

# FIBRA MACQUARIE MÉXICO REPORTS FOURTH QUARTER AND FULL YEAR 2019 RESULTS

- FY19 AFFO per Certificate Increases 5.9% YoY -
- FY20 distribution guidance of Ps 1.90 per certificate, up 6.7% YoY -

MEXICO CITY, January 30, 2020 – 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 and year-ended December 31, 2019.

## FOURTH QUARTER 2019 HIGHLIGHTS

- Increase in AFFO per certificate of 8.2% YoY to Ps 0.6460
- Increase in same store net operating income of 4.4% YoY
- Average industrial and retail rental rates increased 2.9% and 4.1% YoY, respectively
- Consolidated occupancy 95.6% at end of period, up 122 bps YoY
- Authorization of a quarterly cash distribution of Ps 0.4550 per certificate
- Industrial development in Ciudad Juárez completed and fully leased during 4Q19

## FULL YEAR 2019 HIGHLIGHTS

- Increase in AFFO per certificate of 5.9% YoY to a record Ps 2.5758
- Annual distribution of Ps 1.78 per certificate, up 11.3% YoY
- Record NOI margin of 87.8%, up 25bps YoY
- Record AFFO margin of 51.1%, up 58bps YoY
- Increase in same store net operating income of 5.1%
- Deployed US\$45.2 million of capital, comprised of US\$22.0 million allocated to property development, expansions and remodeling; US\$18.0 million of debt repayment; and US\$5.2 million of certificates repurchased for cancellation
- 2020 distribution guidance of Ps 1.90 per certificate, a 6.7% increase over 2019
- Strengthened balance sheet with gradual lowering of Real Estate Net LTV to 36.4% (148bps YoY reduction) and Net Debt/EBITDA multiple of 4.6

“FIBRA Macquarie closed 2019 with a strong fourth quarter as we delivered AFFO growth per certificate of 5.9% compared to the prior year... Our steady occupancy and operational performance was driven by our ongoing customer-centric approach and proactive asset management and was supported by a stable macro backdrop,” said Juan Monroy, FIBRA Macquarie’s chief executive officer. “We continue to prioritize disciplined capital management and are proud of our successful track record of creating value through our accretive capital deployment and sourcing. During the year, we also made enhancements to our reporting and governance practices, which align with our ongoing pursuit of opportunities to further enhance our reporting, transparency and corporate governance. Looking ahead, we anticipate delivering similar operational performance, along with selective development, expansion and remodeling projects, provide us with a strong foundation to increase our annual distribution while maintaining prudent AFFO payout and leverage ratios.”

## FINANCIAL AND OPERATING RESULTS

### Consolidated Portfolio

FIBRAMQ's total results were as follows:

TOTAL PORTFOLIO	4Q19	4Q18	Variance	FY19	FY18	Variance
Net Operating Income (NOI)	Ps 858.7m	Ps 823.4m	4.3%	Ps 3,403.5m	Ps 3,307.2m	2.9%
EBITDA	Ps 800.7m	Ps 770.4m	3.9%	Ps 3,185.2m	Ps 3,087.5m	3.2%
Funds From Operations (FFO)	Ps 571.6m	Ps 531.6m	7.5%	Ps 2,303.6m	Ps 2,179.9m	5.7%
FFO per certificate	0.7465	0.6887	8.4%	2.9973	2.7790	7.9%
Adjusted Funds From Operations (AFFO)	Ps 494.7m	Ps 461.0m	7.3%	Ps 1,979.7m	Ps 1,907.5m	3.8%
AFFO per certificate	0.6460	0.5972	8.2%	2.5758	2.4317	5.9%
NOI Margin	86.9%	86.5%	48 bps	87.8%	87.5%	25 bps
AFFO Margin	50.1%	48.4%	168 bps	51.1%	50.5%	58 bps
GLA ('000s sqm) EOP	3,202	3,216	-0.4%	3,202	3,216	-0.4%
Occupancy EOP	95.6%	94.4%	122 bps	95.6%	94.4%	122 bps
Average Occupancy	95.6%	94.1%	151 bps	95.2%	93.2%	200 bps

FIBRAMQ's same store portfolio results were as follows:

TOTAL PORTFOLIO – SAME STORE	4Q19	4Q18	Variance	FY19	FY18	Variance
Net Operating Income	Ps 856.6m	Ps 820.9m	4.4%	Ps 3,398.1m	Ps 3,232.7m	5.1%
Net Operating Income Margin	87.0%	86.5%	49 bps	87.8%	87.7%	17 bps
Number of Properties	251	251	0	251	251	0
GLA ('000s sqf) EOP	34,261	34,388	-0.4%	34,261	34,388	-0.4%
GLA ('000s sqm) EOP	3,183	3,195	-0.4%	3,183	3,195	-0.4%
Occupancy EOP	95.6%	94.6%	94 bps	95.6%	94.6%	94 bps
Average Monthly Rent (US\$/sqm) EOP	5.45	5.24	3.9%	5.45	5.24	3.9%
Industrial Customer Retention LTM EOP	81.0%	88.6%	-767 bps	81.0%	88.6%	-767 bps
Weighted Avg Lease Term Remaining (years) EOP	3.5	3.8	-9.5%	3.5	3.8	-9.5%

### Industrial Portfolio

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

INDUSTRIAL PORTFOLIO	4Q19	4Q18	Variance	FY19	FY18	Variance
Net Operating Income (NOI)	Ps 719.0m	Ps 681.8m	5.5%	Ps 2,811.7m	Ps 2,731.4m	2.9%
NOI Margin	91.3%	89.9%	144 bps	91.6%	91.0%	63 bps
GLA ('000s sqft) EOP	29,598	29,696	-0.3%	29,598	29,696	-0.3%
GLA ('000s sqm) EOP	2,750	2,759	-0.3%	2,750	2,759	-0.3%
Occupancy EOP	95.9%	94.5%	144 bps	95.9%	94.5%	144 bps
Average Occupancy	95.9%	94.1%	174 bps	95.4%	93.0%	248 bps
Average monthly rent per leased (US\$/sqm) EOP	\$4.93	\$4.79	2.9%	\$4.93	\$4.79	2.9%
Customer retention LTM	81.0%	86.8%	-579 bps	81.0%	86.8%	-579 bps
Weighted Avg Lease Term Remaining (years) EOP	3.3	3.6	-10.3%	3.3	3.6	-10.3%

For the quarter ended December 31, 2019, FIBRAMQ's industrial portfolio delivered NOI of Ps 719.0 million, up 5.5% compared to the prior comparable period. Of note, quarterly revenues reached a new record Ps 787.2 million, up 3.8% compared to the prior comparable period, whilst property level expenses were lower by 11.0% compared to the prior comparable period, primarily due to reduced credit loss expense and higher average occupancy.

For the year ended December 31, 2019, FIBRAMQ's industrial portfolio delivered NOI of Ps 2,811.7 million, up 2.9% compared to the prior year. Higher occupancy, rental rates and recoveries contributed to record revenues, up 2.2% compared to the prior comparable period. Property level expenses for the full year were lower by 5.0% compared to the prior comparable period, primarily driven by lower repairs and maintenance expenses and lower credit loss expense.

The 2.9% YoY increase in annual NOI demonstrates the strong underlying performance of our industrial portfolio, particularly after taking into account the sale of 35 industrial properties in July 2018, with annual NOI for the industrial portfolio on a same store basis increasing 5.6% compared to the prior comparable period.

The occupancy rate of the industrial portfolio as of December 31, 2019 was 95.9%, up 144 basis points versus the prior comparable quarter. The ongoing level of occupancy for FIBRAMQ's industrial portfolio reflects healthy market fundamentals and solid leasing results.

FIBRAMQ signed 17 new and renewal leases in the fourth quarter of 2019, comprising 2.2 million square feet of industrial GLA. This included the completion of an industrial development in Ciudad Juárez, Chihuahua, with the entire building comprising 201,000 square feet of GLA being leased upon construction completion to a U.S.-based manufacturer of laser printers and imaging products. In addition, FIBRAMQ continued to experience healthy renewals, achieving a retention rate of 81.0% for the 12 months ending December 31, 2019. FIBRAMQ executed on 15 renewal leases totaling 1.9 million square feet, including a few sizable renewals. Notable renewals included a multinational food manufacturer in Querétaro, which renewed 850k sqft for an additional 10-year term and logistics companies in Puebla and Guadalajara.

Industrial rental rates at the end of the quarter improved 2.9% as compared to rental rates in the prior comparable quarter, to a weighted average of US\$4.93 per leased square meter per month. The increase was driven primarily by contractual increases and positive lease renewal spreads.

FIBRAMQ's industrial portfolio achieved a record full year NOI margin of 91.6%, up 63 basis points versus the prior year. This result was driven by record quarterly revenues, up 2.2% as compared to the prior year, along with lower property-level expenses, down 5.0% from the prior year.

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

## Retail Portfolio

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

RETAIL PORTFOLIO	4Q19	4Q18	Variance	FY19	FY18	Variance
Net Operating Income (NOI)	Ps 139.6m	Ps 141.6m	-1.4%	Ps 591.8m	Ps 575.8m	2.8%
NOI Margin	69.7%	73.0%	-334 bps	73.2%	74.1%	-95 bps
GLA ('000s sqft) EOP	4,864	4,918	-1.1%	4,864	4,918	-1.1%
GLA ('000s sqm) EOP	452	457	-1.1%	452	457	-1.1%
Occupancy EOP	93.8%	94.0%	-18 bps	93.8%	94.0%	-18 bps
Average Occupancy	93.8%	93.7%	7 bps	93.5%	94.2%	-77 bps
Average monthly rent per leased (Ps/sqm) EOP	\$163.10	\$156.65	4.1%	\$163.10	\$156.65	4.1%
Customer retention LTM	82.6%	73.3%	929 bps	82.6%	73.3%	929 bps
Weighted Avg Lease Term Remaining (years) EOP	4.1	4.3	-4.4%	4.1	4.3	-4.4%

For the quarter ended December 31, 2019, FIBRAMQ's retail portfolio delivered NOI of Ps 139.6 million, down 1.4% compared to the prior comparable period. Quarterly revenues increased 3.4% compared to the prior year, offset by higher property level expenses including utilities and marketing expenses.

For the year ended December 31, 2019, FIBRAMQ's retail portfolio delivered NOI of Ps 591.8 million, up 2.8% compared to the prior comparable year, in line with Mexican CPI.

During the fourth quarter of 2019, FIBRAMQ signed 92 retail leases, representing 11.6 thousand square meters. This activity included 15 new leases and 77 renewals, representing a robust 82.6% retention rate for the year.

## PORTFOLIO ACTIVITY

During the fourth quarter, FIBRAMQ continued its deployment of available capital into accretive investments including targeted expansions of existing properties on a predominately pre-leased basis and selective property developments.

FIBRAMQ completed an industrial development project in Ciudad Juárez, Chihuahua, delivering a 201,000 square foot, class A industrial building fully leased to a high-quality customer with an annualized NOI yield in excess of 11%. Ciudad Juárez is a core industrial city and it represents FIBRAMQ's second largest market by GLA, and its portfolio of 34 properties have a year-end occupancy rate of 96.6%, up 90 bps on an annual basis. Supported by these strong fundamentals, FIBRAMQ has begun construction on the second 217,000 square foot building in Ciudad Juárez.

FIBRAMQ progressed its remodeling projects in its retail portfolio. Work continued at the Coacalco Power Center, whilst at Multiplaza Arboledas remodeling was completed, providing an enhanced customer experience and a positive leasing outlook heading into 2020.

## BALANCE SHEET

As of December 31, 2019, FIBRAMQ had approximately Ps 15.5 billion of debt outstanding, Ps 4.7 billion available on its undrawn revolving credit facility and Ps 708.3 million of unrestricted cash on hand.

FIBRAMQ's indebtedness was 100% fixed rate and had a weighted-average debt tenor remaining of 6.1 years.

FIBRAMQ's CNBV regulatory debt to total asset ratio was 34.8%, representing a reduction of 68bps over the prior twelve months. In addition, FIBRAMQ's CNBV debt service coverage ratio was 4.8x, compared to 5.3x at the prior comparable reporting date.

As of December 31, 2019, FIBRAMQ has no near-term loan maturities, with the next loan expiration not due until June 2023.

## **CAPITAL ALLOCATION**

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

### **Property Investments**

During the fourth quarter of 2019, FIBRAMQ continued to fund the expansion, development and remodeling projects discussed above. For the full year FIBRAMQ invested approximately US\$22.0 million.

### **Certificate repurchase for cancellation program**

FIBRA Macquarie has repurchased a total of 45.7 million certificates, or 5.6% of its market capitalization, since launching the program in June 2017. The weighted average purchase price of Ps 21.34 represents a significant discount to intrinsic value and current trading levels. FIBRA Macquarie has a remaining program capacity of approximately Ps 900 million through to June 25, 2020. All certificates repurchased have or will be cancelled.

## **DISTRIBUTION**

On January 30, 2020, FIBRAMQ declared a cash distribution for the quarter ended December 31, 2019 of Ps 0.4550 per certificate. The distribution is expected to be paid on March 11, 2020 to holders of record on March 10, 2020. FIBRAMQ's certificates will commence trading ex-distribution on March 9, 2020.

For the full year 2019, FIBRAMQ had distributions of Ps 1.78, which represented an 11.3% increase from the prior year and an AFFO payout ratio of 68.9%.

## 2020 Guidance

FIBRA Macquarie is introducing its guidance for 2020. FIBRAMQ estimates total AFFO per certificate of between Ps 2.57 and Ps 2.62 for the year.

For full year 2020, FIBRAMQ expects to make cash distributions of approximately Ps 1.90 per certificate, to be paid in equal quarterly payments of Ps 0.475. This represents an annual increase of 6.7% from the prior year, while maintaining a prudent and stable AFFO payout ratio of approximately 73-74%.

This outlook is driven by the following assumptions:

- The cash-generating capacity of its existing portfolio
- An average exchange rate of Ps 19.15 per US dollar
- No new acquisitions or divestments
- No certificate repurchases
- The continued stable performance of the properties in the portfolio, and stable market conditions.

The payment of cash distributions is subject to the approval of the board of directors of the Manager.

## WEBCAST AND CONFERENCE CALL

FIBRAMQ will host an earnings conference call and webcast presentation on Friday, January 31, 2020 at 7:30 a.m. CT / 8:30 a.m. ET. The conference call, which will also be webcast, can be accessed online at [www.fibramacquarie.com](http://www.fibramacquarie.com) or by dialing toll free +1-877-304-8957. Callers from Mexico may dial 01-800-926-9157 and other callers from outside the United States may dial +1-973-638-3235. Please ask for the FIBRA Macquarie Fourth Quarter 2019 Earnings Call with conference number 6587384.

An audio replay will be available by dialing +1-855-859-2056 or +1-404-537-3406 for callers from outside the United States. The passcode for the replay is 6587384. A webcast archive of the conference call and a copy of FIBRA Macquarie's financial information for the fourth quarter 2019 will also be available on FIBRA Macquarie's website, [www.fibramacquarie.com](http://www.fibramacquarie.com).

## 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 235 industrial properties and 17 retail properties, located in 20 cities across 16 Mexican states as of December 31, 2019. Nine of the retail properties are held through a 50/50 joint venture. For additional information about FIBRA Macquarie, please visit [www.fibramacquarie.com](http://www.fibramacquarie.com).

## Cautionary Note Regarding Forward-looking Statements

This document includes forward-looking statements that represent our opinions, expectations, beliefs, intentions, estimates or strategies regarding the future, which may not be realized. These statements may be identified by the use of words like "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "will," "should," "seek," and similar expressions. The forward-looking statements reflect our views

and assumptions with respect to future events as of the date of this document and are subject to risks and uncertainties.

Actual and future results and trends could differ materially from those described by such statements due to various factors, including those beyond our ability to control or predict. Given these uncertainties, you should not place undue reliance on the forward-looking statements. We do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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

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

	Dec 31, 2019 \$'000	Dec 31, 2018 \$'000
<b>Current assets</b>		
Cash and cash equivalents	693,209	555,591
Trade receivables, net	43,861	86,995
Other receivables	429,281	-
Other assets	61,555	87,680
Investment properties held for sale	-	147,622
<b>Total current assets</b>	<b>1,227,906</b>	<b>877,888</b>
<b>Non-current assets</b>		
Restricted cash	15,598	-
Investment properties	38,799,138	40,132,961
Equity-accounted investees	1,544,250	1,152,560
Goodwill	841,614	841,614
Other assets	200,652	187,849
Other receivables	15,701	424,411
Derivative financial instruments	-	124,011
<b>Total non-current assets</b>	<b>41,416,953</b>	<b>42,863,406</b>
<b>Total assets</b>	<b>42,644,859</b>	<b>43,741,294</b>
<b>Current liabilities</b>		
Trade and other payables	870,879	398,314
Tenant deposits	17,205	33,182
Other liabilities	4,239	-
<b>Total current liabilities</b>	<b>892,323</b>	<b>431,496</b>
<b>Non-current liabilities</b>		
Interest-bearing liabilities	14,804,370	15,537,190
Tenant deposits	318,175	304,610
Derivative financial instruments	38,172	-
Other liabilities	16,968	-
Deferred income tax	24,486	19,178
<b>Total non-current liabilities</b>	<b>15,202,171</b>	<b>15,860,978</b>
<b>Total liabilities</b>	<b>16,094,494</b>	<b>16,292,474</b>
<b>Net assets</b>	<b>26,550,365</b>	<b>27,448,820</b>
<b>Equity</b>		
Contributed equity	17,394,792	17,497,483
Retained earnings	9,155,573	9,951,337
<b>Total equity</b>	<b>26,550,365</b>	<b>27,448,820</b>

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE MONTHS AND YEARS ENDED DECEMBER 31, 2019 (UNAUDITED) AND 2018.

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

	3 months ended		Year ended	
	Dec 31, 2019 \$'000	Dec 31, 2018 \$'000	Dec 31, 2019 \$'000	Dec 31, 2018 \$'000
Property related income	932,619	900,791	3,657,565	3,566,487
Property related expenses	(149,271)	(135,760)	(532,043)	(500,044)
<b>Net property income</b>	<b>783,348</b>	<b>765,031</b>	<b>3,125,522</b>	<b>3,066,443</b>
Management fees	(44,708)	(41,007)	(164,908)	(168,155)
Transaction related expenses	1,423	(602)	(25,234)	(1,626)
Professional, legal and other expenses	(13,296)	(11,895)	(53,157)	(50,756)
<b>Total expenses</b>	<b>(56,581)</b>	<b>(53,504)</b>	<b>(243,299)</b>	<b>(220,537)</b>
Finance costs	(215,286)	(224,090)	(921,102)	(893,803)
Interest income	5,230	7,669	26,469	21,123
Share of profits from equity-accounted investees	106,631	45,938	155,013	64,579
Net foreign exchange gain/(loss)	588,107	(665,739)	630,606	24,658
Net unrealized foreign exchange (loss)/gain on investment property	(1,376,453)	1,512,744	(1,464,048)	(83,711)
Unrealized revaluation (loss)/gain on investment property measured at fair value	(193,983)	(155,186)	(605,080)	6,967
Loss on disposal of investment property	-	-	-	(3,453)
Goodwill written off in respect of properties disposed	-	-	-	(41,144)
Net unrealized gain/(loss) on interest rate swaps	30,185	(17,847)	(162,183)	12,438
<b>(Loss)/profit before tax for the period/year</b>	<b>(328,802)</b>	<b>1,215,016</b>	<b>541,898</b>	<b>1,953,560</b>
Current income tax	519	(71)	(274)	(381)
Deferred income tax	(5,308)	(12,901)	(5,308)	(12,901)
<b>(Loss)/profit for the period/year</b>	<b>(333,591)</b>	<b>1,202,044</b>	<b>536,316</b>	<b>1,940,278</b>
<b>Other comprehensive income</b>				
Other comprehensive income for the period/year	-	-	-	-
<b>Total comprehensive (loss)/income for the period/year</b>	<b>(333,591)</b>	<b>1,202,044</b>	<b>536,316</b>	<b>1,940,278</b>
<b>(Loss)/profit per CBF<sup>*</sup></b>				
Basic (loss)/profit per CBF (pesos)	(0.44)	1.56	0.70	2.47

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

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2019 (UNAUDITED) AND 2018.

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

	Contributed equity \$'000	Retained earnings \$'000	Total \$'000
Total equity at January 1, 2018	18,118,973	9,240,065	27,359,038
Total comprehensive income for the year	-	1,940,278	1,940,278
<b>Total comprehensive income for the year</b>	-	1,940,278	1,940,278
Transactions with equity holders in their capacity as equity holders:			
- Distributions to CBFI holders	-	(1,229,006)	(1,229,006)
- Repurchase of CBFIs, including associated costs	(621,490)	-	(621,490)
<b>Total transactions with equity holders in their capacity as equity holders</b>	(621,490)	(1,229,006)	(1,850,496)
<b>Total equity at December 31, 2018</b>	<b>17,497,483</b>	<b>9,951,337</b>	<b>27,448,820</b>
Total equity at January 1, 2019	<b>17,497,483</b>	<b>9,951,337</b>	<b>27,448,820</b>
Total comprehensive income for the year	-	<b>536,316</b>	<b>536,316</b>
<b>Total comprehensive income for the year</b>	-	<b>536,316</b>	<b>536,316</b>
Transactions with equity holders in their capacity as equity holders:			
- Distributions to CBFI holders	-	(1,332,080)	(1,332,080)
- Repurchase of CBFIs, including associated costs	(102,691)	-	(102,691)
<b>Total transactions with equity holders in their capacity as equity holders</b>	(102,691)	(1,332,080)	(1,434,771)
<b>Total equity at December 31, 2019</b>	<b>17,394,792</b>	<b>9,155,573</b>	<b>26,550,365</b>

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 (UNAUDITED) AND 2018.

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

	Year ended	
	Dec 31, 2019	Dec 31, 2018
	\$'000	\$'000
	Inflows / (Outflows)	Inflows / (Outflows)
<b>Operating activities:</b>		
Profit before income tax for the year	541,898	1,953,560
<b>Adjustments for:</b>		
Net unrealized foreign exchange loss on investment property	1,464,048	83,711
Unrealized revaluation loss/(gain) on investment property measured at fair value	605,080	(6,967)
Goodwill written off in respect of properties disposed	-	41,144
Straight line rental income adjustment	13,859	2,928
Loss on disposal of investment property	-	3,453
Tenant improvement amortization	43,827	34,317
Leasing expense amortization	70,069	63,990
Right-of-use assets depreciation*	4,351	-
Interest income	(26,469)	(21,123)
Impairment loss on trade receivables	31,279	30,179
Net foreign exchange gain	(652,708)	(44,935)
Finance costs	921,102	893,803
Share of profits from equity-accounted investees	(155,013)	(64,579)
Net unrealized loss/(gain) on interest rates swaps	162,183	(12,438)
<b>Movements in working capital:</b>		
Decrease/(increase) in receivables	29,194	(95,698)
Decrease in payables	(97)	(57,214)
<b>Net cash flows from operating activities</b>	<b>3,052,603</b>	<b>2,804,131</b>
<b>Investing activities:</b>		
Investment property acquired	-	(29,595)
Proceeds from investment properties disposed	104,573	1,189,353
Capital contribution in equity-accounted investees	(326,331)	-
Maintenance capital expenditure and other capitalized cost	(810,786)	(499,633)
Distributions received from equity-accounted investees	89,654	49,671
<b>Net cash flows (used in)/ from investing activities</b>	<b>(942,890)</b>	<b>709,796</b>
<b>Financing activities:</b>		
Interest income	26,469	21,123
Repayment of interest-bearing liabilities	(6,380,379)	(770,052)
Interest paid	(764,667)	(847,006)
Proceeds from interest-bearing liabilities, net of facility charges	6,231,596	-
Lease payments	(5,240)	-
Repurchase of CBFIs, including associated costs	(102,691)	(621,490)
Distribution to CBFI holders	(983,687)	(1,229,006)
<b>Net cash flows from financing activities</b>	<b>(1,978,599)</b>	<b>(3,446,431)</b>
Net increase in cash and cash equivalents	131,114	67,496
Cash and cash equivalents at the beginning of the year	555,591	467,818
Foreign exchange loss on cash and cash equivalents	22,102	20,277
<b>Cash and cash equivalents at the end of the year**</b>	<b>708,807</b>	<b>555,591</b>

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

\*\*Includes restricted cash balance of \$15.6 million (2018: \$nil) as at December 31, 2019.

## **FIBRA MACQUARIE MÉXICO**

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

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



MACQUARIE

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

### *Introduction*

We have reviewed the accompanying condensed interim consolidated statement of financial position of Fideicomiso Irrevocable No. F/1622 (CIBANCO, S. A. Institución de Banca Múltiple) and its controlled entities ("Fibra Macquarie México" or "the Trust") as at December 31, 2019, the condensed interim consolidated statements of comprehensive income, changes in equity and cash flows for the twelve 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 twelve months ended December 31, 2019 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG CARDENAS DOSAL, S. C.

A handwritten signature in blue ink, appearing to read 'Luis Gabriel Ortiz Esqueda'.

Luis Gabriel Ortiz Esqueda

Monterrey, Nuevo León, México  
January 30, 2020

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

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

	Note	Dec 31, 2019 \$'000	Dec 31, 2018 \$'000
<b>Current assets</b>			
Cash and cash equivalents		693,209	555,591
Trade receivables, net		43,861	86,995
Other receivables		429,281	-
Other assets		61,555	87,680
Investment properties held for sale	11	-	147,622
<b>Total current assets</b>		<b>1,227,906</b>	<b>877,888</b>
<b>Non-current assets</b>			
Restricted cash		15,598	-
Investment properties	12	38,799,138	40,132,961
Equity-accounted investees	10	1,544,250	1,152,560
Goodwill		841,614	841,614
Other assets		200,652	187,849
Other receivables		15,701	424,411
Derivative financial instruments	14	-	124,011
<b>Total non-current assets</b>		<b>41,416,953</b>	<b>42,863,406</b>
<b>Total assets</b>		<b>42,644,859</b>	<b>43,741,294</b>
<b>Current liabilities</b>			
Trade and other payables		870,879	398,314
Tenant deposits		17,205	33,182
Other liabilities	18	4,239	-
<b>Total current liabilities</b>		<b>892,323</b>	<b>431,496</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	13	14,804,370	15,537,190
Tenant deposits		318,175	304,610
Derivative financial instruments	14	38,172	-
Other liabilities	18	16,968	-
Deferred income tax	15	24,486	19,178
<b>Total non-current liabilities</b>		<b>15,202,171</b>	<b>15,860,978</b>
<b>Total liabilities</b>		<b>16,094,494</b>	<b>16,292,474</b>
<b>Net assets</b>		<b>26,550,365</b>	<b>27,448,820</b>
<b>Equity</b>			
Contributed equity	16	17,394,792	17,497,483
Retained earnings		9,155,573	9,951,337
<b>Total equity</b>		<b>26,550,365</b>	<b>27,448,820</b>

The above unaudited condensed interim consolidated statements of financial position should be read in conjunction with the accompanying notes.

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE MONTHS AND YEARS ENDED DECEMBER 31, 2019 (UNAUDITED) AND 2018.

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

	Note	3 months ended		Year ended	
		Dec 31, 2019 \$'000	Dec 31, 2018 \$'000	Dec 31, 2019 \$'000	Dec 31, 2018 \$'000
Property related income	5(a)	932,619	900,791	3,657,565	3,566,487
Property related expenses	5(b)	(149,271)	(135,760)	(532,043)	(500,044)
<b>Net property income</b>		<b>783,348</b>	765,031	<b>3,125,522</b>	3,066,443
Management fees	19(c)	(44,708)	(41,007)	(164,908)	(168,155)
Transaction related expenses		1,423	(602)	(25,234)	(1,626)
Professional, legal and other expenses	5(c)	(13,296)	(11,895)	(53,157)	(50,756)
<b>Total expenses</b>		<b>(56,581)</b>	(53,504)	<b>(243,299)</b>	(220,537)
Finance costs	5(d)	(215,286)	(224,090)	(921,102)	(893,803)
Interest income		5,230	7,669	26,469	21,123
Share of profits from equity-accounted investees	10	106,631	45,938	155,013	64,579
Net foreign exchange gain/(loss)	5(e)	588,107	(665,739)	630,606	24,658
Net unrealized foreign exchange (loss)/gain on investment property	11,12	(1,376,453)	1,512,744	(1,464,048)	(83,711)
Unrealized revaluation (loss)/gain on investment property measured at fair value	11,12	(193,983)	(155,186)	(605,080)	6,967
Loss on disposal of investment property	11	-	-	-	(3,453)
Goodwill written off in respect of properties disposed		-	-	-	(41,144)
Net unrealized gain/(loss) on interest rate swaps	14	30,185	(17,847)	(162,183)	12,438
<b>(Loss)/profit before tax for the period/year</b>		<b>(328,802)</b>	1,215,016	<b>541,898</b>	1,953,560
Current income tax	15	519	(71)	(274)	(381)
Deferred income tax	15	(5,308)	(12,901)	(5,308)	(12,901)
<b>(Loss)/profit for the period/year</b>		<b>(333,591)</b>	1,202,044	<b>536,316</b>	1,940,278
<b>Other comprehensive income</b>					
Other comprehensive income for the period/year		-	-	-	-
<b>Total comprehensive (loss)/income for the period/year</b>		<b>(333,591)</b>	1,202,044	<b>536,316</b>	1,940,278
<b>(Loss)/profit per CBFI*</b>					
Basic (loss)/profit per CBFI (pesos)	9	(0.44)	1.56	0.70	2.47

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

The above unaudited condensed interim consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2019 (UNAUDITED) AND 2018.

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

	Note	Contributed equity \$'000	Retained earnings \$'000	Total \$'000
Total equity at January 1, 2018	16	18,118,973	9,240,065	27,359,038
Total comprehensive income for the year		-	1,940,278	1,940,278
<b>Total comprehensive income for the year</b>		-	1,940,278	1,940,278
Transactions with equity holders in their capacity as equity holders:				
- Distributions to CBFI holders	8	-	(1,229,006)	(1,229,006)
- Repurchase of CBFIs, including associated costs	16	(621,490)	-	(621,490)
<b>Total transactions with equity holders in their capacity as equity holders</b>		(621,490)	(1,229,006)	(1,850,496)
<b>Total equity at December 31, 2018</b>		<b>17,497,483</b>	<b>9,951,337</b>	<b>27,448,820</b>
Total equity at January 1, 2019	16	17,497,483	9,951,337	27,448,820
Total comprehensive income for the year		-	536,316	536,316
<b>Total comprehensive income for the year</b>		-	536,316	536,316
Transactions with equity holders in their capacity as equity holders:				
- Distributions to CBFI holders	8	-	(1,332,080)	(1,332,080)
- Repurchase of CBFIs, including associated costs	16	(102,691)	-	(102,691)
<b>Total transactions with equity holders in their capacity as equity holders</b>		(102,691)	(1,332,080)	(1,434,771)
<b>Total equity at December 31, 2019</b>		<b>17,394,792</b>	<b>9,155,573</b>	<b>26,550,365</b>

The above unaudited condensed interim consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 (UNAUDITED) AND 2018.

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

	Note	Year ended	
		Dec 31, 2019 \$'000	Dec 31, 2018 \$'000
		Inflows / (Outflows)	Inflows / (Outflows)
<b>Operating activities:</b>			
Profit before income tax for the year		541,898	1,953,560
<b>Adjustments for:</b>			
Net unrealized foreign exchange loss on investment property	11,12	1,464,048	83,711
Unrealized revaluation loss/(gain) on investment property measured at fair value	11,12	605,080	(6,967)
Goodwill written off in respect of properties disposed		-	41,144
Straight line rental income adjustment		13,859	2,928
Loss on disposal of investment property	11	-	3,453
Tenant improvement amortization	5(b)	43,827	34,317
Leasing expense amortization	5(b)	70,069	63,990
Right-of-use assets depreciation*		4,351	-
Interest income		(26,469)	(21,123)
Impairment loss on trade receivables	5(b)	31,279	30,179
Net foreign exchange gain	5(e)	(652,708)	(44,935)
Finance costs	5(d)	921,102	893,803
Share of profits from equity-accounted investees	10(c)	(155,013)	(64,579)
Net unrealized loss/(gain) on interest rates swaps	14	162,183	(12,438)
<b>Movements in working capital:</b>			
Decrease/(increase) in receivables		29,194	(95,698)
Decrease in payables		(97)	(57,214)
<b>Net cash flows from operating activities</b>		<b>3,052,603</b>	<b>2,804,131</b>
<b>Investing activities:</b>			
Investment property acquired	12	-	(29,595)
Proceeds from investment properties disposed	12	104,573	1,189,353
Capital contribution in equity-accounted investees	10(b)	(326,331)	-
Maintenance capital expenditure and other capitalized cost		(810,786)	(499,633)
Distributions received from equity-accounted investees	10(b)	89,654	49,671
<b>Net cash flows (used in)/ from investing activities</b>		<b>(942,890)</b>	<b>709,796</b>
<b>Financing activities:</b>			
Interest income		26,469	21,123
Repayment of interest-bearing liabilities		(6,380,379)	(770,052)
Interest paid		(764,667)	(847,006)
Proceeds from interest-bearing liabilities, net of facility charges		6,231,596	-
Lease payments		(5,240)	-
Repurchase of CBFIs, including associated costs	16	(102,691)	(621,490)
Distribution to CBFI holders	8	(983,687)	(1,229,006)
<b>Net cash flows from financing activities</b>		<b>(1,978,599)</b>	<b>(3,446,431)</b>
Net increase in cash and cash equivalents		131,114	67,496
Cash and cash equivalents at the beginning of the year		555,591	467,818
Foreign exchange loss on cash and cash equivalents	5(e)	22,102	20,277
<b>Cash and cash equivalents at the end of the year**</b>		<b>708,807</b>	<b>555,591</b>

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

\*\*Includes restricted cash balance of \$15.6 million (2018: \$nil) as at December 31, 2019.

The above unaudited condensed interim consolidated statements of cash flows should be read in conjunction with the accompanying notes.

## NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

### 1. REPORTING ENTITY

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

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

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

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

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

On June 28, 2019, FIBRA Macquarie sold 2 non-strategic industrial assets for US\$7.2 million of cash proceeds. The sale proceeds are to be received in three tranches. FIBRA Macquarie received US\$5.5 million at closing and will receive US\$1.0 million and US\$0.7 million on December 27, 2020 and June 27, 2021, respectively.

On May 22, 2019, FIBRA Macquarie closed a 15-year US\$75 million secured term loan facility, which matures in June 2034 and has an all-in fixed-rate interest of 5.23% per annum. The proceeds were used to fully repay the outstanding drawn revolver, resulting in the entire revolving facility, equivalent to US\$245 million (US\$180 million and \$1,259 million), being undrawn.

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

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

On November 1, 2018, FIBRA Macquarie announced an increase in the size of its certificates repurchase program. The Technical Committee and the Board of Directors of the Manager have approved an increased buyback program size of \$1.2 billion for the twelve months ending June 25, 2019, to fully align with the program size and duration approved by certificates holders at the 2018 annual general meeting. See note 16 for further details.

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

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

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

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

### 2. BASIS OF PREPARATION AND PRESENTATION

#### a) Statement of compliance

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

These unaudited condensed interim consolidated financial statements were approved by the Technical Committee of FIBRA Macquarie on January 30, 2020.

#### b) Historical cost convention

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of investment properties at fair value.

#### c) Critical accounting judgments and estimates

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

##### *(i) Judgements*

- Estimation of fair value of investment properties: Critical judgments are made with respect to the fair values of investment properties. The fair values of investment properties are reviewed regularly by management with reference to independent property valuations and market conditions existing at the reporting date, using generally accepted market practices. The independent valuers are experienced, nationally recognized and qualified in the professional valuation of industrial and retail buildings in their respective geographic areas. Since inception, FIBRA Macquarie has performed yearly and since 2019 half-yearly independent appraisals. See note 12 for further details.

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

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

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

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

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

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

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

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

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

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

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

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

Management believes that the estimates used in preparing the unaudited condensed interim consolidated financial statements are reasonable. Actual results in the future may differ from those reported and therefore it is possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from our assumptions and estimates could result in an adjustment to the carrying amounts of the assets and liabilities previously reported.

#### d) Measurement of fair value

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

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

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

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

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

#### e) Comparatives

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

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

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

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### a) Standards issued

A number of new and amended accounting standards became effective for annual reporting periods commencing on or after January 1, 2019:

- IFRIC 23 Uncertainty over Income Tax Treatments.
- Prepayment Features with Negative Compensation (Amendments to IFRS 9).
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28).
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19).
- Annual Improvements to IFRS Standards 2015–2017 Cycle – various standards.
- IFRS 16 Leases

These standards and interpretations did not have any significant impact on the Group's unaudited condensed interim consolidated financial statements, except for the IFRS 16 Leases, please refer to note 4 to the unaudited condensed interim consolidated financial statements.

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

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

- IFRS 17 Insurance Contracts.
- Amendments to references to Conceptual Framework in IFRS Standards.
- Definition of a Business (Amendments to IFRS 3).
- Definition of material (Amendments to IAS 1 and IAS 8).

### 4. CHANGES IN ACCOUNTING POLICIES

#### IFRS 16 Leases

The Group adopted IFRS 16 from January 1, 2019.

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

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

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

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

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

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

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

#### IFRS 16 Leases (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### 5. INCOME/(EXPENSE) FOR THE PERIOD/YEAR

The income/(expense) for the period/year includes the following items of revenue and expenses:

	3 months ended		Year ended	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
	\$'000	\$'000	\$'000	\$'000
<b>a) Property related income</b>				
Lease related income	865,755	840,259	3,396,667	3,319,985
Car parking income	14,691	13,763	56,693	55,218
Expenses recoverable from tenants	52,173	46,769	204,205	191,284
<b>Total property related income</b>	<b>932,619</b>	<b>900,791</b>	<b>3,657,565</b>	<b>3,566,487</b>
<b>b) Property related expenses</b>				
Property administration expense	(19,554)	(18,196)	(77,648)	(71,905)
Property insurance	(6,355)	(6,017)	(24,968)	(24,755)
Property tax	(16,013)	(15,437)	(63,976)	(63,527)
Repairs and maintenance	(38,995)	(34,398)	(100,426)	(107,152)
Industrial park fees	(8,461)	(10,979)	(36,533)	(31,453)
Security services	(5,876)	(5,359)	(21,513)	(22,206)
Property related legal and consultancy expenses	(4,453)	(1,631)	(8,309)	(6,254)
Tenant improvements amortization	(11,357)	(7,450)	(43,827)	(34,317)
Leasing expenses amortization	(18,919)	(12,665)	(70,069)	(63,990)
Utilities	(5,822)	(5,735)	(22,899)	(19,074)
Marketing costs	(6,400)	(4,112)	(17,474)	(13,465)
Car park operating fees	(2,204)	(2,195)	(8,531)	(8,577)
Impairment loss on trade receivables	(3,459)	(11,053)	(31,279)	(30,179)
Other property related expenses	(1,403)	(533)	(4,591)	(3,190)
<b>Total property related expenses</b>	<b>(149,271)</b>	<b>(135,760)</b>	<b>(532,043)</b>	<b>(500,044)</b>
<b>c) Professional, legal and other expenses</b>				
Tax advisory expenses	(868)	(744)	(3,201)	(2,928)
Accountancy expenses	(2,904)	(2,930)	(10,431)	(9,534)
Valuation expenses	(1,161)	(873)	(4,507)	(4,241)
Audit expenses	(1,170)	(981)	(4,741)	(4,549)
Other professional expenses	(3,309)	(2,359)	(12,767)	(12,977)
Other expenses	(3,884)	(4,008)	(17,510)	(16,527)
<b>Total professional, legal and other expenses</b>	<b>(13,296)</b>	<b>(11,895)</b>	<b>(53,157)</b>	<b>(50,756)</b>
<b>d) Finance costs</b>				
Interest expense on interest-bearing liabilities	(211,599)	(215,925)	(842,653)	(845,369)
Finance costs under effective interest method	(3,186)	(8,165)	(76,323)	(48,434)
Interest expense on lease liabilities	(501)	-	(2,126)	-
<b>Total finance costs</b>	<b>(215,286)</b>	<b>(224,090)</b>	<b>(921,102)</b>	<b>(893,803)</b>
<b>e) Net foreign exchange gain/(loss)</b>				
Unrealized foreign exchange gain/(loss) on monetary items	594,703	(682,385)	587,414	21,894
Realized foreign exchange (loss)/gain	(6,596)	16,646	43,192	2,764
<b>Total net foreign exchange gain/(loss)</b>	<b>588,107</b>	<b>(665,739)</b>	<b>630,606</b>	<b>24,658</b>

At December 31, 2019, the Group had 69 employees (December 31, 2018: 69 employees) in its vertically integrated internal property management platform.

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

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

### 6. SEGMENT REPORTING

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

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

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

3 months ended December 31, 2019	Industrial				Retail <sup>1,2,3</sup>		Total \$'000
	North East \$'000	Central \$'000	North West \$'000	North \$'000	South \$'000	Central \$'000	
Revenue from external customers <sup>1</sup>	319,974	160,199	177,694	129,351	12,232	188,099	987,549
Segment net (loss)/profit <sup>2</sup>	(367,830)	(195,591)	(170,912)	(138,719)	25,295	291,344	(556,413)
<i>Included in loss for the period:</i>							
Foreign exchange gain/(loss)	64,106	40,697	56,406	38,160	(5)	(1)	199,363
Net unrealized foreign exchange loss on investment property	(563,065)	(294,411)	(298,142)	(220,835)	-	-	(1,376,453)
Unrealized revaluation (loss)/gain on investment property measured at fair value	(120,106)	(63,128)	(64,858)	(53,136)	20,713	171,826	(108,689)
Finance costs <sup>3</sup>	(25,990)	(14,314)	(19,922)	(13,775)	(2,834)	(9,954)	(86,789)

<sup>1</sup> The retail south segment and the retail central segment includes revenues relating to joint ventures amounting to \$12.23 million and \$42.70 million respectively.

<sup>2</sup> The retail south segment and the retail central segment includes operating profits relating to joint ventures amounting to \$25.29 million and \$80.63 million respectively.

<sup>3</sup> The retail south segment and the retail central segment include finance costs relating to the joint ventures amounting to \$2.83 million and \$9.95 million respectively.

3 months ended December 31, 2018	Industrial				Retail <sup>1,2,3</sup>		Total \$'000
	North East \$'000	Central \$'000	North West \$'000	North \$'000	South \$'000	Central \$'000	
Revenue from external customers <sup>1</sup>	313,144	150,683	173,293	121,375	14,296	179,522	952,313
Segment net profit <sup>2</sup>	768,372	361,180	327,743	276,807	11,275	191,347	1,936,724
<i>Included in profit of the period:</i>							
Foreign exchange loss	(42,142)	(32,830)	(67,513)	(31,342)	-	(6)	(173,833)
Net unrealized foreign exchange gain on investment property	624,265	315,481	321,401	251,596	-	-	1,512,743
Unrealized revaluation (loss)/gain on investment property measured at fair value	(72,595)	(41,374)	(53,969)	(34,003)	8,277	73,552	(120,112)
Finance costs <sup>3</sup>	(14,255)	(11,355)	(21,437)	(9,640)	(5,215)	(13,679)	(75,581)

<sup>1</sup> The retail south segment and the retail central segment includes revenues relating to joint ventures amounting to \$14.30 million and \$37.23 million respectively.

<sup>2</sup> The retail south segment and the retail central segment includes operating profits relating to joint ventures amounting to \$11.28 million and \$34.32 million respectively.

<sup>3</sup> The retail south segment and the retail central segment include finance costs relating to the joint ventures amounting to \$5.21 million and \$13.68 million respectively.

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

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

### 6. SEGMENT REPORTING (CONTINUED)

Year ended December 31, 2019	Industrial				Retail <sup>1,2,3</sup>		Total \$'000
	North East \$'000	Central \$'000	North West \$'000	North \$'000	South \$'000	Central \$'000	
Revenue from external customers <sup>1</sup>	1,242,161	627,934	703,854	493,936	52,953	755,996	3,876,834
Segment net profit <sup>2</sup>	270,183	138,372	224,428	121,902	36,548	312,252	1,103,685
<i>Included in profit for the year:</i>							
Foreign exchange gain/(loss)	44,765	34,816	61,486	31,344	(3)	(5)	172,403
Net unrealized foreign exchange loss on investment property	(589,365)	(314,030)	(333,897)	(226,756)	-	-	(1,464,048)
Unrealized revaluation (loss)/gain on investment property measured at fair value	(178,074)	(77,189)	(41,951)	(59,779)	16,171	(197,299)	(538,121)
Finance costs <sup>3</sup>	(85,698)	(55,528)	(80,857)	(50,154)	(12,835)	(40,311)	(325,383)

<sup>1</sup> The retail south segment and the retail central segment includes revenues relating to joint ventures amounting to \$52.95 million and \$166.32 million respectively.

<sup>2</sup> The retail south segment and the retail central segment includes operating profits relating to joint ventures amounting to \$36.55 million and \$114.79 million respectively.

<sup>3</sup> The retail south segment and the retail central segment include finance costs relating to the joint ventures amounting to \$12.84 million and \$40.31 million respectively.

Year ended December 31, 2018	Industrial				Retail <sup>1,2,3</sup>		Total \$'000
	North East \$'000	Central \$'000	North West \$'000	North \$'000	South \$'000	Central \$'000	
Revenue from external customers <sup>1</sup>	1,257,285	585,825	681,006	476,860	51,383	725,664	3,778,023
Segment net profit <sup>2</sup>	988,628	475,614	522,099	336,584	15,466	450,748	2,789,139
<i>Included in profit for the year:</i>							
Foreign exchange (loss)/gain	(1,027)	(71)	758	(98)	1	(29)	(466)
Net unrealized foreign exchange loss on investment property	(35,437)	(20,860)	(18,077)	(9,337)	-	-	(83,711)
Unrealized revaluation gain/(loss) on investment property measured at fair value	14,193	9,063	15,409	8,184	3,213	(29,868)	20,194
Goodwill written off in respect of properties disposed	(29,387)	10,628	(3,891)	(18,494)	-	-	(41,144)
Finance costs <sup>3</sup>	(55,766)	(42,428)	(82,372)	(38,643)	(18,233)	(56,829)	(294,271)

<sup>1</sup> The retail south segment and the retail central segment include revenues relating to the joint ventures amounting to \$51.38 million and \$160.15 million respectively.

<sup>2</sup> The retail south segment and the retail central segment include net profits relating to the joint ventures amounting to \$15.48 million and \$48.21 million respectively.

<sup>3</sup> The retail south segment and the retail central segment include finance costs relating to the joint ventures amounting to \$18.23 million and \$56.82 million respectively.

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

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

### 6. SEGMENT REPORTING (CONTINUED)

As at December 31, 2019	Industrial*				Retail		Total
	North East	Central	North West	North	South	Central	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total segment assets*	14,319,480	7,468,625	7,569,763	5,559,955	518,851	7,245,417	42,682,091
Total segment liabilities	(2,076,029)	(1,234,413)	(1,592,337)	(1,105,028)	(145,917)	(636,202)	(6,789,926)
<b>As at December 31, 2018</b>							
Total segment assets*	14,912,860	7,961,635	7,850,086	5,442,593	496,835	7,282,584	43,946,593
Total segment liabilities	(1,335,805)	(958,139)	(1,686,739)	(817,896)	(216,876)	(732,249)	(5,747,704)

\*During the period ended December 31, 2019, the Group disposed of 2 non-strategic industrial assets in North and Northeast. During the year ended December 31, 2018, the Group disposed of 35 non-strategic industrial assets as follows: 16 properties in Northeast, 14 in North and 5 in Northwest.

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

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

	3 months ended		Year ended	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
	\$'000	\$'000	\$'000	\$'000
Total segment revenue	987,549	952,312	3,876,834	3,778,023
Revenue attributable to equity-accounted investees	(54,929)	(51,522)	(219,269)	(211,536)
Interest income	5,230	7,669	26,469	21,123
<b>Total revenue for the period/year</b>	<b>937,850</b>	<b>908,459</b>	<b>3,684,034</b>	<b>3,587,610</b>
Segment (loss)/profit	(556,413)	1,936,724	1,103,685	2,789,139
Unallocated amounts:				
Property expenses not included in reporting segments	631	933	4,227	3,408
Finance costs not included in reporting segments <sup>1</sup>	(141,284)	(167,403)	(648,865)	(674,594)
Interest income	5,230	7,669	26,469	21,123
Items attributable to equity-accounted investees	706	347	3,671	907
Net foreign exchange gain/(loss) <sup>2</sup>	388,724	(491,903)	458,193	25,129
Realized loss on disposal of investment property	-	-	-	(3,453)
Net unrealized gain/(loss) on interest rate swaps	30,185	(17,847)	(162,183)	12,438
Management fees <sup>3</sup>	(44,708)	(41,007)	(164,908)	(168,155)
Transaction related expenses	1,423	(602)	(25,234)	(1,626)
Professional, legal and other expenses	(13,296)	(11,895)	(53,157)	(50,756)
Income tax expense	(4,789)	(12,972)	(5,582)	(13,282)
<b>(Loss)/profit for the period/year</b>	<b>(333,591)</b>	<b>1,202,044</b>	<b>536,316</b>	<b>1,940,278</b>

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

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

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

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

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

### 6. SEGMENT REPORTING (CONTINUED)

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

	Year ended	
	Dec 31, 2019	Dec 31, 2018
	\$'000	\$'000
Segment assets	42,682,091	43,946,593
<i>Items non included in segment assets:</i>		
Cash, cash equivalents and restricted cash <sup>2</sup>	482,640	489,675
Trade and other receivables, net	332	15,224
Other assets <sup>2</sup>	84,010	58,642
Assets attributable to equity-accounted investees <sup>2</sup>	(2,148,464)	(2,045,411)
Investment in equity-accounted investees <sup>2</sup>	1,544,250	1,152,560
Derivative financial instruments not included in reporting segment <sup>2</sup>	-	124,011
<b>Total assets</b>	<b>42,644,859</b>	<b>43,741,294</b>
Segment liabilities	(6,789,926)	(5,747,704)
<i>Items non included in segment liabilities:</i>		
Interest-bearing liabilities <sup>1</sup>	(9,472,853)	(11,422,373)
Trade and other payables <sup>2</sup>	(356,303)	3,932
Liabilities attributable to equity-accounted investees <sup>2</sup>	604,214	892,849
Other liabilities <sup>2</sup>	(16,968)	-
Deferred income tax liability <sup>2</sup>	(24,486)	(19,178)
Derivative financial instruments not included in reporting segment <sup>2</sup>	(38,172)	-
<b>Total liabilities</b>	<b>(16,094,494)</b>	<b>(16,292,474)</b>

<sup>1</sup> Corresponds to existing debt at FIBRA Macquarie level and consequently, in 2019 and 2018, finance cost is considered as a reconciling item.

<sup>2</sup> Assets and liabilities held at Fund level.

### 7. SEASONALITY OF OPERATIONS

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

### 8. DISTRIBUTIONS PAID OR PROVIDED FOR

During the year ended December 31, 2019, FIBRA Macquarie made three distributions payments amounting to \$983.7 million (December 31, 2018: \$1,229.0 million). The first distribution amounted to \$315.7 million (0.410 per CBF) and was paid on March 13, 2019, the second distribution amounted to \$327.3 million (0.425 per CBF) and was paid on June 14, 2019 and the third distribution amounting to \$340.7million (0.445 per CBF) paid on September 25, 2019.

As at December 31, 2019, FIBRA Macquarie had accrued for an approved distribution of \$348.4 million in respect of the third quarter results, which was subsequently paid on January 24, 2020.

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

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

### 9. (LOSS)/PROFIT AFTER TAX PER CBFİ

	3 months ended		Year ended	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
	\$'000	\$'000	\$'000	\$'000
<b>(Loss)/profit after tax per CBFİ</b>				
Basic (loss)/profit per CBFİ (\$)	<b>(0.44)</b>	1.56	<b>0.70</b>	2.47
<b>Basic profit used in the calculation of earnings per CBFİ</b>				
Net (loss)/profit after tax for basic earnings per CBFİ (\$'000)	<b>(333,591)</b>	1,202,044	<b>536,316</b>	1,940,278
Weighted average number of CBFİs used as the denominator in calculating basic earnings per CBFİ ('000)	<b>765,700</b>	771,875	<b>768,563</b>	784,438

### 10. EQUITY-ACCOUNTED INVESTEEES

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

#### a) Carrying amounts

Name of the entity	Country of establishment / Principal activity	Ownership interest as at Dec 31,	Ownership interest as at Dec 31,	Dec 31, 2019	Dec 31, 2018
		2019	2018	\$'000	\$'000
JV Trust CIB/589	Mexico / Own and lease retail property	50%	50%	579,313	250,905
JV Trust CIB/586	Mexico / Own and lease retail property	50%	50%	964,937	901,655

#### b) Movement in carrying amounts

	Dec 31, 2019	Dec 31, 2018
	\$'000	\$'000
Carrying amount at the beginning of the year	1,152,560	1,137,652
Capital contribution during the year <sup>1</sup>	326,331	-
Distributions received during the year	(89,654)	(49,671)
Share of profits from equity-accounted investees	88,054	51,350
Share of revaluation gain on investment property measured at fair value	66,959	13,229
<b>Carrying amount at the end of the year</b>	<b>1,544,250</b>	<b>1,152,560</b>

<sup>1</sup> Relates to a capital contribution in respect of the debt repaid and certain capital expenditures at the JV level.

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

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

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

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

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

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

Summarized Statement of Financial Position	JV Trust CIB/589	JV Trust CIB/589	JV Trust CIB/586	JV Trust CIB/586
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
	\$'000	\$'000	\$'000	\$'000
Total current assets <sup>1,2</sup>	22,364	20,417	29,445	67,337
Total non-current assets	1,153,132	1,072,069	3,091,987	2,931,001
Total current liabilities <sup>3</sup>	(9,705)	(583,163)	(20,790)	(26,634)
Total non-current liabilities <sup>3</sup>	(7,166)	(7,514)	(1,170,767)	(1,168,393)
<b>Net assets</b>	<b>1,158,625</b>	<b>501,809</b>	<b>1,929,875</b>	<b>1,803,311</b>

<sup>1</sup> Includes cash and cash equivalents of \$30.0 million (December 31, 2018: \$64.7 million).

<sup>2</sup> Includes restricted cash of \$20.0 million (December 31, 2018: \$29.8 million).

<sup>3</sup> Current and non-current financial liabilities (excluding trade and other payables and provisions) amounts to \$1,150.4 million (December 31, 2018: \$1,717.0 million).

Summarized Statement of Financial Position	JV Trust CIB/589	JV Trust CIB/589	JV Trust CIB/586	JV Trust CIB/586
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
	\$'000	\$'000	\$'000	\$'000
<b>Reconciliation to carrying amounts:</b>				
Opening net assets <sup>1</sup>	501,809	535,912	1,803,311	1,739,392
Net movements for the year	656,816	(34,103)	126,564	63,919
<b>Net assets</b>	<b>1,158,625</b>	<b>501,809</b>	<b>1,929,875</b>	<b>1,803,311</b>
FIBRA Macquarie's share (%)	50%	50%	50%	50%
FIBRA Macquarie's share (\$)	579,313	250,905	964,937	901,655
FIBRA Macquarie's carrying amount	579,313	250,905	964,937	901,655

<sup>1</sup> During year ended December 31, 2019 FIBRA Macquarie paid VAT on behalf of the JV Trusts amounting to \$16.1 million (full year 2018: \$22.6 million). These recoverable amounts have been settled against the distributions received by FIBRA Macquarie from the JV Trusts.

Summarized Statement of Comprehensive Income	JV Trust CIB/589	JV Trust CIB/589	JV Trust CIB/586	JV Trust CIB/586
	Year ended	Year ended	Year ended	Year ended
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
	\$'000	\$'000	\$'000	\$'000
<b>Revenue:</b>				
Property related and other income	101,668	113,097	336,869	309,975
Revaluation of investment property measured at fair value	40,638	(50,566)	93,279	77,023
Financial income	3,062	648	4,697	2,770
<b>Total revenue</b>	<b>145,368</b>	<b>63,179</b>	<b>434,845</b>	<b>389,768</b>
<b>Expenses:</b>				
Finance costs	(4,884)	(48,874)	(101,407)	(101,249)
Other expenses	(39,673)	(40,911)	(124,224)	(132,754)
<b>Total expenses</b>	<b>(44,557)</b>	<b>(89,785)</b>	<b>(225,631)</b>	<b>(234,003)</b>
<b>Profit for the year</b>	<b>100,811</b>	<b>(26,606)</b>	<b>209,214</b>	<b>155,765</b>
FIBRA Macquarie's share (%)	50%	50%	50%	50%
<b>FIBRA Macquarie's share</b>	<b>50,406</b>	<b>(13,303)</b>	<b>104,607</b>	<b>77,882</b>

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

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

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

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

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

### 11. INVESTMENT PROPERTIES HELD FOR SALE

	Dec 31, 2019	Dec 31, 2018
	\$'000	\$'000
Carrying amount at the beginning of the year	147,622	-
<i>Additions/disposals during the year:</i>		
Transfers from investment properties <sup>1</sup>	-	1,753,449
Disposals <sup>2</sup>	(137,589)	(1,571,168)
Net unrealized foreign exchange loss on investment property	(3,967)	(12,243)
Revaluation of investment property measured at fair value	(6,066)	(22,416)
<b>Carrying amount at the end of the year</b>	<b>-</b>	<b>147,622</b>

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

<sup>2</sup> During the year ended December 31, 2019, the Group disposed of 2 properties in Chihuahua and Matamoros. During the year ended December 31, 2018, the Group disposed of 35 properties in Chihuahua, Ciudad Juárez, Matamoros, Mexicali, Reynosa and Tijuana and de-recognized goodwill amounting to \$41.1 million associated with those properties and transferred to the consolidated statement of comprehensive income. The loss on disposal amounting to \$3.4 million solely relates to transaction related costs.

### 12. INVESTMENT PROPERTIES

	Note	Dec 31, 2019	Dec 31, 2018
		\$'000	\$'000
Carrying amount at the beginning of the year		40,132,961	41,722,712
<i>Additions during the year:</i>			
Asset acquisition		-	61,244
Capital expenditure (including tenant improvements)		414,746	123,660
Transfers from Investment property under construction		271,881	124,849
Investment property under construction	12(a)	(5,125)	(95,149)
Net unrealized foreign exchange loss on investment property		(1,460,081)	(71,468)
Revaluation of investment property measured at fair value		(599,014)	29,383
Leasing commissions, net of amortization		43,770	(8,821)
Transfer to investment properties held for sale	11	-	(1,753,449)
<b>Carrying amount at the end of the year</b>		<b>38,799,138</b>	<b>40,132,961</b>

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

	Dec 31, 2019	Dec 31, 2018
	\$'000	\$'000
Carrying amount at the beginning of the year	61,163	156,312
Capital expenditure	266,756	29,700
Transfer to completed investment properties	(271,881)	(124,849)
<b>Carrying amount at the end of the year</b>	<b>56,038</b>	<b>61,163</b>

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

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

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

### 12. INVESTMENT PROPERTIES (CONTINUED)

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

Valuations of investment properties are carried on half-yearly basis 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, 2019 and 2018.

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

The fair value measurement for all investment properties was determined based in the inputs to the valuation techniques mentioned below and its categorised as level 3.

The significant inputs and assumptions in respect of the valuation process are described in consultation with management.

The inputs used in the valuations at December 31, 2019 and 2018 were as follows:

- The range of reversionary capitalisation rates applied to the portfolio were between 7.50% to 10.50% (December 31, 2018: 7.50% and 10.50%) for industrial and 8.25% to 9.75% (December 31, 2018: 8.25% and 9.50%) for retail properties.
- The discount rates applied range between 8.50% and 11.50% (December 31, 2018: 8.50% and 11.50%) for industrial properties and 9.25% and 11.75% (December 31, 2018: 9.25% and 10.25%) for retail properties.
- The vacancy rate applied for retail properties ranged between 3.00% and 5.00% (December 31, 2018: 3.00% and 5.00%), with a weighted average of 4.85% (2018: 4.80%).

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

The difference between the above fair value for financial reporting purposes and the carrying value at the end of the quarter is primarily on account of capitalized leasing costs and tenant improvements which are carried at historical cost.

### 13. INTEREST BEARING LIABILITIES

	Dec 31, 2019 \$'000	Dec 31, 2018 \$'000
<b>The Group has access to:</b>		
<b><i>Loan facilities - undrawn</i></b>		
Undrawn US\$-denominated notes	3,392,136	3,474,032
Undrawn MXN-denominated notes	1,259,564	1,604,806
<b>Total undrawn loan facilities</b>	<b>4,651,700</b>	<b>5,078,838</b>
<b><i>Loan facilities - drawn</i></b>		
US\$-denominated term funding	8,763,017	9,211,596
US\$-denominated notes	6,124,690	6,396,943
Unamortized transaction costs	(83,337)	(71,349)
<b>Total loan facilities, net of unamortized transaction costs</b>	<b>14,804,370</b>	<b>15,537,190</b>

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

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

### 13. INTEREST-BEARING LIABILITIES (CONTINUED)

The relevant credit facilities are summarised as follows:

Lenders / Facility Type	Currency	Facility Limit \$'million	Drawn Amount \$'million	Interest Rate p.a.	Maturity Date	Carrying Amount	
						Dec 31, 2019 \$'000	Dec 31, 2018 \$'000
Various Insurance Companies through Notes	US\$	250.0	250.0	5.55%	Jun-23	4,707,562	4,915,838
MetLife - Term Loan <sup>1</sup>	US\$	210.0	210.0	5.38%	Oct-27	3,941,116	4,114,818
Various Banks through a Credit Facility - Term Loan	US\$	180.0	180.0	4.44% <sup>2</sup>	Apr-24	3,354,038	-
Various Insurance Companies through Notes	US\$	75.0	75.0	5.44%	Sep-26	1,411,254	1,473,720
MetLife - Term Loan <sup>3</sup>	US\$	75.0	75.0	5.23%	Jun-34	1,390,400	-
Various Banks through a Credit Facility - Term Loan <sup>4</sup>	US\$	258.0	258.0	90 day Libor + 3.125%	Jun-20	-	5,032,814
<b>Balance at the end of the year</b>						<b>14,804,370</b>	<b>15,537,190</b>

<sup>1</sup> Thirty nine industrial properties are secured pursuant to this Term Loan. <sup>2</sup> Fixed by interest rate swap. Refer to note 14. <sup>3</sup> Sixteen industrial properties are secured pursuant to this Term Loan. <sup>4</sup> Repaid in April 2019.

#### Interest-bearing liabilities – Non-current

On May 22, 2019, FIBRA Macquarie closed a 15-year US\$75 million secured term loan facility, which matures in June 2034 and has an all-in fixed-rate interest of 5.23% per annum. The proceeds were used to fully repay the outstanding drawn revolver, resulting in the entire revolving facility, equivalent to US\$245 million (US\$180 million and \$1,259 million), being undrawn.

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

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

	Dec 31, 2019 \$'000	Dec 31, 2018 \$'000
Carrying amount at the beginning of the year	15,537,190	16,318,550
<b>Changes from financing cash flows:</b>		
Repayments of interest-bearing liabilities	(6,380,379)	(770,052)
Proceeds from interest-bearing liabilities, net of facility charges	6,231,596	-
<b>Total changes for financing cash flow</b>	<b>(148,783)</b>	<b>(770,052)</b>
Total effect of changes in foreign exchange rate	(660,360)	(59,742)
<b>Liability-related other changes:</b>		
Amortization of capitalized borrowing costs	76,323	48,434
<b>Carrying amount at the end of the year</b>	<b>14,804,370</b>	<b>15,537,190</b>

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

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

### 14. DERIVATIVE FINANCIAL INSTRUMENTS

On April 5, 2019, FIBRA Macquarie entered into interest rate swap with various counterparties, whereby FIBRA Macquarie on a quarterly basis pays an annual weighted average fixed rate of interest of 1.94% on its respective interest rate swap contracts and receives a variable interest rate based on 3 months US\$ LIBOR. The swaps fully hedge the exposure to the variable interest rate payments associated with the US\$180.0 million unsecured credit facility (term loan).

These revised swap contracts replace the previous contracts established in 2016 (whereby FIBRA Macquarie on a quarterly basis paid an annual fixed rate of interest of 1.25% and 1.134% on its respective interest rate swap contracts and received a variable rate based on 3 month US\$ LIBOR) to hedge the exposure to the variable interest rate payments associated with the US\$258.0 million unsecured term loan that was prepaid on April 5, 2019.

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

Counterparties	Trade date	Maturity date	Notional amount	Dec 31, 2019 \$'000	Dec 31, 2018 \$'000
Various Banks	Apr 5, 2019	Apr 1, 2024	US\$180.0 million	(38,172)	-
Various Banks	Aug 31, 2016	Jun 30, 2020	US\$155.5 million	-	71,553
Various Banks	Sep 27, 2016	Jun 30, 2020	US\$102.5 million	-	52,458
<b>Total estimated fair value</b>				<b>(38,172)</b>	<b>124,011</b>

### 15. DIRECT TAXES

FIBRA Macquarie is deemed to be a real estate investment trust for Mexican federal income tax purposes. Under Articles 187 and 188 of the Mexican Income Tax Law, it is required to distribute an amount equal to at least 95% of its net tax result to its CBFH holders on a yearly basis. If the net tax result during any fiscal year is greater than the distributions made to CBFH holders during the twelve months ended March of such fiscal year, FIBRA Macquarie is required to pay the corresponding tax at a rate of 30% of such excess.

The Group's subsidiaries are subject to income tax and hence the tax effects have been recognized in these unaudited condensed interim consolidated financial statements. Deferred income taxes are calculated on the basis of income taxes at the rate applicable in the period in which the reversal of the corresponding temporary differences is expected. The major components of the income tax expense for the year ended December 31, 2019 and 2018, respectively, with respect to the results of the Group's subsidiaries are:

	Dec 31, 2019 \$'000	Dec 31, 2018 \$'000
<i>Current income tax</i>		
Opening balance as of January 1	1,274	-
Current income tax for the year	(274)	(381)
Advance tax paid	1,686	1,655
<b>Income tax recoverable</b>	<b>2,686</b>	<b>1,274</b>
<i>Deferred income tax</i>		
Opening balance as of January 1	19,178	6,277
Relating to temporary differences provision	5,308	12,901
<b>Deferred income tax</b>	<b>24,486</b>	<b>19,178</b>

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

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

### 16. CONTRIBUTED EQUITY

	No. of CBFIs \$'000	\$'000
Balance at January 1, 2018	799,979	18,118,973
CBFIs repurchased for cancellation during the year	(29,979)	(621,490)
CBFIs outstanding at December 31, 2018	770,000	17,497,483
<b>Balance at January 1, 2019</b>	<b>770,000</b>	<b>17,497,483</b>
CBFIs repurchased for cancellation during the year	(4,300)	(102,691)
<b>CBFIs outstanding at December 31, 2019</b>	<b>765,700</b>	<b>17,394,792</b>

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

On June 26, 2018 and May 24, 2019, FIBRA Macquarie's Technical Committee has approved the extension of this program during two periods: from June 26, 2018 to June 25, 2019 and from June 26, 2019 to June 25, 2020, respectively.

As of December 31, 2019, a total of 45,663,500 CBFIs, amounting to \$975.2 million (including transaction costs), have been repurchased. For the year ended December 31, 2019, a total of 4,300,000 CBFIs, amounting to \$102.7 million (including transaction costs), have been repurchased. For the year ended December 31, 2018, a total of 29,978,459 CBFIs, amounting to \$621.5 million (including transaction costs), were repurchased.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	Level 2	Total fair value	Total carrying amount
As at December 31, 2019	\$'000	\$'000	\$'000
Trade receivables, net	43,861	43,861	43,861
Other receivables	447,107	447,107	444,982
Interest-bearing liabilities*	(15,400,062)	(15,400,062)	(14,804,370)
<b>As at December 31, 2018</b>			
Trade receivables, net	86,995	86,995	86,995
Other receivables	412,292	412,292	424,411
Interest-bearing liabilities*	(15,343,108)	(15,343,108)	(15,537,190)

\*Net unamortized transaction costs.

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

As at December 31, 2019	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Derivative financial instruments-liability	-	(38,172)	-	(38,172)
Investment properties	-	-	38,799,138	38,799,138
<b>As at December 31, 2018</b>				
Derivative financial instruments-asset	-	124,011	-	124,011
Investment properties held for sale	-	-	147,622	147,622
Investment properties	-	-	40,132,961	40,132,961

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

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

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

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

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

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

	Dec 31, 2019 \$'000	Dec 31, 2018 \$'000
Balance at the beginning of the year	40,132,961	41,722,712
Capital expenditure/leasing commission, net of amortization	725,272	144,539
Transfer to investment properties held for sale	-	(1,753,449)
Asset acquisitions	-	61,244
Net unrealized foreign exchange loss on investment property	(1,460,081)	(71,468)
Unrealized revaluation (loss)/gain on investment property measured at fair value	(599,014)	29,383
<b>Balance at the end of the year</b>	<b>38,799,138</b>	<b>40,132,961</b>

### 18. LEASES

#### a) As a lessor

Agreements entered into by the Group and its tenants have been classified as operating leases under IFRS 16 (until December 31, 2018 these were classified under IAS 17). The Group is the lessor of the leases entered into with third parties in respect of its investment properties. Of the leases entered into by the Group, there are a certain amount that are fixed-term leases which include renewal options exercisable by the respective tenant. Notwithstanding these particular leases, the lease agreements entered into by the Group have expiration dates ranging from January 1, 2020 to April 30, 2048.

Where the minimum lease payments are considered to be the net accumulated rent over the lease term, which is defined as the earliest possible termination date available to the tenant, irrespective of the probability of the tenant terminating or not exercising available renewal options; the minimum lease payments to be received by the Group going forwards are as laid out below:

December 31, 2019	<1 year (US\$'000)	1-5 years (US\$'000)	>5 years (US\$'000)	Total (US\$'000)
USD denominated minimum future lease collections	123,779	295,890	55,360	475,029
*Peso denominated minimum future lease collections	32,605	89,390	22,156	144,151

\* Amount translated to USD for presentation purposes only.

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

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

### 18. LEASES (CONTINUED)

#### b) As a lessee

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

	Dec 31, 2019 \$'000
<b>Right-of-use assets (included in other assets):</b>	
Initial adoption of IFRS 16	24,621
Effect of changes in foreign exchange rate	(284)
Depreciation charge for the year	(4,351)
<b>Balance at the end of the year</b>	<b>19,986</b>
<b>Lease liabilities (included in other liabilities):</b>	
Initial adoption of IFRS 16	24,621
Effect of changes in foreign exchange rate	(300)
Interest on lease liabilities	2,126
Lease payments	(5,240)
<b>Balance at the end of the year</b>	<b>21,207</b>
<b>Balance classified as current</b>	<b>4,239</b>
<b>Balance classified as non-current</b>	<b>16,968</b>
<b>Lease liabilities (Maturity analysis - contractual undiscounted cash flows):</b>	
<1 year	5,626
1-5 years	20,423
>5 years	1,622
<b>Total undiscounted lease liabilities at the end of the year</b>	<b>27,671</b>

### 19. RELATED PARTIES

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

#### a) Transactions with key management personnel

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

#### b) Trustee

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

The trustee of the Investment Trusts is CIBanco, Sociedad Anónima, Institución de Banca Múltiple whose registered office is at Av. Paseo de las Palmas 215, piso 7, Lomas de Chapultepec I Sección, Miguel Hidalgo, Mexico City, 11000 ("Investment Trust Trustee"). The two other trustees within the Group are Banco Nacional de Mexico, S.A., integrante del Grupo Financiero Banamex and Banco Monex, S.A. Institución de Banca Múltiple, Monex Grupo Financiero. For the three months and year ended December 31, 2019, the trustees' fees for the Group amounted to \$0.9 million (December 31, 2018: \$0.8 million) and \$3.4 million (December 31, 2018: \$3.2 million) respectively.

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

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

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

### 19. RELATED PARTIES (CONTINUED)

#### c) Manager

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

Under the terms of the Management Agreement, MMREM is entitled to a base management fee of \$44.7 million (December 31, 2018: \$41.0 million) and \$164.9 million (December 31, 2018: \$168.1 million) respectively, for the three and year ended December 31, 2019. The base management fee is calculated as 1% per annum of the value of the market capitalization of FIBRA Macquarie for the relevant calculation period. The fee is calculated on April 1 and October 1 respectively for the subsequent six month period. The market capitalization is calculated as the product of: (i) the average closing price per CBFi during the last 60 trading days prior to the calculation date and, (ii) the total number of outstanding CBFIs at the close of trading on the calculation date.

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

#### d) Other associated entities

During the three months and year ended December 31, 2019, the Group accrued expenses totaling \$0.2 million (December 31, 2018: \$0.4 million) and \$2.0 million (December 31, 2018: \$1.4 million) respectively in respect of out of pocket expenses incurred by affiliate entities of MMREM, in performance of its duties as Manager.

As at December 31, 2019, expenses due to affiliate entities of MMREM amounted to \$2.0 million (December 31, 2018: \$1.4 million).

As at December 31, 2019, Macquarie Infrastructure and Real Asset Holding Pty Limited, an affiliate entity of MMREM, held 36,853,632 CBFIs and received a gross distribution of \$47.1 million during the year ended December 31, 2019 (December 31, 2018: \$57.7 million).

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

### 20. EVENTS AFTER BALANCE SHEET DATE

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.

