

## **FIBRA MACQUARIE MÉXICO REPORTS SECOND QUARTER 2018 RESULTS**

- **AFFO per Certificate Increases 6.2% YoY -**
- **Increases FY18 AFFO guidance to between Ps 2.28 and Ps 2.33 per certificate -**
- **Increases FY18 Distribution guidance to Ps 1.60 per certificate -**

MEXICO CITY, July 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 June 30, 2018.

### **SECOND QUARTER 2018 HIGHLIGHTS**

- Increase in AFFO per certificate of 6.2% YoY to a record Ps 0.6042
- Average industrial and retail rental rates increased 2.1% and 5.1% YoY, respectively
- Increase in occupancy of 63 bps QoQ
- Increase in quarterly NOI margin of 153 basis points YoY
- Post-quarter completed sale of 35 non-strategic assets for proceeds of US\$80.2 million
- Authorization of a quarterly cash distribution of Ps 0.39 per certificate
- Increases FY18 AFFO guidance to between Ps 2.28 and Ps 2.33 per certificate and FY18 distribution guidance to Ps 1.60 per certificate

### **MANAGEMENT COMMENTARY**

“Our results in the second quarter demonstrate FIBRAMQ’s ongoing commitment to operational excellence and the execution of our strategic initiatives,” said Juan Monroy, FIBRA Macquarie’s chief executive officer. “We delivered 6.2% growth in AFFO per certificate, along with robust leasing momentum in both our industrial and retail portfolios. A key highlight of the quarter was the successful signing and subsequent sale of 35 non-strategic industrial assets. This transaction enhances our overall portfolio composition and key financial metrics. Consequently, we are better positioned to concentrate resources in our strategic markets and ultimately redirect the proceeds into value creating initiatives, including expansions, development and certificate buyback for cancellation. We are pleased with our ongoing progress and remain focused on executing on our strategy.”

## FINANCIAL AND OPERATING RESULTS

### Consolidated Portfolio

FIBRAMQ's total results were as follows:

TOTAL PORTFOLIO	2Q18	2Q17	Variance	YTD 18	YTD 17	Variance
Net Operating Income (NOI)	Ps 834.4m	Ps 792.6m	5.3%	Ps 1,659.2m	Ps 1,631.4	1.7%
EBITDA	Ps 778.5m	Ps 738.9m	5.4%	Ps 1,546.3m	Ps 1,517.7m	1.9%
Funds From Operations (FFO)	Ps 546.1m	Ps 522.8m	4.5%	Ps 1,093.0m	Ps 1,072.7m	1.9%
FFO per certificate	Ps 0.6905	Ps 0.6443	7.2%	Ps 1.3796	Ps 1.3221	4.4%
Adjusted Funds From Operations (AFFO)	Ps 477.9m	Ps 461.4m	3.6%	Ps 955.7m	Ps 934.6m	2.3%
AFFO per certificate	Ps 0.6042	Ps 0.5687	6.2%	Ps 1.2062	Ps 1.1519	4.7%
NOI Margin	88.5%	87.0%	153 bps	88.1%	87.1%	98 bps
AFFO Margin	50.7%	50.6%	5 bps	50.7%	49.9%	83 bps
GLA ('000s sqm) EOP	3,417	3,448	-0.9%	3,417	3,448	-0.9%
Occupancy EOP	92.8%	93.0%	-16 bps	92.8%	93.0%	-16 bps
Average Occupancy	92.5%	92.4%	11 bps	92.4%	92.2%	21 bps

FIBRAMQ's same store portfolio results were as follows:

TOTAL PORTFOLIO - SAME STORE	2Q18	2Q17	Variance	YTD 18	YTD 17	Variance
Net Operating Income (NOI)	Ps 834.4m	Ps 785.3m	6.1%	Ps 1,658.1m	Ps 1,610.7m	2.9%
GLA ('000s sqm) EOP	3,417	3,406	0.3%	3,404	3,392	0.4%
Occupancy EOP	92.8%	92.9%	-3 bps	93.0%	93.2%	-23 bps
Industrial Retention (LTM)	82.9%	74.1%	882 bps	82.9%	74.1%	882 bps
Weighted Avg Lease Term Remaining (years) EOP	3.5	3.5	0.0%	3.5	3.5	-0.1%

### Industrial Portfolio

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

INDUSTRIAL PORTFOLIO	2Q18	2Q17	Variance	YTD 18	YTD 17	Variance
Net Operating Income (NOI)	Ps 686.2m	Ps 653.5m	5.0%	Ps 1,369.3m	Ps 1,358.5m	0.8%
NOI Margin	91.6%	90.0%	162 bps	91.5%	90.1%	136 bps
GLA ('000s sqft) EOP	31,866	32,215	-1.1%	31,866	32,215	-1.1%
GLA ('000s sqm) EOP	2,960	2,993	-1.1%	2,960	2,993	-1.1%
Occupancy EOP	92.6%	92.6%	-2 bps	92.6%	92.6%	-2 bps
Average Occupancy	92.2%	92.0%	22 bps	92.0%	92.3%	-31 bps
Average monthly rent per leased (US\$/sqm) EOP	\$4.69	\$4.59	2.1%	\$4.69	\$4.59	2.1%
Customer retention LTM	83%	75%	788 bps	83%	75%	788 bps
Weighted Avg Lease Term Remaining (years) EOP	3.3	3.1	3.7%	3.3	3.1	3.7%

For the three months ended June 30, 2018, FIBRAMQ's industrial portfolio delivered net operating income (NOI) of Ps 686.2 million, an increase of 5.0% compared to Ps 653.5 million in the prior

comparable period. NOI margin increased 162 basis points from the prior year period to 91.6% driven primarily by higher rental rates.

The industrial portfolio occupancy rate as of June 30, 2018 was 92.6%, consistent with the same quarter last year, and a 71 basis point increase from the end of the first quarter. FIBRAMQ began floor renovations on a 127 thousand square foot building in Monterrey that became vacant during the quarter. This property has been removed from GLA whilst under renovation, and will be added back to GLA once works are complete, which is expected by the end of the first quarter of 2019. Rental rates improved compared to the same quarter last year, with a closing weighted average of US\$4.69 per leased square meter per month, a 2.1% increase. This rate increase was driven primarily by contractual increases, along with positive renewal spreads.

FIBRAMQ signed 28 new and renewal leases in the second quarter of 2018, comprising 2.1 million square feet. Signed leases included six new leases totaling 350 thousand square feet and 22 renewal leases totaling 1.7 million square feet. Notable new leases in the quarter include a plastics manufacturer in Ciudad Juárez, a logistics firm in Monterrey, and three automotive parts suppliers in Matamoros, Reynosa and Hermosillo. Renewal activity was robust and diversified across various geographies and customer types, including a global manufacturer of health products, a glass manufacturer, and a fiber optics cable manufacturer.

For the twelve-month period ending June 30, 2018, FIBRAMQ achieved a retention rate of 83%, showing ongoing improvement from the prior comparable period.

## Retail Portfolio

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

RETAIL PORTFOLIO	2Q18	2Q17	Variance	YTD 18	YTD 17	Variance
Net Operating Income (NOI)	Ps 148.2m	Ps 139.1m	6.6%	Ps 289.9m	Ps 272.9m	6.2%
NOI Margin	76.5%	75.1%	136 bps	74.8%	74.5%	27 bps
GLA ('000s sqm) EOP	457	455	0.4%	457	455	0.4%
Occupancy EOP	94.5%	95.3%	-77 bps	94.5%	95.3%	-77 bps
Average Occupancy	94.5%	95.1%	-63 bps	94.6%	95.1%	-49 bps
Average monthly rent per leased (Ps/sqm) EOP	Ps 154.34	Ps 146.82	5.1%	Ps 154.34	Ps 146.82	5.1%
Customer retention LTM	69%	64%	479 bps	69%	64%	479 bps
Weighted Avg Lease Term Remaining (years) EOP	4.6	5.0	-8.4%	4.6	5.0	-8.4%

FIBRAMQ's retail portfolio delivered NOI of Ps 148.2 million, an increase of 6.6% from the prior year period. Year-over-year growth was driven by a 5.1% increase in average monthly rents and a focus on cost controls resulting in an improvement in expenses. During the second quarter, FIBRAMQ signed 66 leases, representing 11.8 thousand square meters. This activity included 19 new leases and 47 renewals. Renewal volume was meaningfully greater than historical average, and was the most active quarter over the past four year period.

## **PORTFOLIO ACTIVITY**

FIBRAMQ continues to effectively execute its strategy to deploy retained AFFO into accretive investments.

### **Expansions**

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 half of 2018, FIBRAMQ deployed or committed US\$8.1 million.

During the second quarter, FIBRAMQ completed a 59 thousand square foot expansion for a manufacturer of personal care products in Reynosa.

### **Sale of non-strategic asset portfolio**

Subsequent to the end of the second quarter, FIBRAMQ closed on the sale of 35 non-strategic industrial assets for US\$80.2 million of cash proceeds. FIBRA Macquarie received US\$61.0 million of the sale proceeds at closing and will receive US\$11.2 million and US\$8.0 million 18 months and 24 months following closing, respectively. Initial proceeds were used to fully repay the US\$40.0 million outstanding balance on FIBRA Macquarie's revolver, with the remaining US\$21.0 million held as unrestricted cash to be invested in expansions, development and certificate buybacks for cancellation. Two additional properties with an aggregate value of US\$7.2 million remain under contract for sale.

The properties included in the transaction are located in Mexico's northern markets of Matamoros, Reynosa, Ciudad Juárez, Chihuahua, Mexicali and Tijuana. These assets contributed Ps. 118.4 million in NOI for the twelve month period ending June 30, 2018. They had a combined occupancy of 75.8% at the end of the second quarter, average monthly rent of US\$3.64 per square meter, and GLA of 2,584 thousand square feet (240.1 thousand square meters).

In total, including the two assets under contract for sale, FIBRA Macquarie has sold, or agreed to sell, 44 non-strategic properties at an aggregate 2.2 percent premium to their book value, generating a total of US\$117.5 million in proceeds. This includes exiting four tertiary, single-property markets. These sales have increased FIBRAMQ's focus on core assets and core markets and enhanced the overall portfolio composition and key financial metrics. Additionally, FIBRA Macquarie expects to achieve improved operational efficiencies, with expected NOI margin expansion driven by higher average occupancy and rental rates in the remaining portfolio. With the completion of this disposition, FIBRA Macquarie has substantially accomplished its near-term asset recycling objectives.

The following table demonstrates the realized enhancements across key operating and financial metrics, based upon second quarter results adjusted for the pro forma impact of the 37 assets included in the transaction.

## Key Industrial Portfolio Metrics

	2Q18 Actual	2Q18 Pro forma <sup>1</sup>	Variance
Net operating income (NOI) (LTM)	Ps 2,681.4m	Ps 2,563.0m	-4.4%
NOI margin (LTM)	90.9%	91.5%	58bps
Occupancy (EOP)	92.6%	94.1%	148bps
Avg. monthly rent per leased (US\$/sqm) (EOP)	\$4.69	\$4.76	1.6%
Weighted avg. lease term remaining (years) (EOP)	3.25	3.30	1.5%
Percentage of US\$ leases (EOP)	92.1%	91.8%	-26bps
GLA ('000s sqft) (EOP)	31,866	29,281	-8.1%
GLA ('000s sqm) (EOP)	2,960	2,720	-8.1%
Number of properties (EOP)	271	234	-13.7%

## Key Financial Metrics

	2Q18 Actual	2Q18 Pro forma <sup>1</sup>	Variance
Real estate net LTV	39.4%	36.9%	-247bps
Regulatory LTV	36.5%	35.4%	-109bps
Undrawn revolver facility (US\$)	217.3m	257.3m	18.4%
Fixed rate debt proportion (%)	95.4%	100.0%	460bps
Debt tenor (weighted avg. years)	5.5	5.7	3.6%
Total debt (US\$)	876.4m	836.4m	-4.6%
Total unrestricted cash (US\$)	15.9m	41.5m	161.2%
Asset sales receivable (US\$)	0.0m	20.8m	n.a.
Net debt/EBITDA <sup>2</sup> (Annualized 2Q18)	5.4x	5.2x	-3.5%
Weighted avg. cost of debt (p.a.)	5.3%	5.4%	2bps
Regulatory DSCR	5.2x	5.9x	13.5%

1. 2Q18 pro forma is provided for illustrative purposes. It assumes the transaction was completed at the beginning of 2Q17 and includes adjustments which are directly attributable to the transaction. LTM represents last 12 months, EOP represents end of period. 2. Net Debt/EBITDA is calculated in USDe using EoP FX Rate: 19.8633 for Net Debt and Avg 2Q18 FX Rate: 19.3724 for EBITDA.

## BALANCE SHEET

As of June 30, 2018, FIBRAMQ had approximately Ps 17.4 billion of debt outstanding, Ps 4.3 billion available on its undrawn revolving credit facility and Ps 316.5 million of unrestricted cash on hand. FIBRAMQ's indebtedness was 95% fixed rate and had a weighted-average debt tenor remaining of 5.5 years.

FIBRAMQ's CNBV regulatory debt to total asset ratio was 36.5% and the debt service coverage ratio was 5.2x.

## 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 assets sales to deploy capital across property expansions and developments, certificates repurchased for cancellation, and repayment of revolving debt.

For more detail, please refer to the Second Quarter 2018 Supplementary Information materials located at [www.fibramacquarie.com/investors/bolsa-mexicana-de-valores-filings](http://www.fibramacquarie.com/investors/bolsa-mexicana-de-valores-filings).

SOURCES AND USES OF CAPITAL (FY2017 and 1H2018)	Ps. equivalent	US\$ equivalent
<b>Sources</b>		
Retained AFFO	962.0m	50.7m
Asset sales	525.1m	28.3m
Surplus cash	458.9m	23.7m
<b>Total Sources</b>	<b>1,946.0m</b>	<b>102.6m</b>
<b>Uses</b>		
Expansions & developments	480.8m	25.4m
Certificates repurchased for cancellation	534.5m	28.1m
Debt repayment	832.9m	44.0m
Other	97.7m	5.1m
<b>Total Uses</b>	<b>1,946.0m</b>	<b>102.6m</b>

Note: Other includes US\$2.0m of income-generating Above-Standard Tenant Improvements. Uses average FX of Ps 18.96 for 2017 and 1H2018. Certificates repurchased for cancellation include all certificates repurchased up to 30 June, 2018.

## CERTIFICATE BUYBACK FOR CANCELLATION PROGRAM

During the second 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 of Certificates	Repurchase amount
Second quarter 2018	6.1m	Ps 122.3m
Since program commencement <sup>1</sup>	27.0m	Ps 570.2m
Remaining to reach 5% of certificates	13.6m	

1. Includes the certificates repurchased up to 26<sup>th</sup> July, 2018

All repurchased certificates have been cancelled or will be cancelled in due course. FIBRAMQ's Technical Committee has authorized the 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. FIBRAMQ's Technical Committee has approved the extension of the certificate repurchase program through to June 25, 2019 from its prior expiration date of June 25, 2018.

Daily updates of FIBRAMQ's buyback activity can be found at [http://www.bmv.com.mx/en/issuers/corporativeinformation/FIBRAMQ-30024-CGEN\\_CAPIT](http://www.bmv.com.mx/en/issuers/corporativeinformation/FIBRAMQ-30024-CGEN_CAPIT).

## **DISTRIBUTION**

On July 26, 2018, FIBRAMQ declared a cash distribution for the quarter ended June 30, 2018 of Ps 0.39 per certificate. The distribution is expected to be paid on August 10, 2018 to holders of record on August 9, 2018. FIBRAMQ's certificates will commence trading ex-distribution on August 8, 2018.

## **2018 GUIDANCE**

FIBRA Macquarie is updating its guidance for 2018 AFFO to be between Ps. 2.28 and Ps. 2.33 per certificate, up from between Ps 2.19 and Ps 2.24 per certificate. In respect of the full year 2018, FIBRAMQ now expects to make cash distributions of Ps. 1.60 per certificate. A distribution of Ps. 0.41 per certificate is expected to be made in respect of each of the third and fourth quarters of 2018.

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
- No new acquisitions or divestments other than the two remaining assets under sale agreement
- Repurchase for cancellation in 2018 of an additional 13.6 million certificates, resulting in an aggregate 5.0% of issued certificates being repurchased and cancelled, to close 2018 with 770.8 million certificates outstanding
- The payment of cash distributions is subject to the approval of the board of directors of the Manager for cash distributions
- The continued stable performance of the properties in the portfolio, and market conditions.

## **WEBCAST AND CONFERENCE CALL**

FIBRAMQ will host an earnings conference call and webcast presentation on Friday, July 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](http://www.fibramacquarie.com) or by dialing toll free +1 (877) 304 8957. Callers from outside the United States may dial +1 (973) 638 3235. Please ask for the *FIBRA Macquarie Second 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 7898395. A webcast archive of the conference call and a copy of FIBRAMQ's financial information for the second quarter 2018 will also be available on FIBRAMQ's website, [www.fibramacquarie.com](http://www.fibramacquarie.com).

## **ADDITIONAL INFORMATION**

For detailed charts, tables and definitions, please refer to the Second Quarter 2018 Supplementary Information materials located at [www.fibramacquarie.com/investors/bolsa-mexicana-de-valores-filings](http://www.fibramacquarie.com/investors/bolsa-mexicana-de-valores-filings).

### **About FIBRA Macquarie**

FIBRA Macquarie México (FIBRA Macquarie) (BMV:FIBRAMQ) is a real estate investment trust (*fideicomiso de inversión en bienes raíces*), or FIBRA, listed on the Mexican Stock Exchange (*Bolsa Mexicana de Valores*) targeting industrial, retail and office real estate opportunities in Mexico, with a primary focus on stabilized income-producing properties. FIBRA Macquarie's portfolio consists of 236 industrial properties and 17 retail/office properties, located in 20 cities across 16 Mexican states as of July 26, 2018. Nine of the retail/office properties are held through a 50/50 joint venture. 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](http://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\$119 billion of total assets under management as of March 31, 2018.

### **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 over 14,400 people and has assets under management of approximately US\$382 billion as of March 31, 2018.

For more information, please visit [www.macquarie.com](http://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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**THIS ANNOUNCEMENT IS NOT FOR RELEASE IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA.**



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## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT JUNE 30, 2018 (UNAUDITED) AND DECEMBER 31, 2017

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

	Jun 30, 2018 \$'000	Dec 31, 2017 \$'000
<b>Current assets</b>		
Cash and cash equivalents	292,264	417,529
Trade and other receivables, net	56,012	74,539
Other assets	99,426	73,938
Investment properties held for sale	1,742,764	-
<b>Total current assets</b>	<b>2,190,466</b>	<b>566,006</b>
<b>Non-current assets</b>		
Restricted cash	50,615	50,289
Other assets	189,887	196,673
Equity-accounted investees	1,161,150	1,137,652
Goodwill	882,758	882,758
Investment properties	40,471,656	41,722,712
Derivative financial instruments	154,263	111,573
<b>Total non-current assets</b>	<b>42,910,329</b>	<b>44,101,657</b>
<b>Total assets</b>	<b>45,100,795</b>	<b>44,667,663</b>
<b>Current liabilities</b>		
Trade and other payables	429,452	630,784
Tenant deposits	38,935	39,295
Interest-bearing liabilities	780,533	-
<b>Total current liabilities</b>	<b>1,248,920</b>	<b>670,079</b>
<b>Non-current liabilities</b>		
Tenant deposits	318,863	313,719
Interest-bearing liabilities	15,664,122	16,318,550
Deferred income tax	6,277	6,277
<b>Total non-current liabilities</b>	<b>15,989,262</b>	<b>16,638,546</b>
<b>Total liabilities</b>	<b>17,238,182</b>	<b>17,308,625</b>
<b>Net assets</b>	<b>27,862,613</b>	<b>27,359,038</b>
<b>Equity</b>		
Contributed equity	17,835,081	18,118,973
Retained earnings	10,027,532	9,240,065
<b>Total equity</b>	<b>27,862,613</b>	<b>27,359,038</b>

## CONDENSED UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

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

	3 months ended		6 months ended	
	Jun 30, 2018	Jun 30, 2017	Jun 30, 2018	Jun 30, 2017
	\$'000	\$'000	\$'000	\$'000
Property related income	889,227	860,669	1,777,390	1,773,836
Property related expenses	(109,805)	(124,362)	(228,340)	(253,664)
<b>Net property income</b>	<b>779,422</b>	<b>736,307</b>	<b>1,549,050</b>	<b>1,520,172</b>
Management fees	(40,492)	(42,213)	(86,209)	(90,342)
Transaction related expenses	(2,043)	(3,062)	(3,912)	(4,323)
Professional, legal and other expenses	(14,884)	(11,418)	(26,035)	(23,182)
<b>Total expenses</b>	<b>(57,419)</b>	<b>(56,693)</b>	<b>(116,156)</b>	<b>(117,847)</b>
Finance costs	(228,721)	(207,223)	(444,287)	(433,132)
Financial income	3,702	2,451	6,629	5,328
Share of profits from equity-accounted investees	24,952	45,966	53,126	61,733
Foreign exchange (loss)/gain	(1,252,709)	766,894	(117,538)	2,353,672
Net unrealized foreign exchange gain/(loss) on foreign currency denominated investment property	2,520,523	(1,514,807)	240,153	(4,601,627)
Unrealized revaluation gain/(loss) on investment property measured at fair value	216,285	126,123	180,069	(175,332)
Net unrealized gain/(loss) on interest rate swaps	13,766	(25,300)	42,690	(27,683)
<b>Profit/(loss) before tax for the period</b>	<b>2,019,801</b>	<b>(126,282)</b>	<b>1,393,736</b>	<b>(1,414,716)</b>
Current income tax	(155)	(418)	(213)	(639)
<b>Profit/(loss) for the period</b>	<b>2,019,646</b>	<b>(126,700)</b>	<b>1,393,523</b>	<b>(1,415,355)</b>
<b>Other comprehensive income</b>				
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive profit/(loss) for the period</b>	<b>2,019,646</b>	<b>(126,700)</b>	<b>1,393,523</b>	<b>(1,415,355)</b>
<b>Profit/(loss) per CBFI*</b>				
Basic and diluted profit/(loss) per CBFI (pesos)	2.55	(0.16)	1.76	(1.74)

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

## CONDENSED UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2017

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

	Contributed equity \$'000	Retained earnings \$'000	Total \$'000
Total equity at January 1, 2017	18,369,994	8,666,697	27,036,691
Total comprehensive loss for the period	-	(1,415,355)	(1,415,355)
<b>Total comprehensive loss for the period</b>	-	(1,415,355)	(1,415,355)
Transactions with equity holders in their capacity as equity holders:			
- Distributions to CBFI holders	-	(661,262)	(661,262)
- Repurchase of CBFIs, including associated costs	(9,612)		(9,612)
<b>Total transactions with equity holders in their capacity as equity holders</b>	(9,612)	(661,262)	(670,874)
<b>Total equity at June 30, 2017</b>	<b>18,360,382</b>	<b>6,590,080</b>	<b>24,950,462</b>
Total equity at January 1, 2018	<b>18,118,973</b>	<b>9,240,065</b>	<b>27,359,038</b>
Total comprehensive profit for the period	-	<b>1,393,523</b>	<b>1,393,523</b>
<b>Total comprehensive profit for the period</b>	-	<b>1,393,523</b>	<b>1,393,523</b>
Transactions with equity holders in their capacity as equity holders:			
- Distributions to CBFI holders	-	(606,056)	(606,056)
- Repurchase of CBFIs, including associated costs	(283,892)	-	(283,892)
<b>Total transactions with equity holders in their capacity as equity holders</b>	(283,892)	(606,056)	(889,948)
<b>Total equity at June 30, 2018</b>	<b>17,835,081</b>	<b>10,027,532</b>	<b>27,862,613</b>

## CONDENSED UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2017

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

	6 months ended	
	Jun 30, 2018	Jun 30, 2017
	\$'000	\$'000
	Inflows / (Outflows)	Inflows / (Outflows)
<b>Operating activities:</b>		
Profit/(loss) before tax for the period	1,393,736	(1,414,716)
<b>Adjustments for:</b>		
Net unrealized foreign exchange (gain)/loss on foreign currency denominated investment property measured at fair value	(240,153)	4,601,627
Unrealized revaluation (gain)/loss on investment property measured at fair value	(180,069)	175,332
Straight line rental income adjustment	2,953	(639)
Tenant improvement amortization	14,862	13,984
Leasing expense amortization	27,792	23,704
Financial income	(6,629)	(5,328)
Provision for bad debts	11,878	11,520
Net foreign exchange loss/(gain)	116,991	(2,424,236)
Finance costs recognized in profit/(loss) for the period	444,287	433,132
Share of profits from equity-accounted investees	(53,126)	(61,733)
Net unrealized (gain)/loss on interest rates swaps	(42,690)	27,683
<b>Movements in working capital:</b>		
Increase in receivables	(15,772)	(36,408)
(Decrease)/increase in payables	(206,294)	44,691
<b>Net cash flows from operating activities</b>	<b>1,267,766</b>	<b>1,388,613</b>
<b>Investing activities:</b>		
Investment property acquired	(61,244)	-
Proceeds from investment properties disposed	-	90,205
Maintenance capital expenditure and other capitalized cost	(52,897)	(249,146)
Distributions received from equity-accounted investees	29,628	32,254
<b>Net cash flows used in investing activities</b>	<b>(84,513)</b>	<b>(126,687)</b>
<b>Financing activities:</b>		
Financial income	6,629	5,328
Repayment of interest-bearing liabilities	-	(422,712)
Interest paid	(425,420)	(417,314)
Repurchase of CBFIs, including associated costs	(283,892)	-
Distribution to CBFI holders	(606,056)	(661,262)
<b>Net cash flows from financing activities</b>	<b>(1,308,739)</b>	<b>(1,495,960)</b>
Net decrease in cash and cash equivalents	(125,486)	(234,034)
Cash and cash equivalents at the beginning of the period	467,818	663,173
Foreign exchange loss on cash and cash equivalents	547	70,564
<b>Cash and cash equivalents at the end of the period*</b>	<b>342,879</b>	<b>499,703</b>

Includes restricted cash balance of \$50.6 million (2017: \$43.9 million)



## **FIBRA MACQUARIE MÉXICO**

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDING JUNE 30, 2018

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



# FIBRA

Macquarie México

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### Disclaimer

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



## **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 Múltiple, División Fiduciaria) and its controlled entities ("Fibra Macquarie México" or "the Trust") as at June 30, 2018, the condensed interim consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the condensed interim consolidated financial statements ("the condensed interim consolidated financial statements"). Management is responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

### *Scope of Review*

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





*FIBRA Macquarie Mexico*  
2.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements as at and for the six months ended June 30, 2018 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG GARDENAS 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  
July 26, 2018

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT JUNE 30, 2018 (UNAUDITED) AND DECEMBER 31, 2017

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

	Note	Jun 30, 2018 \$'000	Dec 31, 2017 \$'000
<b>Current assets</b>			
Cash and cash equivalents		292,264	417,529
Trade and other receivables, net		56,012	74,539
Other assets		99,426	73,938
Investment properties held for sale	10	1,742,764	-
<b>Total current assets</b>		<b>2,190,466</b>	<b>566,006</b>
<b>Non-current assets</b>			
Restricted cash		50,615	50,289
Other assets		189,887	196,673
Equity-accounted investees	9	1,161,150	1,137,652
Goodwill		882,758	882,758
Investment properties	11	40,471,656	41,722,712
Derivative financial instruments	13	154,263	111,573
<b>Total non-current assets</b>		<b>42,910,329</b>	<b>44,101,657</b>
<b>Total assets</b>		<b>45,100,795</b>	<b>44,667,663</b>
<b>Current liabilities</b>			
Trade and other payables		429,452	630,784
Tenant deposits		38,935	39,295
Interest-bearing liabilities	12	780,533	-
<b>Total current liabilities</b>		<b>1,248,920</b>	<b>670,079</b>
<b>Non-current liabilities</b>			
Tenant deposits		318,863	313,719
Interest-bearing liabilities	12	15,664,122	16,318,550
Deferred income tax	14	6,277	6,277
<b>Total non-current liabilities</b>		<b>15,989,262</b>	<b>16,638,546</b>
<b>Total liabilities</b>		<b>17,238,182</b>	<b>17,308,625</b>
<b>Net assets</b>		<b>27,862,613</b>	<b>27,359,038</b>
<b>Equity</b>			
Contributed equity	15	17,835,081	18,118,973
Retained earnings		10,027,532	9,240,065
<b>Total equity</b>		<b>27,862,613</b>	<b>27,359,038</b>

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

## CONDENSED UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

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

	Note	3 months ended		6 months ended	
		Jun 30, 2018	Jun 30, 2017	Jun 30, 2018	Jun 30, 2017
		\$'000	\$'000	\$'000	\$'000
Property related income	4(a)	889,227	860,669	1,777,390	1,773,836
Property related expenses	4(b)	(109,805)	(124,362)	(228,340)	(253,664)
<b>Net property income</b>		<b>779,422</b>	<b>736,307</b>	<b>1,549,050</b>	<b>1,520,172</b>
Management fees	17(c)	(40,492)	(42,213)	(86,209)	(90,342)
Transaction related expenses		(2,043)	(3,062)	(3,912)	(4,323)
Professional, legal and other expenses	4(c)	(14,884)	(11,418)	(26,035)	(23,182)
<b>Total expenses</b>		<b>(57,419)</b>	<b>(56,693)</b>	<b>(116,156)</b>	<b>(117,847)</b>
Finance costs	4(d)	(228,721)	(207,223)	(444,287)	(433,132)
Financial income	4(e)	3,702	2,451	6,629	5,328
Share of profits from equity-accounted investees	9	24,952	45,966	53,126	61,733
Foreign exchange (loss)/gain	4(f)	(1,252,709)	766,894	(117,538)	2,353,672
Net unrealized foreign exchange gain/(loss) on foreign currency denominated investment property	10,11	2,520,523	(1,514,807)	240,153	(4,601,627)
Unrealized revaluation gain/(loss) on investment property measured at fair value	10,11	216,285	126,123	180,069	(175,332)
Net unrealized gain/(loss) on interest rate swaps	13	13,766	(25,300)	42,690	(27,683)
<b>Profit/(loss) before tax for the period</b>		<b>2,019,801</b>	<b>(126,282)</b>	<b>1,393,736</b>	<b>(1,414,716)</b>
Current income tax		(155)	(418)	(213)	(639)
<b>Profit/(loss) for the period</b>		<b>2,019,646</b>	<b>(126,700)</b>	<b>1,393,523</b>	<b>(1,415,355)</b>
<b>Other comprehensive income</b>					
Other comprehensive income for the period		-	-	-	-
<b>Total comprehensive profit/(loss) for the period</b>		<b>2,019,646</b>	<b>(126,700)</b>	<b>1,393,523</b>	<b>(1,415,355)</b>

**Profit/(loss) per CBFI\***

Basic and diluted profit/(loss) per CBFI (pesos)	8	2.55	(0.16)	1.76	(1.74) *Real
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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 SIX MONTHS ENDED JUNE 30, 2018 AND 2017

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

		Contributed equity	Retained earnings	Total
	Note	\$'000	\$'000	\$'000
Total equity at January 1, 2017	15	18,369,994	8,666,697	27,036,691
Total comprehensive loss for the period		-	(1,415,355)	(1,415,355)
<b>Total comprehensive loss for the period</b>		-	(1,415,355)	(1,415,355)
Transactions with equity holders in their capacity as equity holders:				
- Distributions to CBFI holders	7	-	(661,262)	(661,262)
- Repurchase of CBFIs, including associated costs	15	(9,612)		(9,612)
<b>Total transactions with equity holders in their capacity as equity holders</b>		(9,612)	(661,262)	(670,874)
<b>Total equity at June 30, 2017</b>		<b>18,360,382</b>	<b>6,590,080</b>	<b>24,950,462</b>
Total equity at January 1, 2018	15	<b>18,118,973</b>	<b>9,240,065</b>	<b>27,359,038</b>
Total comprehensive profit for the period		-	<b>1,393,523</b>	<b>1,393,523</b>
<b>Total comprehensive profit for the period</b>		-	<b>1,393,523</b>	<b>1,393,523</b>
Transactions with equity holders in their capacity as equity holders:				
- Distributions to CBFI holders	7	-	(606,056)	(606,056)
- Repurchase of CBFIs, including associated costs	15	(283,892)	-	(283,892)
<b>Total transactions with equity holders in their capacity as equity holders</b>		(283,892)	(606,056)	(889,948)
<b>Total equity at June 30, 2018</b>		<b>17,835,081</b>	<b>10,027,532</b>	<b>27,862,613</b>

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

## CONDENSED UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2017

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

	Note	6 months ended	
		Jun 30, 2018 \$'000	Jun 30, 2017 \$'000
		Inflows / (Outflows)	Inflows / (Outflows)
<b>Operating activities:</b>			
Profit/(loss) before tax for the period		1,393,736	(1,414,716)
<b>Adjustments for:</b>			
Net unrealized foreign exchange (gain)/loss on foreign currency denominated investment property measured at fair value	10,11	(240,153)	4,601,627
Unrealized revaluation (gain)/loss on investment property measured at fair value	10,11	(180,069)	175,332
Straight line rental income adjustment		2,953	(639)
Tenant improvement amortization	4(b)	14,862	13,984
Leasing expense amortization	4(b)	27,792	23,704
Financial income	4(e)	(6,629)	(5,328)
Provision for bad debts	4(b)	11,878	11,520
Net foreign exchange loss/(gain)	4(f)	116,991	(2,424,236)
Finance costs recognized in profit/(loss) for the period	4(d)	444,287	433,132
Share of profits from equity-accounted investees	9	(53,126)	(61,733)
Net unrealized (gain)/loss on interest rates swaps	13	(42,690)	27,683
<b>Movements in working capital:</b>			
Increase in receivables		(15,772)	(36,408)
(Decrease)/increase in payables		(206,294)	44,691
<b>Net cash flows from operating activities</b>		<b>1,267,766</b>	<b>1,388,613</b>
<b>Investing activities:</b>			
Investment property acquired	11	(61,244)	-
Proceeds from investment properties disposed	11	-	90,205
Maintenance capital expenditure and other capitalized cost		(52,897)	(249,146)
Distributions received from equity-accounted investees	9	29,628	32,254
<b>Net cash flows used in investing activities</b>		<b>(84,513)</b>	<b>(126,687)</b>
<b>Financing activities:</b>			
Financial income	4(e)	6,629	5,328
Repayment of interest-bearing liabilities		-	(422,712)
Interest paid		(425,420)	(417,314)
Repurchase of CBFIs, including associated costs		(283,892)	-
Distribution to CBFI holders	7	(606,056)	(661,262)
<b>Net cash flows from financing activities</b>		<b>(1,308,739)</b>	<b>(1,495,960)</b>
Net decrease in cash and cash equivalents		(125,486)	(234,034)
Cash and cash equivalents at the beginning of the period		467,818	663,173
Foreign exchange loss on cash and cash equivalents	4(f)	547	70,564
<b>Cash and cash equivalents at the end of the period*</b>		<b>342,879</b>	<b>499,703</b>

Includes restricted cash balance of \$50.6 million (2017: \$43.9 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 Mexico, S.A., Institución de Banca Múltiple, División Fiduciaria, as substituted trustee, and CIBanco, S.A., Institución de Banca Múltiple ("CIBanco"), as substitute trustee, with the acknowledgment of MMREM as settlor and beneficiary in second place of the Trust Agreement, executed a trustee substitution agreement (hereinafter the "Trustee Substitution Agreement") whereby CIBanco agreed to act as the FIBRA Macquarie Trustee, assuming all the rights and obligations derived in such capacity from the Trust Agreement.

### *Background information*

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

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

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

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

The following acquisitions have been completed to date:

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

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

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

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

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

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

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

#### *Relevant activities*

On May 21, 2018, FIBRA Macquarie announced an agreement to sell 37 non-strategic industrial assets comprising 2.6 million square feet of gross leaseable area ("GLA") for US\$87.4 million of cash proceeds. The Transaction is fully comprised of non-strategic properties located in Mexico's northern markets. Upon the close of this transaction FIBRA Macquarie will have sold 44 non-strategic properties, for an equivalent total of US\$117.5 million. Refer to note 10 and 18 for further details.

On June 26, 2018, FIBRA Macquarie announced that its Technical Committee has approved the extension of its certificate repurchase program. The approval extends FIBRA Macquarie's certificate repurchase program for one year through June 25, 2019, refer to note 15 for further details.

## NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

### 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.

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

### 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 has initially adopted IFRS 9 Financial Instruments on January 1 2018. Furthermore, The Group, currently, does not designate any derivative as hedge instrument, 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, FVOCI and 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 derivative as hedging instrument, there is no impact nor change in the current policies of the Group.



## 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 (CONTINUED)

#### 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
<b>Financial Assets</b>					
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
<b>Financial Liabilities</b>					
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

#### e) Impairment:

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected credit losses ("ECL") to be recognized upon initial recognition of such receivable. To measure the ECL, the Group has established and uses a combination of two models, the Collective Model and Individual Assessment Model, based on the business characteristics and collection profile.

- The Collective Model calculates The ECL on Trade receivables by using a provision matrix composed of fixed provision rates based on an aging profile, adjusted for forward-looking factors specific to a tenant and economic environment.

- Individual Model determines the ECL of a client individually, evaluating each receivable on a specific basis for collectability using historical experience, in-place collateral, relevant credit information and adjusted for forward-looking information and on-going negotiations with the client to determine the duration and expected future collectability.

To monitor external factors that would impact the credit risk, the Group conducts regular follow-ups of the receivable balances, analyzing the collectability and aging profile, incorporating financial information of each client which provides with an insight of their future economic conditions.

A provision for impairment is recorded through a provision for doubtful debt account, and the amount of loss is recognized in the consolidated statement of comprehensive income within property expenses. Any subsequent recoveries of amounts previously provided for are credited against property expenses in the consolidated statement of comprehensive income.

## 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 (CONTINUED)

#### IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued *IFRS 15 - Revenue from Contracts with Customers* ("IFRS 15") which replaced IAS 18 - Revenue and IAS 11 - Construction Contracts and other related revenue interpretations effective January 1, 2018. IFRS 15 establishes the principles that the Group applies to report useful information about the nature, amount and timing of revenue arising from a contract with a customer.

As the Group's most material revenue stream of rental revenue is outside the scope of the new standard, the adoption of the new standard did not have any material impact on the condensed interim consolidated statement of comprehensive income. The recovery of costs related to common area maintenance services and car park income are considered within the scope of IFRS 15 and the Group has concluded that the pattern of revenue recognition remains unchanged. As the Group is already presenting main components of revenue in separate line items (refer to Note 4), there are no changes to disclosures on the adoption of the new standard.

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

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

	3 months ended		6 months ended	
	Jun 30, 2018	Jun 30, 2017	Jun 30, 2018	Jun 30, 2017
	\$'000	\$'000	\$'000	\$'000
<b>a) Property related income</b>				
Lease related income	829,668	807,967	1,660,240	1,669,356
Car park income	13,361	13,321	27,580	26,897
Expenses recoverable from tenants	46,198	39,381	89,570	77,583
<b>Total property related income</b>	<b>889,227</b>	<b>860,669</b>	<b>1,777,390</b>	<b>1,773,836</b>
<b>b) Property related expenses</b>				
Property administration expense	(16,618)	(15,226)	(35,171)	(32,795)
Property insurance	(6,497)	(7,172)	(12,886)	(15,562)
Property tax	(16,337)	(16,680)	(32,626)	(32,788)
Repairs and maintenance	(24,213)	(26,086)	(45,581)	(58,452)
Industrial park fees	(6,114)	(11,469)	(13,380)	(20,543)
Security services	(5,604)	(4,886)	(11,345)	(9,679)
Property related legal and consultancy expenses	(1,777)	(4,312)	(2,694)	(9,127)
Tenant improvements amortization	(7,615)	(6,168)	(14,862)	(13,984)
Leasing expenses amortization	(14,164)	(12,771)	(27,792)	(23,704)
Utilities	(4,119)	(5,378)	(8,225)	(10,319)
Marketing costs	(3,480)	(4,572)	(5,456)	(8,809)
Car park operating fees	(2,152)	(3,136)	(4,232)	(5,483)
Provision for bad debt	662	(6,072)	(11,878)	(11,520)
Other property related expenses	(1,777)	(434)	(2,212)	(899)
<b>Total property related expenses</b>	<b>(109,805)</b>	<b>(124,362)</b>	<b>(228,340)</b>	<b>(253,664)</b>
<b>c) Professional, legal and other expenses</b>				
Tax advisory expenses	(1,231)	(799)	(2,018)	(1,787)
Accountancy expenses	(2,331)	(2,413)	(4,051)	(4,825)
Valuation expenses	(1,676)	(1,632)	(2,302)	(3,579)
Audit expenses	(1,255)	(1,050)	(2,411)	(2,100)
Other professional expenses	(3,862)	(2,644)	(7,315)	(5,377)
Other expenses	(4,529)	(2,880)	(7,938)	(5,514)
<b>Total professional, legal and other expenses</b>	<b>(14,884)</b>	<b>(11,418)</b>	<b>(26,035)</b>	<b>(23,182)</b>
<b>d) Finance costs</b>				
Interest expense on interest-bearing liabilities	(218,495)	(195,369)	(424,915)	(409,439)
Other finance costs	(10,226)	(11,854)	(19,372)	(23,693)
<b>Total finance costs</b>	<b>(228,721)</b>	<b>(207,223)</b>	<b>(444,287)</b>	<b>(433,132)</b>
<b>e) Financial income</b>				
Returns earned on Mexican government bonds	3,702	2,451	6,629	5,328
<b>Total financial income</b>	<b>3,702</b>	<b>2,451</b>	<b>6,629</b>	<b>5,328</b>
<b>f) Foreign exchange (loss)/gain</b>				
Net unrealized foreign exchange (loss)/gain on monetary items	(67,054)	765,470	352,547	2,327,175
Net realized foreign exchange (loss)/gain	(1,185,655)	1,424	(470,085)	26,497
<b>Total foreign exchange (loss)/gain</b>	<b>(1,252,709)</b>	<b>766,894</b>	<b>(117,538)</b>	<b>2,353,672</b>

At June 30, 2018, the Group had 63 employees (June 30, 2017: 60 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 June 30, 2018	North East \$'000	Industrial			Retail/Office		Total \$'000
		Central	North West	North	South	Central	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers <sup>1</sup>	314,988	145,518	168,526	119,893	12,383	181,346	942,654
Segment net profit <sup>2</sup>	1,307,604	632,118	591,665	483,989	5,806	156,431	3,177,613
<i>Included in profit of the period:</i>							
Foreign exchange loss	(77,682)	(58,545)	(115,614)	(54,778)	-	(46)	(306,665)
Net unrealized foreign exchange gain on US\$ denominated investment property	1,044,710	531,412	532,734	411,667	-	-	2,520,523
Unrealized revaluation gain on investment property measured at fair value	78,736	40,707	42,770	31,859	2,883	31,766	228,721
Finance costs <sup>3</sup>	(14,270)	(10,682)	(20,947)	(9,970)	(4,339)	(14,383)	(74,591)

<sup>1</sup> The retail south segment and the retail central segment includes revenues relating to joint ventures amounting to \$12.5 million and \$41.0 million respectively.

<sup>2</sup> The retail south segment and the retail central segment includes operating profits relating to joint ventures amounting to \$5.8 million and \$19.2 million respectively.

<sup>3</sup> The retail south segment and the retail central segment include finance costs relating to the joint ventures amounting to \$4.4 million and \$14.4 million respectively.

3 months ended June 30, 2017	North East \$'000	Industrial			Retail/Office		Total \$'000
		Central	North West	North	South	Central	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers <sup>1</sup>	305,934	142,916	164,882	112,286	11,480	173,621	911,119
Segment net (loss)/profit <sup>2</sup>	(201,292)	(201,562)	(134,569)	(170,034)	10,391	204,060	(493,006)
<i>Included in (loss)/profit of the period:</i>							
Foreign exchange gain/(loss)	46,660	35,151	68,603	3,070	-	(2)	153,482
Net unrealized foreign exchange loss on US\$ denominated investment property	(619,340)	(326,401)	(305,063)	(264,003)	-	-	(1,514,807)
Unrealized revaluation (loss)/gain on investment property measured at fair value	(53,100)	(70,902)	(75,962)	(53,730)	8,311	106,576	(138,807)
Finance costs <sup>3</sup>	(12,013)	(8,999)	(17,060)	(1,109)	(4,265)	(14,479)	(57,925)

<sup>1</sup> The retail south segment and the retail central segment includes revenues relating to joint ventures amounting \$11.5 million \$39.0 million respectively.

<sup>2</sup> The retail south segment and the retail central segment includes operating profits relating to joint ventures amounting to \$10.4 million and \$35.3 million respectively.

<sup>3</sup> The retail south segment and the retail central segment include finance costs relating to the joint ventures amounting to \$4.3 million \$14.5 million respectively.

## NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

### 5. SEGMENT REPORTING (CONTINUED)

6 months ended June 30, 2018	Industrial				Retail/Office		Total
	North East	Central	North West	North	South	Central	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers <sup>1</sup>	630,168	289,594	335,944	240,572	24,665	362,864	1,883,807
Segment net profit <sup>2</sup>	643,973	304,782	350,331	238,103	12,259	334,794	1,884,242
<i>Included in profit of the period:</i>							
Foreign exchange loss	(7,683)	(5,407)	(9,903)	(4,931)	-	(46)	(27,970)
Net unrealized foreign exchange gain on US\$ denominated investment property	98,815	50,543	51,503	39,292	-	-	240,153
Unrealized revaluation gain on investment property measured at fair value	25,161	20,246	42,574	19,372	5,852	92,111	205,316
Finance costs <sup>3</sup>	(27,653)	(20,699)	(40,592)	(19,320)	(8,630)	(28,605)	(145,499)

<sup>1</sup> The retail south segment and the retail central segment include revenues relating to the joint ventures amounting to \$24.6 million and \$81.7 million respectively.

<sup>2</sup> The retail south segment and the retail central segment include net profits relating to the joint ventures amounting to \$12.3 million and \$40.6 million respectively.

<sup>3</sup> The retail south segment and the retail central segment include finance costs relating to the joint ventures amounting to \$8.6 million and \$28.6 million respectively.

6 months ended June 30, 2017	Industrial				Retail/Office		Total
	North East	Central	North West	North	South	Central	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers <sup>1</sup>	633,493	295,606	331,900	245,955	22,576	343,522	1,873,052
Segment net (loss)/profit <sup>2</sup>	(1,242,275)	(702,923)	(547,714)	(636,869)	13,940	333,713	(2,782,128)
<i>Included in (loss)/profit of the period:</i>							
Foreign exchange gain/(loss)	153,139	114,084	214,051	15,142	10	(77)	496,349
Net unrealized foreign exchange (loss)/gain on US\$ denominated investment property	(1,871,289)	(985,917)	(935,748)	(808,673)	-	-	(4,601,627)
Unrealized revaluation loss on investment property measured at fair value	(53,100)	(70,902)	(75,962)	(53,730)	8,311	106,576	(138,807)
Finance costs <sup>3</sup>	(25,040)	(18,757)	(35,560)	(2,311)	(8,462)	(28,726)	(118,856)

<sup>1</sup> The retail south segment and the retail central segment include revenues relating to the joint ventures amounting to \$22.6 million and \$76.6 million respectively.

<sup>2</sup> The retail south segment and the retail central segment include net profits relating to the joint ventures amounting to \$13.9 million and \$47.3 million respectively.

<sup>3</sup> The retail south segment and the retail central segment include finance costs relating to the joint ventures amounting to \$8.5 million and \$28.7 million respectively.

## NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

### 5. SEGMENT REPORTING (CONTINUED)

As at Jun 30, 2018	Industrial*				Retail/Office		Total
	North East	Central	North West	North	South	Central	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total segment assets	15,570,495	7,942,928	8,030,488	6,164,346	475,264	7,427,915	45,611,436
Total segment liabilities	(1,355,007)	(939,791)	(1,691,541)	(852,112)	(206,139)	(743,674)	(5,788,264)
<b>As at December 31, 2017</b>							
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.

Segment revenue and operating profit/(loss) is reconciled to total revenue and operating profit/(loss) as follows:

	3 months ended		6 months ended	
	Jun 30, 2018	Jun 30, 2017	Jun 30, 2018	Jun 30, 2017
	\$'000	\$'000	\$'000	\$'000
Total segment revenue	942,654	911,119	1,883,807	1,873,052
Revenue attributable to equity-accounted investees	(53,428)	(50,450)	(106,417)	(99,216)
Financial income	3,702	2,451	6,629	5,328
<b>Total revenue for the period</b>	<b>892,928</b>	<b>863,120</b>	<b>1,784,019</b>	<b>1,779,164</b>
Segment profit/(loss)	3,177,613	(493,006)	1,884,242	(2,782,128)
Property expenses not included in reporting segments	1,133	593	1,689	1,238
Finance costs not included in reporting segments <sup>1</sup>	(172,853)	(168,043)	(336,023)	(351,464)
Financial income	3,702	2,451	6,629	5,328
Items attributable to equity-accounted investees	(98)	305	234	483
Foreign exchange (loss)/gain <sup>2</sup>	(946,043)	613,411	(89,569)	1,857,357
Net unrealized gain on interest rate swap	13,766	(25,300)	42,690	(27,683)
Fees payable to the Manager <sup>3</sup>	(40,492)	(42,213)	(86,209)	(90,342)
Transaction related expenses	(2,043)	(3,062)	(3,912)	(4,323)
Professional, legal and other expenses	(14,884)	(11,418)	(26,035)	(23,182)
Income tax expense	(155)	(418)	(213)	(639)
<b>Operating profit/(loss) for the period</b>	<b>2,019,646</b>	<b>(126,700)</b>	<b>1,393,523</b>	<b>(1,415,355)</b>

<sup>1</sup> A 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.

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

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

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

	Period/Year ended	
	June 30, 2018	Dec 31, 2017
	\$'000	\$'000
Segment assets	45,611,436	45,213,860
<i>Items non included in segment assets:</i>		
Cash, cash equivalents and restricted cash <sup>1</sup>	160,666	158,973
Trade and other receivables, net	171	356
Other assets	63,653	74,877
Assets attributable to equity-accounted investees <sup>2</sup>	(2,050,544)	(2,029,628)
Investment in equity-accounted investees <sup>2</sup>	1,161,150	1,137,652
Derivative financial instruments not included in reporting segment	154,263	111,573
<b>Total assets</b>	<b>45,100,795</b>	<b>44,667,663</b>
Segment liabilities	(5,788,264)	(7,142,138)
<i>Items non included in segment liabilities:</i>		
Interest-bearing liabilities <sup>3</sup>	(12,292,844)	(12,193,973)
Trade and other payables <sup>4</sup>	(40,191)	1,141,787
Liabilities attributable to equity-accounted investees <sup>2</sup>	889,394	891,976
Deferred income tax liability	(6,277)	(6,277)
<b>Total liabilities</b>	<b>(17,238,182)</b>	<b>(17,308,625)</b>

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

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

<sup>3</sup> A 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.

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

### 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 six months ended June 30, 2018, FIBRA Macquarie made two distributions payments amounting to \$606.0 million, the first distribution amounting to 297.0 million (0.375 per CBFI), paid on March 09, 2018, and the second distribution amounting to 309.0 million (0.390 per CBFI) paid on May 10, 2018 (June 30, 2017: \$661.26 million).

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

	3 months ended		6 months ended	
	Jun 30, 2018	Jun 30, 2017	Jun 30, 2018	Jun 30, 2017
<b>Profit/(loss) per CBFI</b>				
Basic and diluted profit/(loss) per CBFI (\$)	2.55	(0.16)	1.76	(1.74)
<b>Basic and diluted profit/(loss) used in the calculation of earnings per CBFI</b>				
Net profit/(loss) for basic and diluted earnings per CBFI (\$'000)	2,019,646	(126,700)	1,393,523	(1,415,355)
Weighted average number of CBFI and potential CBFI used as the denominator in calculating basic and diluted earnings per CBFI ('000)	790,842	811,359	792,285	811,359

## NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

### 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 Jun 30, 2018	Ownership interest as at Dec 31, 2017	Jun 30, 2018 \$'000	Dec 31, 2017 \$'000
JV Trust CIB/589	Mexico / Own & lease retail property	50%	50%	285,172	267,956
JV Trust CIB/586	Mexico / Own & lease retail property	50%	50%	875,978	869,696

#### b) Movement in carrying amounts

	Jun 30, 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	(29,628)	(62,975)
Share of profits after income tax	27,877	52,570
Share of revaluation gain on investment property measured at fair value	25,249	63,182
<b>Carrying amounts at the end of the period/year</b>	<b>1,161,150</b>	<b>1,137,652</b>

#### 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 Jun 30, 2018 \$'000	JV Trust CIB/589 Dec 31, 2017 \$'000	JV Trust CIB/586 Jun 30, 2018 \$'000	JV Trust CIB/586 Dec 31, 2017 \$'000
Total current assets <sup>1</sup>	21,925	26,040	53,549	60,905
Total non-current assets	1,140,174	1,115,358	2,885,439	2,856,952
Total current liabilities	(584,140)	(43,171)	(20,288)	(25,674)
Total non-current liabilities <sup>2</sup>	(7,615)	(562,315)	(1,166,744)	(1,152,791)
<b>Net assets</b>	<b>570,344</b>	<b>535,912</b>	<b>1,751,956</b>	<b>1,739,392</b>

<sup>1</sup> Includes cash and cash equivalents of \$48.3 million (December 31, 2017: \$45.9 million).

<sup>2</sup> Non-current financial liabilities (excluding trade and other payables and provisions) amounts to \$1,717.8 million (December 31, 2017: \$1,718.5 million).



## 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 (continued)

Summarized Statement of Financial Position	JV Trust CIB/589 Jun 30, 2018 \$'000	JV Trust CIB/589 Dec 31, 2017 \$'000	JV Trust CIB/586 Jun 30, 2018 \$'000	JV Trust CIB/586 Dec 31, 2017 \$'000
<b>Reconciliation to carrying amounts:</b>				
Opening net assets <sup>1</sup>	535,912	504,060	1,739,392	1,665,690
Net movements for the period/year	34,432	31,852	12,564	73,702
<b>Net assets</b>	<b>570,344</b>	<b>535,912</b>	<b>1,751,956</b>	<b>1,739,392</b>
FIBRA Macquarie's share (%)	50%	50%	50%	50%
FIBRA Macquarie's share (\$)	285,172	267,956	875,978	869,696
FIBRA Macquarie's carrying amount	285,172	267,956	875,978	869,696

<sup>1</sup>During the six months ended June 30, 2018 FIBRA Macquarie paid VAT on behalf of the JV trusts amounting to \$11.3 million (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 6 months ended Jun 30, 2018 \$'000	JV Trust CIB/589 6 months ended Jun 30, 2017 \$'000	JV Trust CIB/586 6 months ended Jun 30, 2018 \$'000	JV Trust CIB/586 6 months ended Jun 30, 2017 \$'000
<b>Revenue:</b>				
Property related and other income	59,265	57,108	153,568	141,324
Revaluation of investment property measured at fair value	18,729	18,020	31,770	55,032
Financial income	338	430	1,325	833
<b>Total revenue</b>	<b>78,332</b>	<b>75,558</b>	<b>186,663</b>	<b>197,189</b>
<b>Expenses:</b>				
Finance costs	(24,280)	(24,251)	(50,190)	(50,126)
Other expenses	(20,507)	(16,490)	(63,767)	(58,413)
<b>Total expense</b>	<b>(44,787)</b>	<b>(40,741)</b>	<b>(113,957)</b>	<b>(108,539)</b>
<b>Profit for the period</b>	<b>33,545</b>	<b>34,817</b>	<b>72,706</b>	<b>88,650</b>
FIBRA Macquarie's share (%)	50%	50%	50%	50%
<b>FIBRA Macquarie's share</b>	<b>16,773</b>	<b>17,408</b>	<b>36,353</b>	<b>44,325</b>

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

As at June 30, 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

	Jun 30, 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 <sup>1</sup>	1,753,449	198,289
Capital expenditure (including tenant improvements)	4,329	-
Disposals <sup>2</sup>	-	(478,934)
Net unrealized foreign exchange profit/(loss) on USD denominated investment property	10,387	(7,985)
Revaluation of investment property measured at fair value	(30,393)	4,500
Leasing commissions, net of amortization	4,992	-
<b>Carrying amount at the end of the period/year</b>	<b>1,742,764</b>	<b>-</b>

<sup>1</sup>Investment properties reclassified as 'Investment property held for sale' are based on the Group's expectations of the likelihood that assets will be sold within the next 12 months and the asset is being actively marketed in accordance with IFRS 5. Refer to note 18 for further details.

<sup>2</sup>During 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	Jun 30, 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>			
Asset acquisition		61,244	-
Capital expenditure (including tenant improvements)		614	305,328
Transfers from Investment property under construction		37,594	172,643
Investment property under construction	11(a)	(28,861)	(17,986)
Net unrealized foreign exchange gain/(loss) on US\$ denominated investment property		229,766	(1,558,247)
Transfer to investment properties held for sale	10	(1,753,449)	(198,289)
Revaluation of investment property measured at fair value		210,462	544,665
Leasing commissions, net of amortization		(8,426)	7,883
<b>Carrying amount at the end of the period/year</b>		<b>40,471,656</b>	<b>41,722,712</b>

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

	Jun 30, 2018 \$'000	Dec 31, 2017 \$'000
Carrying amount at the beginning of the period/year	156,312	174,298
Capital expenditure	8,733	154,657
Transfer to completed investment properties	(37,594)	(172,643)
<b>Carrying amount at the end of the period/year</b>	<b>127,451</b>	<b>156,312</b>

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

## NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

### 11. INVESTMENT PROPERTIES (CONTINUED)

#### b) Asset-by-asset valuation

Valuations of investment properties are carried out at least annually by a qualified valuation specialist independent of FIBRA Macquarie (the "Independent Valuer"). CBRE Mexico, an internationally recognized valuation and advisory firm with relevant expertise and experience, was engaged as the independent valuer to conduct an independent appraisal of FIBRA Macquarie's investment properties as at December 31, 2017. The results of the independent appraisal are accounted for in the forth 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 June 30, 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%.

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 valuation of the existing portfolios as at December 31, 2017 on portfolio basis were US\$1.86 billion for the Industrial Trust and US\$5.72 billion for the Industrial Trust.

### 12. INTEREST BEARING LIABILITIES

	Jun 30, 2018 \$'000	Dec 31, 2017 \$'000
<b>The group has access to:</b>		
<b><i>Loan facilities - undrawn</i></b>		
Undrawn US\$-denominated notes	2,711,340	2,693,882
Undrawn MXN-denominated notes	1,604,806	1,604,806
<b>Total undrawn loan facilities</b>	<b>4,316,146</b>	<b>4,298,688</b>
<b><i>Loan facilities - drawn</i></b>		
US\$-denominated notes	6,455,573	6,414,005
US\$-denominated revolving credit facility	794,532	789,416
US\$-denominated term funding	9,296,023	9,236,166
Unamortized transaction costs	(101,473)	(121,037)
<b>Total loan facilities net of unamortized transaction costs</b>	<b>16,444,655</b>	<b>16,318,550</b>

## NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

### 12. INTEREST BEARING LIABILITIES (CONTINUED)

The relevant credit facilities are summarised as follows:

Lenders / Facility Type	Currency	Facility Limit \$' million	Drawn Amount \$' million	Interest Rate p.a.	Maturity Date	Jun 30, 2018 \$'000	Dec 31, 2017 \$'000
Various Banks through a Credit Facility - Term Loan	US\$	258.0	258.0	90 day Libor + 3.125% <sup>2</sup>	Jun-20 <sup>1</sup>	5,064,795	5,018,554
Various Banks through a Credit Facility - Revolving Credit Facility	US\$	176.5	40.0	30 day Libor + 2.75%	Jun-19 <sup>1</sup>	780,533	770,003
Various Insurance Companies through a Note Purchase and Guaranty Agreement	US\$	75.0	75.0	5.44%	Sep-26	1,487,099	1,477,399
Various Insurance Companies through a Note Purchase and Guaranty Agreement	US\$	250.0	250.0	5.55%	Jun-23	4,960,417	4,928,018
MetLife - Term Loan	US\$	210.0	210.0	5.38%	Sep-27	4,151,811	4,124,576
<b>Balance at the end of the period /year</b>						<b>16,444,655</b>	<b>16,318,550</b>

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

<sup>2</sup> Fixed by interest rate swap. Refer to note 13.

#### Interest-bearing liabilities – Current

Subsequent to the balance sheet date, the Group made a prepayment in respect of the US\$ 40.0 million drawn revolving credit facility. Therefore, this tranche has been classified as a current interest-bearing liability as at June 30, 2018. Refer to note 18 for more details.

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

	Jun 30, 2018 \$'000	Dec 31, 2017 \$'000
Carrying amount at the beginning of the year	16,318,550	18,014,426
<b>Changes from financing cash flows:</b>		
Proceeds from interest-bearing liabilities, net of facility charges	-	3,672,621
Repayments of interest-bearing liabilities	-	(4,601,532)
<b>Total changes for financing cash flow</b>	<b>-</b>	<b>(928,911)</b>
Total effect of changes in foreign exchange rate	106,733	(830,159)
<b>Liability-related other changes:</b>		
Amortization of capitalized borrowing costs	19,372	63,194
<b>Carrying amount at the end of the period/year</b>	<b>16,444,655</b>	<b>16,318,550</b>

## NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

### 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	Jun 30, 2018 \$'000	Dec 31, 2017 \$'000
Various Banks	Aug 31, 2016	Jun 30, 2020	US\$155.5 million	90,534	63,827
Various Banks	Sep 27, 2016	Jun 30, 2020	US\$102.5 million	63,729	47,746
<b>Total estimated fair value</b>				<b>154,263</b>	<b>111,573</b>

### 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 June 30, 2018 and December 31, 2017 with respect to the results of the Group's subsidiaries are:

	Jun 30, 2018 \$'000	Dec 31, 2017 \$'000
Deferred income tax relating to origination and reversal of temporary differences	6,277	6,277
<b>Total Income tax payable</b>	<b>6,277</b>	<b>6,277</b>

### 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	(13,880)	(283,892)
<b>CBFI's outstanding at June 30, 2018</b>	<b>786,099</b>	<b>17,835,081</b>

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.

On June 26, 2018, FIBRA Macquarie's Technical Committee further approved the extension of this program for another year through June 25, 2019.

For the six months ended June 30, 2018, a total of 13,880,459 CBFI's, amounting to \$283.9 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 Jun 30, 2018	Level 2	Total fair value	Total carrying amount
	\$'000	\$'000	\$'000
Interest-bearing liabilities*	16,379,959	16,379,959	16,444,655
<b>As at December 31, 2017</b>			
Interest-bearing liabilities*	16,425,514	16,425,514	16,318,550

\*Net unamortized transaction costs.

## 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 (CONTINUED)

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

As at Jun 30, 2018	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Derivative financial instruments	-	154,263	-	154,263
Investment properties held for sale	-	-	1,742,764	1,742,764
Investment properties	-	-	40,471,656	40,471,656
<b>As at December 31, 2017</b>				
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 the credit risk of the Group entity and counterparty, where appropriate.

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

	Jun 30, 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	921	467,868
Transfer to investment properties held for sale	(1,753,449)	(198,289)
Asset acquisitions	61,244	-
Net unrealized foreign exchange gain/(loss) on US\$ denominated investment property	229,766	(1,558,247)
Unrealized revaluation gain on investment property measured at fair value	210,462	544,665
<b>Balance at the end of the period/year</b>	<b>40,471,656</b>	<b>41,722,712</b>

### 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, Lomas de Chapultepec I Seccion, Miguel Hidalgo, Mexico City, 11000 ("Investment Trust Trustee"). The other trustee within the Group is Banco Nacional de Mexico, S.A., Integrante del Grupo Financiero Banamex. For the three and six months ended June 30, 2018, the trustees' fees for the Group amounted to \$0.8 million (June 30, 2017: \$1.1 million) and \$1.6 million (June 30 2017: \$2.3 milion) respectively.



## NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

### 17. RELATED PARTY INFORMATION (CONTINUED)

#### b) Trustee (continued)

As at June 30, 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 \$40.5 million (June 30, 2017: \$42.2 million) and \$86.2 million (June 30, 2017: \$90.3 million) respectively, for the three and six months ended June 30, 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 CBFI 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 CBFI at close of trading on the initial settlement date of the global offering, including any CBFI 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 CBFI, plus the aggregate amount of all repurchases of CBFI, 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 CBFI for a minimum duration of one year. As at June 30, 2018 no performance fee was payable by FIBRA Macquarie.

#### d) Other associated entities

During the three and six months ended June 30, 2018 amounts totaling \$0.4 million (June 30, 2017: \$nil) and \$0.5 million (June 30, 2017: \$0.5 million) respectively, 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 \$0.2 million (June 30, 2017: \$nil) and \$0.2 million (June 30, 2017: \$0.6 million) respectively was paid to other associated entities of MMREM in the same respect for the three and six months ended June 30, 2018.

As at June 30, 2018 expenses due to MMREM amounted to \$0.5 million.

As at June 30, 2018, Macquarie Infrastructure and Real Asset Holding Pty Limited (formerly Macquarie Development Capital Pty Limited), an associated entity of MMREM, held 36,853,632 CBFI and received a distribution of \$14.4 million during the period ended June 30, 2018 (June 30, 2017: \$30.03 million).

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



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## NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

### 18. EVENTS OCCURING AFTER REPORTING PERIOD

On July 5, 2018, FIBRA Macquarie reached a financial close of 35 non-strategic industrial assets for US\$80.2 million previously announced on May 21, 2018 (refer note 1). Two additional industrial assets with an aggregate value of US\$7.2 million remain under contract for sale and are expected to close at a subsequent date.

The sale proceeds of US\$80.2 million are to be received in three tranches: US\$61.0 million at financial closing and the remaining US\$11.2 million and US\$8.0 million in the next 18 and 24 months, respectively. Out of the initial proceeds received, on July 9 2018, FIBRA Macquarie prepaid US\$40.0 million towards the outstanding balance of the revolving credit facility.

Also, from July 1, 2018 to the date of the issuance of these unaudited condensed interim consolidated financial statements, the Group has repurchased 1,747,000 CBFIs for consideration of \$35.6 million.

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

