio valuation

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

- US\$1.86 billion (December 31, 2015: US\$1.85 billion) for the Industrial Trusts; and
- \$5.40 billion (December 31, 2015: \$5.32 billion) for the Retail Trusts.

The portfolio valuations are performed on an annual basis only .

NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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11. INTEREST-BEARING LIABILITIES

	Mar 31, 2017 \$'000	Dec 31, 2016 \$'000
The group has access to:		
Undrawn US\$-denominated revolving credit facility	1,532,950	1,291,500
Undrawn MXN-denominated revolving credit facility	1,604,806	1,604,806
Total debt funding available	3,137,756	2,896,306
Loan facilities - drawn		
USD-denominated notes	6,112,990	6,715,800
USD-denominated revolving credit facility	6,639,648	7,687,008
USD-denominated term funding	3,413,987	3,771,180
Unamortized transaction costs	(134,066)	(159,562)
Total drawn loan facilities net of unamortized transaction costs	16,032,559	18,014,426

The acquisition of the relevant portfolio was financed by the following borrowings

Lenders / Facility Type	Currency	Facility Limit \$' millions	Drawn Amount \$' millions	Interest Rate p.a.	Maturity Date	Mar 31, 2017 \$'000	Dec 31, 2016 \$'000
Various Banks through a Credit Facility - Term Loan	USD	258.0	258.0	90 day Libor + 3.125% ²	Jun-20 ¹	4,764,113	5,227,129
Various Banks through a Credit Facility - Revolving Credit Facility	USD	176.5	95.0	30 day Libor + 2.75%	Jun-19 ¹	1,758,004	2,320,514
Various Insurance Companies through a Note Purchase and Guaranty Agreement	USD	75.0	75.0	5.44%	Sep-26	1,407,873	1,546,644
Various Insurance Companies through a Note Purchase and Guaranty Agreement	USD	250.0	250.0	5.55%	Jun-23	4,696,107	5,158,974
MetLife - Term Loan	USD	181.5	181.5	4.50%	Jan-18	3,406,462	3,761,165
Balance at the end of period						16,032,559	18,014,426

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

²Fixed by interest rate swap. Refer to note 12.

Interest-bearing liabilities - Current

The loan facility with MetLife is due for repayment in January 2018 and therefore is classified as a current liability. The Group is currently evaluating options to accelerate the refinancing in respect of this loan facility, in advance of the expiry. As at March 31, 2017, the undrawn revolver facilities together with unrestricted cash balance sufficiently cover the balance principal outstanding with MetLife.

12. DERIVATIVE FINANCIAL INSTRUMENTS

On August 26, 2016 and then subsequently on September 30, 2016, FIBRA Macquarie entered into interest rate swap contracts with various banks, whereby FIBRA Macquarie pays a fixed rate of interest of 4.375% and 4.269%. The swaps hedge the exposure to the variable interest rate payments associated with the US\$258.0 million unsecured credit facility (term loan). These are not designated as effective hedges from an IFRS perspective, and therefore, the marked-to-market adjustments are taken to Statement of Comprehensive Income.

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, 2017 \$'000	Dec 31, 2016 \$'000
Various Banks	31-Aug-16	30-Jun-20	US\$ 155.5 million	53,966	54,908
Various Banks	27-Sep-16	30-Jun-20	US\$ 102.5 million	41,414	42,854
Total estimated fair value				95,380	97,762

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13. TAXATION

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

The Group's subsidiaries are subject to income tax and hence the tax effects have been recognized in these Consolidated Financial Statements. Deferred income taxes are calculated on the basis of income taxes at the rate applicable in the period in which the reversal of the corresponding temporary differences is expected. The major components of the income tax expense for the period/ year ended March 31, 2017 and December 31, 2016 with respect to the results of the Group's subsidiaries are:

	Mar 31, 2017 \$'000	Dec 31, 2016 \$'000
<i>Current income tax</i>		
Current income tax charge	221	1,409
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	-	1,667
Income tax expense for the period/ year	221	3,076

14 CONTRIBUTED EQUITY

	No. of CBFI's '000	\$'000
Balance at January 1, 2016	811,364	18,369,994
CBFI's on issue at December 31, 2016	811,364	18,369,994
Balance at January 1, 2017	811,364	18,369,994
CBFI's on issue at March 31, 2017	811,364	18,369,994

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

15. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

- Trade and other receivable and payables
- Investment properties
- Derivative financial instruments

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

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15 FAIR VALUES OF ASSETS AND LIABILITIES (CONTINUED)

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:

	Level 2 \$'000	Fair value \$'000	Carrying amount \$'000
As at March 31, 2017			
Interest-bearing liabilities*	16,070,407	16,070,407	16,032,559
As at December 31, 2016			
Interest-bearing liabilities*	18,083,533	18,083,533	18,014,426

*Net of unamortized transaction costs.

	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at March 31, 2017			
Derivative financial instruments	95,380	-	95,380
Investment properties		39,356,461	39,356,461
As at December 31, 2016			
Derivative financial instruments	97,762	-	97,762
Investment properties	-	42,466,715	42,466,715

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

	Mar 31, 2017 \$'000	Dec 31, 2016 \$'000
Balance at the beginning of the period/year	42,466,715	35,639,298
Capital Expenditure	278,021	452,145
Asset Acquisitions	-	447,945
Net unrealized foreign exchange gain on US\$ denominated investment properties measured at fair value	(3,086,820)	5,731,704
Unrealized revaluation (loss)/gain on investment properties measured at fair value	(301,455)	195,623
Balance at the end of the period/year	39,356,461	42,466,715

16. COMMITMENTS AND CONTINGENT LIABILITIES

On July 23, 2015, MMREIT Industrial Trust IV completed the acquisition of an eight-property industrial portfolio located in Monterrey, Nuevo Leon, which includes four stabilized properties, two build-to-suit ("BTS") development properties and two land parcels. As per the purchase agreement, FIBRA Macquarie is committed to pay an additional consideration of US\$5.6 million (approximately \$105.3 million) for the two BTS projects, in each case subject to development completion and the tenant having taken possession and paid the first month's rent. The first BTS project was completed during the fourth quarter of 2015 and has been recognized as a financial liability. The second BTS project is expected to be completed by the second quarter of the 2017. The group has not significant contingent liabilities.

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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

The key management personnel are employed and remunerated by the Manager.

(b) Trustee

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

The trustee of the Investment Trusts is CIBanco, Sociedad Anónima., Institución de Banca Múltiple, (formerly The Bank of New York Mellon, Sociedad Anónima, Institución de Banca Múltiple) whose registered office is at Paseo de las Palmas 215, piso 7, Col. Lomas de Chapultepec, C.P. 11000, Mexico, D.F. ("Investment Trust Trustee"). The other trustees within the Group are Banco Nacional de Mexico and Deutsche Bank Mexico. For the three months ended March 31, 2017, the Trustees fees for the Group amounted to \$1.2 million (March 31, 2016: \$1.0 million) respectively.

As at March 31, 2017, fees payable to the Trustees' amounted to \$0.1 million (March 31, 2016 - \$nil).

(c) Manager

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

Under the terms of FIBRA Macquarie's trust agreement, MMREM is entitled to receive a base management fee of \$48.1 million (March 31, 2016: \$46.1 million) for the three months ended March 31, 2017. The base management fee is calculated as 1% per annum of the value of the market capitalization of FIBRA Macquarie for the relevant calculation period. The fee is calculated on April 1 and October 1 respectively for the subsequent six month period. The market capitalization is calculated as the product of: (i) the average closing price per CBFI during the last 60 trading days prior to the calculation date (or, in the case of the period to March 31, 2013, the issuance price per CBFI in the global offering) and, (ii) the total number of outstanding CBFIs at the close of trading on the calculation date (or, in the case of the period to March 31, 2013, the total number of outstanding CBFIs at close of trading on the initial settlement date of the global offering, including any CBFIs issued and effectively listed at any time as a result of the exercise of any over-allotment option in connection with the global offering).

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

(d) Other associated entities

During the three months ended March 31, 2017 amounts totaling \$0.5 million (March 31, 2016: 1.6 million) were paid to Macquarie Services (Mexico) S.A. de C.V., an associated entity of MMREM in respect of out of pocket expenses incurred by MMREM in the performance of its duties as Manager. Additionally, an amount of \$1.0 million (March 31, 2016: 0.1 million) was paid to other associated entities of MMREM in the same respect for the three months ended March 31, 2017.

As at March 31, 2017, Macquarie Infrastructure and Real Assets Holding Pty Limited (formerly Macquarie Development Capital Pty Limited), an associated entity of MMREM, held 36,853,632 CBFIs and received a distribution of \$16.2 million during the period ended March 31 2017 (March 31, 2016: \$16.9 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.

During the three months ended March 31, 2017, FIBRA Macquarie paid VAT on behalf of the JV Trusts amounting to \$3.7 million (March 31, 2016: \$2.6 million). These recoverable amounts have been settled against the distributions received by FIBRA Macquarie from the JV Trusts.

18. EVENTS OCCURRING AFTER REPORTING PERIOD

On April 27, 2017, FIBRA Macquarie reached the financial close of a sale transaction, for the sale of two investment properties located in La Paz and Asencion as part of its asset recycling program. At March 31, 2017, these properties were classified as held for sale, per IFRS 5.

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.

