

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

- Quarterly AFFO per Certificate Increases 6.1% YoY -
- Increases Cash Distribution per Certificate -
- Increases Full Year AFFO per Certificate Guidance -
- Increases Full Year Cash Distribution per Certificate Guidance -

MEXICO CITY, October 24, 2019 – FIBRA Macquarie México (FIBRAMQ) (BMV: FIBRAMQ), owner of one of the largest portfolios of industrial and retail property in Mexico, announced its financial and operating results for the quarter ended September 30, 2019.

### **THIRD QUARTER 2019 HIGHLIGHTS**

- Quarterly AFFO per certificate increased 6.1% YoY to a record Ps 0.6661
- Quarterly AFFO increased 4.3% YoY to a record Ps 512.0 million
- Record quarterly AFFO margin of 52.3%, up 16bps YoY
- Consolidated closing occupancy increased 122 basis points YoY to 95.6%
- Additional 4.3 million certificates repurchased for cancellation
- Full year AFFO per Certificate Guidance increased to approximately Ps 2.57
- Quarterly distribution of Ps 0.4550 per certificate authorized, up 11.0% YoY
- Full year distribution guidance increased to Ps 1.78 per certificate, up 11.3% YoY

“We achieved another quarter of record free cashflow generation, as we see the benefits of our strategy generating steady returns,” said Juan Monroy, FIBRA Macquarie’s chief executive officer. “Our thoughtful approach to capital management is creating value for our certificate holders while maintaining an appropriate risk profile. This approach has resulted in a well-positioned balance sheet with both stability and flexibility, and a higher quality portfolio through our asset recycling, property expansion and development, and selective remodeling programs. We believe the Mexican industrial and retail real estate market is healthy, and it is a particularly attractive environment for the Mexican manufacturing for export industry, which comprises a substantial proportion of our customer base. This favorable backdrop, coupled with FIBRAMQ’s local real estate expertise, provides us with a stable outlook and confidence in our ability to continue to deliver an increasing cash distribution profile.”

## FINANCIAL AND OPERATING RESULTS

### Consolidated Portfolio

FIBRAMQ's total results were as follows:

TOTAL PORTFOLIO	3Q19	3Q18	Variance	YTD19	YTD18	Variance
Net Operating Income (NOI)	Ps 869.9m	Ps 824.7m	5.5%	Ps 2,544.8m	Ps 2,483.8m	2.5%
EBITDA	Ps 816.0m	Ps 770.8m	5.9%	Ps 2,384.5m	Ps 2,317.1m	2.9%
Funds From Operations (FFO)	Ps 591.7m	Ps 555.3m	6.6%	Ps 1,732.1m	Ps 1,648.4m	5.1%
FFO per certificate	0.7699	0.7106	8.3%	2.2508	2.0901	7.7%
Adjusted Funds From Operations (AFFO)	Ps 512.0m	Ps 490.9m	4.3%	Ps 1,485.0m	Ps 1,446.5m	2.7%
AFFO per certificate	0.6661	0.6281	6.1%	1.9321	1.8341	5.2%
NOI Margin	88.8%	87.6%	126 bps	88.1%	87.9%	18 bps
AFFO Margin	52.3%	52.1%	16 bps	51.4%	51.2%	21 bps
GLA ('000s sqm) EOP	3,194	3,204	-0.3%	3,194	3,204	-0.3%
Occupancy EOP	95.6%	94.3%	122 bps	95.6%	94.3%	122 bps
Average Occupancy	95.7%	93.8%	190 bps	95.0%	92.8%	219 bps

FIBRAMQ's same store portfolio results were as follows:

TOTAL PORTFOLIO - SAME STORE	3Q19	3Q18	Var(%)	YTD19	YTD18	Var(%)
Net Operating Income	Ps. 869.9m	Ps. 819.4m	6.2%	Ps. 2,541.1m	Ps. 2,413.8m	5.3%
Net Operating Income Margin	88.8%	87.9%	94 bps	88.1%	88.1%	4 bps
Number of Properties	251	251	0	251	251	0
GLA ('000s sqft) EOP	34,376	34,261	0.3%	34,376	34,261	0.3%
GLA ('000s sqm) EOP	3,194	3,183	0.3%	3,194	3,183	0.3%
Occupancy EOP	95.6%	94.6%	97 bps	95.6%	94.6%	97 bps
Average Monthly Rent (US\$/sqm) EOP	5.35	5.29	1.1%	5.35	5.29	1.1%
Industrial Customer Retention LTM EOP	85.9%	86.2%	-30 bps	85.9%	86.2%	-30 bps
Weighted Avg Lease Term Remaining (years) EOP	3.5	3.6	-2.4%	3.5	3.6	-2.4%
Percentage of US\$ denominated Rent EOP	71.8%	71.1%	69 bps	71.8%	71.1%	69 bps

### Industrial Portfolio

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

INDUSTRIAL PORTFOLIO	3Q19	3Q18	Variance	YTD19	YTD18	Variance
Net Operating Income (NOI)	Ps 721.2m	Ps 680.3m	6.0%	Ps 2,092.7m	Ps 2,049.6m	2.1%
NOI Margin	92.3%	91.2%	113 bps	91.8%	91.4%	36 bps
GLA ('000s sqft) EOP	29,511	29,569	-0.2%	29,511	29,569	-0.2%
GLA ('000s sqm) EOP	2,742	2,747	-0.2%	2,742	2,747	-0.2%
Occupancy EOP	95.9%	94.4%	141 bps	95.9%	94.4%	141 bps
Average Occupancy	96.1%	93.8%	228 bps	95.3%	92.6%	267 bps
Average monthly rent per leased (US\$/sqm) EOP	\$4.86	\$4.80	1.3%	\$4.86	\$4.80	1.3%
Customer retention LTM	85.9%	84.5%	140 bps	85.9%	84.5%	140 bps
Weighted Avg Lease Term Remaining (years) EOP	3.3	3.3	-0.1%	3.3	3.3	-0.1%

For the three months ended September 30, 2019, FIBRAMQ's industrial portfolio delivered net operating income of Ps 721.2 million, an increase of 6.0% over the prior comparable period. The result was driven by gains in occupancy, rental rates and margin compared with the third quarter in 2018.

The occupancy rate of the industrial portfolio as of September 30, 2019 was 95.9%, up 141 basis points versus the prior comparable quarter, with average occupancy up 53bps sequentially to a record level of 96.1%. The ongoing high level of occupancy for FIBRAMQ's industrial portfolio reflects healthy market fundamentals and solid leasing results year to date.

FIBRAMQ signed 16 new and renewal industrial leases in the third quarter of 2019, comprising 1.0 million square feet of industrial GLA. This included the commencement of one new lease totaling 47 thousand square feet as a result of the completion of a US\$2.4 million expansion project in Reynosa.

For the 12 months ending September 30, 2019, FIBRAMQ's retention rate was 85.9%. FIBRAMQ executed 14 renewal leases totaling 976 thousand square feet. Notable renewals included several consumer goods manufacturers, a metal products manufacturer and an electronics distributor.

FIBRAMQ's industrial portfolio achieved a quarterly NOI margin of 92.3% driven by record-level revenues which were up 4.7% as compared to the prior comparable period. In addition, higher triple net lease up and cost control contributed to lower repairs and maintenance, security and utility costs, resulting in an exceptionally low quarter for industrial portfolio property-level expenses; property expenses are expected to return to historical run rate levels in the fourth quarter of 2019.

For detail on FIBRAMQ's same store industrial portfolio results, please refer to the Third 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	3Q19	3Q18	Variance	YTD19	YTD18	Variance
Net Operating Income (NOI)	Ps 148.7m	Ps 144.3m	3.0%	Ps 452.1m	Ps 434.2m	4.1%
NOI Margin	75.1%	73.8%	133 bps	74.3%	74.5%	-17 bps
GLA ('000s sqft) EOP	4,865	4,918	-1.1%	4,865	4,918	-1.1%
GLA ('000s sqm) EOP	452	457	-1.1%	452	457	-1.1%
Occupancy EOP	93.7%	93.6%	7 bps	93.7%	93.6%	7 bps
Average Occupancy	93.6%	94.0%	-44 bps	93.4%	94.4%	-105 bps
Average monthly rent per leased (Ps/sqm) EOP	\$162.22	\$154.85	4.8%	\$162.22	\$154.85	4.8%
Customer retention LTM	80.8%	71.1%	966 bps	80.8%	71.1%	966 bps
Weighted Avg Lease Term Remaining (years) EOP	4.2	4.5	-6.2%	4.2	4.5	-6.2%

For the quarter ended September 30, 2019, FIBRAMQ's retail portfolio delivered NOI of Ps 148.7 million, an increase of 3.0% over the prior comparable period, which was in line with Mexican headline inflation, reflecting an overall steady retail environment with customers in general continuing to report same store sales growth. Retail portfolio property level expenses were lower on reduced repairs and maintenance and lower bad debt expense, which boosted quarterly NOI margins to 75.1%. NOI margins expanded by 133bps versus the prior comparable period.

During the third quarter of 2019, FIBRAMQ signed retail 49 leases, representing 8.2 thousand square meters. This activity included 19 new leases and 30 renewals. Two leasing highlights for the quarter included:

- At Multiplaza Ojo de Agua, the commencement of a 1,500 square meter lease with Promoda, a prominent Mexican outlet retailer, replacing a delinquent tenant who moved out in the first quarter of 2019; and
- At Magnocentro in the Mexico City Metropolitan Area, Sonora Grill opened a new restaurant, representing a new lease for an 800 square meter space.

## **PORTFOLIO ACTIVITY**

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

### **Industrial and retail expansions**

FIBRAMQ delivered a 47 thousand square foot industrial property expansion for a manufacturer of lighting products in Reynosa.

In addition, FIBRAMQ progressed construction of a new 2,100 square meter retail center expansion at Multiplaza del Valle in Guadalajara. The expansion includes an approximately 1,500 square meter space signed under a long-term lease agreement with Cinépolis, a leading cinema operator. The build-to-suit project is expected to be substantially complete by year-end 2019, and to generate additional rental income from the second quarter of next year following completion of the customers improvements and fit-out.

### **Industrial development**

FIBRAMQ neared completion of an industrial project in Ciudad Juárez, Chihuahua. The first phase of the project, a 201,000 square foot, class A industrial building is expected to be LEED certified and completed by year-end 2019. In total, the project involves the construction of up to two buildings, totaling approximately 420,000 square feet.

## **FFO AND AFFO METHODOLOGY UPDATE – NORMALIZED FINANCING COSTS**

Commencing from 1 July 2019, FIBRA Macquarie is adjusting its AFFO methodology to include normalized financing costs, incurred from time to time upon loan facility establishment and refinancings. Normalized financing costs represent cash outlays such as upfront lender fees and associated transaction costs, amortized over the original term of the respective loan facility.

Prior to this change, financing costs amortized through profit and loss were excluded from FFO and AFFO results. This methodology update follows a comprehensive review of global REIT best practice measures. FIBRA Macquarie believes that the inclusion of normalized financing costs that are cash expenditures incurred in its ordinary course of business provides investors with a more complete view of FFO and AFFO generated by the business. Based on the existing normalized amortization profile, FIBRA Macquarie's quarterly AFFO is expected to be reduced by approximately Ps 6.0 million; on an annualized pro forma basis this reduction in AFFO is expected to total Ps 24.0 million, or Ps 0.03 per certificate.

With this update, FIBRA Macquarie continues to position itself as an industry leader in AFFO reporting and disclosure measures.

## BALANCE SHEET

As of September 30, 2019, FIBRAMQ had approximately Ps 16.1 billion of debt outstanding and liquidity of Ps 4.8 billion in the form of an undrawn revolving credit facility and Ps 386.0 million of unrestricted cash on hand. 100% of FIBRAMQ's debt was fixed rate with a weighted-average tenor of 6.3 years. FIBRA Macquarie has no near-term refinancing requirements with the next scheduled loan maturity in June 2023.

FIBRAMQ's CNBV regulatory debt to total asset ratio was 35.6% and the debt service coverage ratio was 5.1x, satisfying the applicable regulatory requirements of 50% and 1.0x, respectively.

## CAPITAL MANAGEMENT

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

### Property Investments

During the third quarter of 2019, FIBRAMQ continued to fund the expansion, development and remodeling projects discussed above. For the full year FIBRAMQ expects to invest or commit approximately US\$33.7 million.

### Certificate repurchase for cancellation program

FIBRAMQ continued to repurchase its certificates on the open market. FIBRA Macquarie has repurchased a total of 45.7 million certificates, or 5.6% of its market capitalization, since launching the program in 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 been or will be cancelled. The following table summarizes the repurchase activity in the quarter:

CERTIFICATE REPURCHASES	Number of Certificates	Repurchase amount
Third quarter 2019	4.3m	Ps 102.6m
Since program commencement <sup>1</sup>	45.7m	Ps 974.5m

1. Includes certificates repurchased from 27 June 2017 to 30 September 2019

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

## **DISTRIBUTION**

On October 24, 2019, FIBRAMQ declared a cash distribution for the quarter ended September 30, 2019 of Ps 0.4550 per certificate, representing an 11.0% increase over the prior comparable period, and the third consecutive quarterly increase in distributions per certificate.

The distribution is expected to be paid on January 24, 2020 to holders of record on January 23, 2020. FIBRAMQ's certificates will commence trading ex-distribution on January 22, 2020.

## **2019 GUIDANCE**

FIBRA Macquarie is increasing its full year 2019 guidance for both AFFO per certificate and cash distributions.

FIBRAMQ expects to generate AFFO of approximately Ps 2.57 per certificate in 2019, up from its prior guidance of between Ps 2.50 to Ps 2.55. For full year 2019, FIBRAMQ anticipates making cash distributions of approximately Ps 1.78 per certificate, up from its prior guidance of Ps 1.76 per certificate.

The expected increase in cash distributions reflects assumptions including continued stable operational performance, an average exchange rate of Ps 19.35 per US dollar, no additional acquisitions or divestments, no additional certificate repurchases and maintenance of a prudent AFFO payout ratio. The payment of any distribution remains subject to market conditions and the approval of the board of directors of the Manager.

FIBRA Macquarie expects its full year 2019 AFFO payout ratio to be approximately 69%.

Sound fundamentals are providing a stable outlook for FIBRA Macquarie's performance during the fourth quarter of 2019 and early FY20. The stable outlook, along with FIBRA Macquarie's prudent AFFO payout ratio, is expected to sustain positive momentum in its cash distributions to investors over the medium term.

## **WEBCAST AND CONFERENCE CALL**

FIBRAMQ will host an earnings conference call and webcast presentation on Friday, October 25, 2019 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 Third Quarter 2019 Earnings Call with conference number 5991555.

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 5991555. A webcast archive of the conference call and a copy of FIBRA Macquarie's financial information for the third 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 234 industrial properties and 17 retail/office properties, located in 20 cities across 16 Mexican states as of September 30, 2019. Nine of the retail/office properties are held through a 50/50 joint venture. For additional information about FIBRA Macquarie, please visit [www.fibramacquarie.com](http://www.fibramacquarie.com).

## **Cautionary Note Regarding Forward-looking Statements**

This 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.

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

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

### **Investor relations contacts:**

Tel: +52 (55) 9178 7751

Email: [fibramq@macquarie.com](mailto:fibramq@macquarie.com)

Evelyn Infurna

Tel: +1 203 682 8265

Email: [evelyn.infurna@icrinc.com](mailto:evelyn.infurna@icrinc.com)

Nikki Sacks

Tel: +1 203 682 8263

Email: [nikki.sacks@icrinc.com](mailto:nikki.sacks@icrinc.com)

**For press queries, please contact:**

Flavio J. Díaz-Tueme FleishmanHillard México

Tel: +52 (55) 5520 5460

Email: [flavio.diaz@fleishman.com](mailto:flavio.diaz@fleishman.com)



## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2019 (UNAUDITED) AND DECEMBER 31, 2018

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

	Sep 30, 2019 \$'000	Dec 31, 2018 \$'000
<b>Current assets</b>		
Cash and cash equivalents	340,322	555,591
Trade receivables, net	65,027	86,995
Other receivables	423,941	-
Other assets	35,730	87,680
Investment properties held for sale	-	147,622
<b>Total current assets</b>	<b>865,020</b>	<b>877,888</b>
<b>Non-current assets</b>		
Restricted cash	16,228	-
Investment properties	40,167,058	40,132,961
Equity-accounted investees	1,477,752	1,152,560
Goodwill	841,614	841,614
Other assets	217,332	187,849
Other receivables	38,450	424,411
Derivative financial instruments	-	124,011
<b>Total non-current assets</b>	<b>42,758,434</b>	<b>42,863,406</b>
<b>Total assets</b>	<b>43,623,454</b>	<b>43,741,294</b>
<b>Current liabilities</b>		
Trade and other payables	514,402	398,314
Tenant deposits	12,795	33,182
Other liabilities	4,256	-
<b>Total current liabilities</b>	<b>531,453</b>	<b>431,496</b>
<b>Non-current liabilities</b>		
Interest-bearing liabilities	15,424,720	15,537,190
Tenant deposits	329,326	304,610
Derivative financial instruments	68,357	-
Other liabilities	18,071	-
Deferred income tax	19,178	19,178
<b>Total non-current liabilities</b>	<b>15,859,652</b>	<b>15,860,978</b>
<b>Total liabilities</b>	<b>16,391,105</b>	<b>16,292,474</b>
<b>Net assets</b>	<b>27,232,349</b>	<b>27,448,820</b>
<b>Equity</b>		
Contributed equity	17,394,792	17,497,483
Retained earnings	9,837,557	9,951,337
<b>Total equity</b>	<b>27,232,349</b>	<b>27,448,820</b>

## UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

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

	3 months ended		9 months ended	
	Sep 30, 2019 \$'000	Sep 30, 2018 \$'000	Sep 30, 2019 \$'000	Sep 30, 2018 \$'000
Property related income	923,993	888,306	2,724,946	2,665,696
Property related expenses	(126,137)	(135,944)	(382,772)	(364,284)
<b>Net property income</b>	<b>797,856</b>	<b>752,362</b>	<b>2,342,174</b>	<b>2,301,412</b>
Management fees	(40,261)	(40,939)	(120,200)	(127,148)
Transaction related expenses	257	2,888	(26,657)	(1,024)
Professional, legal and other expenses	(13,562)	(12,826)	(39,861)	(38,861)
<b>Total expenses</b>	<b>(53,566)</b>	<b>(50,877)</b>	<b>(186,718)</b>	<b>(167,033)</b>
Finance costs	(217,578)	(225,426)	(705,816)	(669,713)
Interest income	7,535	6,825	21,239	13,454
Share of profits from equity-accounted investees	4,008	(34,485)	48,382	18,641
Net foreign exchange (loss)/gain	(362,070)	807,935	42,499	690,397
Net unrealized foreign exchange gain/(loss) on investment property	805,542	(1,836,608)	(87,595)	(1,596,455)
Unrealized revaluation (loss)/gain on investment property measured at fair value	(227,592)	(17,916)	(411,097)	162,153
Loss on disposal of investment property	-	(3,453)	-	(3,453)
Goodwill written off in respect of properties disposed	-	(41,144)	-	(41,144)
Net unrealized (loss)/gain on interest rate swaps	(37,509)	(12,405)	(192,368)	30,285
<b>Profit/(loss) before tax for the period</b>	<b>716,626</b>	<b>(655,192)</b>	<b>870,700</b>	<b>738,544</b>
Income tax expense	(237)	(98)	(793)	(311)
<b>Profit/(loss) for the period</b>	<b>716,389</b>	<b>(655,290)</b>	<b>869,907</b>	<b>738,233</b>
<b>Other comprehensive income</b>				
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income/(loss) for the period</b>	<b>716,389</b>	<b>(655,290)</b>	<b>869,907</b>	<b>738,233</b>
<b>Profit/(loss) per CBFI*</b>				
Basic profit/(loss) per CBFI (pesos)	0.93	(0.84)	1.13	0.94

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

## UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

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

	Contributed equity \$'000	Retained earnings \$'000	Total \$'000
Total equity at January 1, 2018	18,118,973	9,240,065	27,359,038
Total comprehensive income for the period	-	738,233	738,233
<b>Total comprehensive income for the period</b>	-	738,233	738,233
Transactions with equity holders in their capacity as equity holders:			
- Distributions to CBFI holders	-	(911,953)	(911,953)
- Repurchase of CBFIs, including associated costs	(490,798)	-	(490,798)
<b>Total transactions with equity holders in their capacity as equity holders</b>	(490,798)	(911,953)	(1,402,751)
<b>Total equity at September 30, 2018</b>	<b>17,628,175</b>	<b>9,066,345</b>	<b>26,694,520</b>
Total equity at January 1, 2019	<b>17,497,483</b>	<b>9,951,337</b>	<b>27,448,820</b>
Total comprehensive income for the period	-	869,907	869,907
<b>Total comprehensive income for the period</b>	-	869,907	869,907
Transactions with equity holders in their capacity as equity holders:			
- Distributions to CBFI holders	-	(983,687)	(983,687)
-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)	(983,687)	(1,086,378)
<b>Total equity at September 30, 2019</b>	<b>17,394,792</b>	<b>9,837,557</b>	<b>27,232,349</b>

## UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

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

	9 months ended	
	Sep 30, 2019	Sep 30, 2018
	\$'000	\$'000
	Inflows / (Outflows)	Inflows / (Outflows)
<b>Operating activities:</b>		
Profit before tax for the period	870,700	738,544
<b>Adjustments for:</b>		
Net unrealized foreign exchange loss on investment property	87,595	1,596,455
Unrealized revaluation loss/(gain) on investment property measured at fair value	411,097	(162,153)
Goodwill written off in respect of properties disposed	-	41,144
Straight line rental income adjustment	6,566	5,098
Loss on disposal of investment property	-	3,453
Tenant improvement amortization	32,470	26,866
Leasing expense amortization	51,150	51,325
Right-of-use assets depreciation*	3,267	-
Interest income	(21,239)	(13,454)
Impairment loss on trade receivables	27,820	19,126
Net foreign exchange gain	(46,310)	(733,390)
Finance costs	705,816	669,713
Share of profits from equity-accounted investees	(48,382)	(18,641)
Net unrealized loss/(gain) on interest rates swaps	192,368	(30,285)
<b>Movements in working capital:</b>		
Decrease in receivables	39,466	9,696
Decrease in payables	(76,401)	(47,848)
<b>Net cash flows from operating activities</b>	<b>2,235,983</b>	<b>2,155,649</b>
<b>Investing activities:</b>		
Investment property disposed/(acquired)	104,573	(29,595)
Capital contribution in equity-accounted investees	(277,383)	1,142,214
Maintenance capital expenditure and other capitalized cost	(542,645)	(370,327)
Distributions received from equity-accounted investees	573	40,920
<b>Net cash flows (used in)/ from investing activities</b>	<b>(714,882)</b>	<b>783,212</b>
<b>Financing activities:</b>		
Interest income	21,239	13,454
Repayment of interest-bearing liabilities	(6,380,379)	(770,052)
Interest paid	(508,117)	(584,268)
Proceeds from interest-bearing liabilities, net of facility charges	6,233,500	-
Lease payments	(3,818)	-
Repurchase of CBFIs, including associated costs	(102,691)	(490,798)
Distribution to CBFI holders	(983,687)	(911,953)
<b>Net cash flows from financing activities</b>	<b>(1,723,953)</b>	<b>(2,743,617)</b>
Net (decrease)/increase in cash and cash equivalents	(202,852)	195,244
Cash and cash equivalents at the beginning of the period	555,591	467,818
Foreign exchange loss on cash and cash equivalents	3,811	42,993
<b>Cash and cash equivalents at the end of the period**</b>	<b>356,550</b>	<b>706,055</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 \$16.2 million (2018: \$nil) as at September 30, 2019.



## **FIBRA MACQUARIE MÉXICO**

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

## TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS	2
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2019 (UNAUDITED) AND DECEMBER 31, 2018	4
UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018	5
UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018	6
UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018	7
NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS	
1. REPORTING ENTITY	8
2. BASIS OF PREPARATION AND PRESENTATION	9
3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	11
4. CHANGES IN ACCOUNTING POLICIES	11
5. INCOME/(EXPENSE) FOR THE PERIOD	13
6. SEGMENT REPORTING	14
7. SEASONALITY OF OPERATIONS	17
8. DISTRIBUTIONS PAID OR PROVIDED FOR	17
9. PROFIT/(LOSS) AFTER TAX PER CBF	18
10. EQUITY-ACCOUNTED INVESTEEES	18
11. INVESTMENT PROPERTIES HELD FOR SALE	20
12. INVESTMENT PROPERTIES	20
13. INTEREST BEARING LIABILITIES	21
14. DERIVATIVE FINANCIAL INSTRUMENTS	23
15. DIRECT TAXES	23
16. CONTRIBUTED EQUITY	24
17. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES	24
18. LEASES	26
19. RELATED PARTIES	27
20. EVENTS AFTER BALANCE SHEET DATE	28

### 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 September 30, 2019, the condensed interim consolidated statements of comprehensive income, changes in equity and cash flows for the nine 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 nine months ended September 30, 2019 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG CARDENAS DOSAL, S. C.

A handwritten signature in blue ink, appearing to read 'L. G. Ortiz Esqueda'.

Luis Gabriel Ortiz Esqueda

Monterrey, Nuevo León, México  
October 24, 2019



## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2019 (UNAUDITED) AND DECEMBER 31, 2018

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

	Note	Sep 30, 2019 \$'000	Dec 31, 2018 \$'000
<b>Current assets</b>			
Cash and cash equivalents		340,322	555,591
Trade receivables, net		65,027	86,995
Other receivables		423,941	-
Other assets		35,730	87,680
Investment properties held for sale	11	-	147,622
<b>Total current assets</b>		<b>865,020</b>	<b>877,888</b>
<b>Non-current assets</b>			
Restricted cash		16,228	-
Investment properties	12	40,167,058	40,132,961
Equity-accounted investees	10	1,477,752	1,152,560
Goodwill		841,614	841,614
Other assets		217,332	187,849
Other receivables		38,450	424,411
Derivative financial instruments	14	-	124,011
<b>Total non-current assets</b>		<b>42,758,434</b>	<b>42,863,406</b>
<b>Total assets</b>		<b>43,623,454</b>	<b>43,741,294</b>
<b>Current liabilities</b>			
Trade and other payables		514,402	398,314
Tenant deposits		12,795	33,182
Other liabilities	18	4,256	-
<b>Total current liabilities</b>		<b>531,453</b>	<b>431,496</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	13	15,424,720	15,537,190
Tenant deposits		329,326	304,610
Derivative financial instruments	14	68,357	-
Other liabilities	18	18,071	-
Deferred income tax	15	19,178	19,178
<b>Total non-current liabilities</b>		<b>15,859,652</b>	<b>15,860,978</b>
<b>Total liabilities</b>		<b>16,391,105</b>	<b>16,292,474</b>
<b>Net assets</b>		<b>27,232,349</b>	<b>27,448,820</b>
<b>Equity</b>			
Contributed equity	16	17,394,792	17,497,483
Retained earnings		9,837,557	9,951,337
<b>Total equity</b>		<b>27,232,349</b>	<b>27,448,820</b>

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

## UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

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

	Note	3 months ended		9 months ended	
		Sep 30, 2019 \$'000	Sep 30, 2018 \$'000	Sep 30, 2019 \$'000	Sep 30, 2018 \$'000
Property related income	5(a)	<b>923,993</b>	888,306	<b>2,724,946</b>	2,665,696
Property related expenses	5(b)	<b>(126,137)</b>	(135,944)	<b>(382,772)</b>	(364,284)
<b>Net property income</b>		<b>797,856</b>	752,362	<b>2,342,174</b>	2,301,412
Management fees	19(c)	<b>(40,261)</b>	(40,939)	<b>(120,200)</b>	(127,148)
Transaction related expenses		<b>257</b>	2,888	<b>(26,657)</b>	(1,024)
Professional, legal and other expenses	5(c)	<b>(13,562)</b>	(12,826)	<b>(39,861)</b>	(38,861)
<b>Total expenses</b>		<b>(53,566)</b>	(50,877)	<b>(186,718)</b>	(167,033)
Finance costs	5(d)	<b>(217,578)</b>	(225,426)	<b>(705,816)</b>	(669,713)
Interest income		<b>7,535</b>	6,825	<b>21,239</b>	13,454
Share of profits from equity-accounted investees	10	<b>4,008</b>	(34,485)	<b>48,382</b>	18,641
Net foreign exchange (loss)/gain	5(e)	<b>(362,070)</b>	807,935	<b>42,499</b>	690,397
Net unrealized foreign exchange gain/(loss) on investment property	11,12	<b>805,542</b>	(1,836,608)	<b>(87,595)</b>	(1,596,455)
Unrealized revaluation (loss)/gain on investment property measured at fair value	11,12	<b>(227,592)</b>	(17,916)	<b>(411,097)</b>	162,153
Loss on disposal of investment property	11	-	(3,453)	-	(3,453)
Goodwill written off in respect of properties disposed		-	(41,144)	-	(41,144)
Net unrealized (loss)/gain on interest rate swaps	14	<b>(37,509)</b>	(12,405)	<b>(192,368)</b>	30,285
<b>Profit/(loss) before tax for the period</b>		<b>716,626</b>	(655,192)	<b>870,700</b>	738,544
Income tax expense	15	<b>(237)</b>	(98)	<b>(793)</b>	(311)
<b>Profit/(loss) for the period</b>		<b>716,389</b>	(655,290)	<b>869,907</b>	738,233
<b>Other comprehensive income</b>					
Other comprehensive income for the period		-	-	-	-
<b>Total comprehensive income/(loss) for the period</b>		<b>716,389</b>	(655,290)	<b>869,907</b>	738,233
<b>Profit/(loss) per CBF<sup>1</sup>*</b>					
Basic profit/(loss) per CBF <sup>1</sup> (pesos)	9	<b>0.93</b>	(0.84)	<b>1.13</b>	0.94

\*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.

## UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 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 period		-	738,233	738,233
<b>Total comprehensive income for the period</b>		-	738,233	738,233
Transactions with equity holders in their capacity as equity holders:				
- Distributions to CBFI holders	8	-	(911,953)	(911,953)
- Repurchase of CBFIs, including associated costs	16	(490,798)	-	(490,798)
<b>Total transactions with equity holders in their capacity as equity holders</b>		(490,798)	(911,953)	(1,402,751)
<b>Total equity at September 30, 2018</b>		<b>17,628,175</b>	<b>9,066,345</b>	<b>26,694,520</b>
Total equity at January 1, 2019	16	<b>17,497,483</b>	<b>9,951,337</b>	<b>27,448,820</b>
Total comprehensive income for the period		-	869,907	869,907
<b>Total comprehensive income for the period</b>		-	869,907	869,907
Transactions with equity holders in their capacity as equity holders:				
- Distributions to CBFI holders	8	-	(983,687)	(983,687)
- 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)	(983,687)	(1,086,378)
<b>Total equity at September 30, 2019</b>		<b>17,394,792</b>	<b>9,837,557</b>	<b>27,232,349</b>

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

## UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

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

	Note	9 months ended	
		Sep 30, 2019 \$'000	Sep 30, 2018 \$'000
		Inflows / (Outflows)	Inflows / (Outflows)
<b>Operating activities:</b>			
Profit before income tax for the period		870,700	738,544
<b>Adjustments for:</b>			
Net unrealized foreign exchange loss on investment property	11,12	87,595	1,596,455
Unrealized revaluation loss/(gain) on investment property measured at fair value	11,12	411,097	(162,153)
Goodwill written off in respect of properties disposed		-	41,144
Straight line rental income adjustment		6,566	5,098
Loss on disposal of investment property	11	-	3,453
Tenant improvement amortization	5(b)	32,470	26,866
Leasing expense amortization	5(b)	51,150	51,325
Right-of-use assets depreciation*		3,267	-
Interest income		(21,239)	(13,454)
Impairment loss on trade receivables	5(b)	27,820	19,126
Net foreign exchange gain	5(e)	(46,310)	(733,390)
Finance costs	5(d)	705,816	669,713
Share of profits from equity-accounted investees	10(c)	(48,382)	(18,641)
Net unrealized loss/(gain) on interest rates swaps	14	192,368	(30,285)
<b>Movements in working capital:</b>			
Decrease in receivables		39,466	9,696
Decrease in payables		(76,401)	(47,848)
<b>Net cash flows from operating activities</b>		<b>2,235,983</b>	<b>2,155,649</b>
<b>Investing activities:</b>			
Investment property disposed/(acquired)	12	104,573	(29,595)
Capital contribution in equity-accounted investees	10(b)	(277,383)	1,142,214
Maintenance capital expenditure and other capitalized cost		(542,645)	(370,327)
Distributions received from equity-accounted investees	10(b)	573	40,920
<b>Net cash flows (used in)/ from investing activities</b>		<b>(714,882)</b>	<b>783,212</b>
<b>Financing activities:</b>			
Interest income		21,239	13,454
Repayment of interest-bearing liabilities		(6,380,379)	(770,052)
Interest paid		(508,117)	(584,268)
Proceeds from interest-bearing liabilities, net of facility charges		6,233,500	-
Lease payments		(3,818)	-
Repurchase of CBFIs, including associated costs	16	(102,691)	(490,798)
Distribution to CBFI holders	8	(983,687)	(911,953)
<b>Net cash flows from financing activities</b>		<b>(1,723,953)</b>	<b>(2,743,617)</b>
Net (decrease)/increase in cash and cash equivalents		(202,852)	195,244
Cash and cash equivalents at the beginning of the period		555,591	467,818
Foreign exchange loss on cash and cash equivalents	5(e)	3,811	42,993
<b>Cash and cash equivalents at the end of the period**</b>		<b>356,550</b>	<b>706,055</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 \$16.2 million (2018: \$nil) as at September 30, 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 Seccion, 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 October 24, 2019.

#### b) Historical cost convention

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

#### c) Critical accounting judgments and estimates

During the preparation of the unaudited condensed interim consolidated financial statements, the Manager is required to make judgments, estimations and estimates of uncertainties at September 30, 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 and cash flow have been reclassified for the period ended September 30, 2018. These reclassifications have not resulted in any material impact on the unaudited condensed interim consolidated financial statements for the period ended September 30, 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.

These standards and interpretations did not have any significant impact on the Group's 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 reference to Conceptual Framework in IFRS Standards.
- Definition of a Business (Amendments to IFRS 3).
- Definition of material (Amendments to IAS 1 and IAS 8).
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

### 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

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

	3 months ended		9 months ended	
	Sep 30, 2019	Sep 30, 2018	Sep 30, 2019	Sep 30, 2018
	\$'000	\$'000	\$'000	\$'000
<b>a) Property related income</b>				
Lease related income	853,813	819,486	2,530,912	2,479,726
Car parking income	14,215	13,875	42,002	41,455
Expenses recoverable from tenants	55,965	54,945	152,032	144,515
<b>Total property related income</b>	<b>923,993</b>	<b>888,306</b>	<b>2,724,946</b>	<b>2,665,696</b>
<b>b) Property related expenses</b>				
Property administration expense	(19,508)	(18,538)	(58,094)	(53,709)
Property insurance	(6,370)	(5,852)	(18,613)	(18,738)
Property tax	(15,974)	(15,464)	(47,963)	(48,090)
Repairs and maintenance	(19,681)	(26,683)	(61,431)	(72,265)
Industrial park fees	(8,990)	(7,094)	(28,072)	(20,474)
Security services	(4,606)	(5,501)	(15,637)	(16,846)
Property related legal and consultancy expenses	(1,354)	(1,929)	(3,856)	(4,623)
Tenant improvements amortization	(12,304)	(12,004)	(32,470)	(26,866)
Leasing expenses amortization	(18,024)	(23,534)	(51,150)	(51,325)
Utilities	(5,764)	(5,114)	(17,077)	(13,339)
Marketing costs	(3,580)	(3,897)	(11,074)	(9,353)
Car park operating fees	(2,260)	(2,150)	(6,327)	(6,382)
Impairment loss on trade receivables	(6,916)	(7,248)	(27,820)	(19,126)
Other property related expenses	(806)	(936)	(3,188)	(3,148)
<b>Total property related expenses</b>	<b>(126,137)</b>	<b>(135,944)</b>	<b>(382,772)</b>	<b>(364,284)</b>
<b>c) Professional, legal and other expenses</b>				
Tax advisory expenses	(723)	(166)	(2,333)	(2,184)
Accountancy expenses	(2,577)	(2,553)	(7,527)	(6,604)
Valuation expenses	(1,198)	(1,066)	(3,346)	(3,368)
Audit expenses	(1,170)	(1,157)	(3,571)	(3,568)
Other professional expenses	(3,031)	(3,303)	(9,458)	(10,618)
Other expenses	(4,863)	(4,581)	(13,626)	(12,519)
<b>Total professional, legal and other expenses</b>	<b>(13,562)</b>	<b>(12,826)</b>	<b>(39,861)</b>	<b>(38,861)</b>
<b>d) Finance costs</b>				
Interest expense on interest-bearing liabilities	(213,971)	(204,529)	(631,054)	(629,444)
Finance costs under effective interest method	(3,082)	(20,897)	(73,137)	(40,269)
Interest expense on lease liabilities	(525)	-	(1,625)	-
<b>Total finance costs</b>	<b>(217,578)</b>	<b>(225,426)</b>	<b>(705,816)</b>	<b>(669,713)</b>
<b>e) Net foreign exchange (loss)/gain</b>				
Unrealized foreign exchange (loss)/gain on monetary items	(354,248)	815,482	(7,289)	704,278
Realized foreign exchange (loss)/gain	(7,822)	(7,547)	49,788	(13,881)
<b>Total net foreign exchange (loss)/gain</b>	<b>(362,070)</b>	<b>807,935</b>	<b>42,499</b>	<b>690,397</b>

At September 30, 2019, the Group had 69 employees (September 30, 2018: 65 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 September 30, 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>	317,438	162,411	176,928	124,640	13,741	184,291	979,449
Segment net profit/(loss) <sup>2</sup>	572,944	300,041	325,475	209,292	784	(239,102)	1,169,434
<i>Included in profit for the period:</i>							
Foreign exchange loss	(43,402)	(27,686)	(36,803)	(24,831)	(6)	(26)	(132,754)
Net unrealized foreign exchange gain on investment property	332,636	174,278	175,072	123,556	-	-	805,542
Unrealized revaluation gain/(loss) on investment property measured at fair value	28,589	26,110	52,978	17,642	(4,786)	(367,440)	(246,907)
Finance costs <sup>3</sup>	(24,752)	(15,691)	(20,643)	(14,109)	(3,167)	(9,616)	(87,978)

<sup>1</sup> The retail south segment and the retail central segment includes revenues relating to joint ventures amounting to \$13.7 million and \$41.7 million respectively.

<sup>2</sup> The retail south segment and the retail central segment includes operating profits relating to joint ventures amounting to \$0.8 million and \$2.4 million respectively.

<sup>3</sup> The retail south segment and the retail central segment include finance costs relating to the joint ventures amounting to \$3.2 million and \$9.6 million respectively.

3 months ended September 30, 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>	313,973	145,548	171,769	114,913	12,422	183,278	941,903
Segment net loss <sup>2</sup>	(394,331)	(200,976)	(152,084)	(159,831)	(8,068)	(75,393)	(990,683)
<i>Included in loss of the period:</i>							
Foreign exchange gain	48,798	38,166	78,174	36,175	1	23	201,337
Net unrealized foreign exchange loss on investment property	(758,518)	(386,884)	(390,981)	(300,225)	-	-	(1,836,608)
Unrealized revaluation gain/(loss) on investment property measured at fair value	61,627	30,191	26,804	22,815	(10,916)	(195,531)	(65,010)
Finance costs <sup>3</sup>	(13,858)	(10,374)	(20,343)	(9,683)	(4,388)	(14,545)	(73,191)

<sup>1</sup> The retail south segment and the retail central segment includes revenues relating to joint ventures amounting to \$12.4 million and \$41.2 million respectively.

<sup>2</sup> The retail south segment and the retail central segment includes operating profits relating to joint ventures amounting to \$8.1 million and \$26.7 million respectively.

<sup>3</sup> The retail south segment and the retail central segment include finance costs relating to the joint ventures amounting to \$4.4 million and \$14.5 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)

9 months ended September 30, 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>	922,187	467,735	526,160	364,585	40,722	567,897	2,889,286
Segment net profit <sup>2</sup>	638,013	333,963	395,340	260,620	11,254	20,908	1,660,098
<i>Included in profit for the period:</i>							
Foreign exchange (loss)/gain	(19,340)	(5,882)	5,080	(6,816)	3	(5)	(26,960)
Net unrealized foreign exchange loss on investment property	(26,300)	(19,619)	(35,755)	(5,921)	-	-	(87,595)
Unrealized revaluation (loss)/gain on investment property measured at fair value	(57,967)	(14,062)	22,907	(6,643)	(4,543)	(369,124)	(429,432)
Finance costs <sup>3</sup>	(59,708)	(41,214)	(60,934)	(36,379)	(10,000)	(30,358)	(238,593)

<sup>1</sup> The retail south segment and the retail central segment includes revenues relating to joint ventures amounting to \$40.7 million and \$123.6 million respectively.

<sup>2</sup> The retail south segment and the retail central segment includes operating profits relating to joint ventures amounting to \$11.3 million and \$34.2 million respectively.

<sup>3</sup> The retail south segment and the retail central segment include finance costs relating to the joint ventures amounting to \$10.0 million and \$30.3 million respectively.

9 months ended September 30, 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>	944,141	435,142	507,713	355,485	37,087	546,142	2,825,710
Segment net profit <sup>2</sup>	249,642	103,806	198,247	78,272	4,191	259,401	893,559
<i>Included in profit for the period:</i>							
Foreign exchange gain/(loss)	41,115	32,759	68,271	31,244	1	(23)	173,367
Net unrealized foreign exchange loss on investment property	(659,703)	(336,341)	(339,478)	(260,933)	-	-	(1,596,455)
Unrealized revaluation gain/(loss) on investment property measured at fair value	86,788	50,437	69,378	42,187	(5,064)	(103,420)	140,306
Finance costs <sup>3</sup>	(41,511)	(31,073)	(60,935)	(29,003)	(13,018)	(43,150)	(218,690)

<sup>1</sup> The retail south segment and the retail central segment include revenues relating to the joint ventures amounting to \$37.0 million and \$122.9 million respectively.

<sup>2</sup> The retail south segment and the retail central segment include net profits relating to the joint ventures amounting to \$4.2 million and \$13.9 million respectively.

<sup>3</sup> The retail south segment and the retail central segment include finance costs relating to the joint ventures amounting to \$13.0 million and \$43.1 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 September 30, 2019	Industrial*				Retail		Total
	North East	Central	North West	North	South	Central	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total segment assets*	14,962,464	7,916,109	7,979,897	5,528,437	516,048	7,028,863	43,931,818
Total segment liabilities	(2,136,136)	(1,315,989)	(1,670,575)	(1,148,896)	(149,878)	(533,962)	(6,955,436)
<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 September 30, 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 profit/(loss) as follows:

	3 months ended		9 months ended	
	Sep 30, 2019	Sep 30, 2018	Sep 30, 2019	Sep 30, 2018
	\$'000	\$'000	\$'000	\$'000
Total segment revenue	979,449	941,903	2,889,286	2,825,710
Revenue attributable to equity-accounted investees	(55,456)	(53,597)	(164,340)	(160,014)
Interest income	7,535	6,825	21,239	13,454
<b>Total revenue for the period</b>	<b>931,528</b>	<b>895,131</b>	<b>2,746,185</b>	<b>2,679,150</b>
Segment profit/(loss)	1,169,434	(990,683)	1,660,098	893,559
Unallocated amounts:				
Property expenses not included in reporting segments	1,613	784	3,596	2,474
Finance costs not included in reporting segments <sup>1</sup>	(142,383)	(171,168)	(507,581)	(507,191)
Interest income	7,535	6,825	21,239	13,454
Items attributable to equity-accounted investees	841	328	2,965	561
Net foreign exchange (loss)/gain <sup>2</sup>	(229,339)	606,601	69,469	517,032
Goodwill written off in respect of properties disposed	-	(41,144)	-	(41,144)
Realized loss on disposal of investment property	-	(3,453)	-	(3,453)
Net unrealized (loss)/gain on interest rate swaps	(37,509)	(12,405)	(192,368)	30,285
Management fees <sup>3</sup>	(40,261)	(40,939)	(120,200)	(127,148)
Transaction related expenses	257	2,888	(26,657)	(1,024)
Professional, legal and other expenses	(13,562)	(12,826)	(39,861)	(38,861)
Income tax expense	(237)	(98)	(793)	(311)
<b>Profit/(loss) for the period</b>	<b>716,389</b>	<b>(655,290)</b>	<b>869,907</b>	<b>738,233</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:

	Period/Year ended	
	Sep 30, 2019	Dec 31, 2018
	\$'000	\$'000
Segment assets	43,931,818	43,946,593
<i>Items non included in segment assets:</i>		
Cash, cash equivalents and restricted cash <sup>2</sup>	252,383	489,675
Trade and other receivables, net	476	15,224
Other assets <sup>2</sup>	43,640	58,642
Assets attributable to equity-accounted investees <sup>2</sup>	(2,082,615)	(2,045,411)
Investment in equity-accounted investees <sup>2</sup>	1,477,752	1,152,560
Derivative financial instruments not included in reporting segment <sup>2</sup>	-	124,011
<b>Total assets</b>	<b>43,623,454</b>	<b>43,741,294</b>
Segment liabilities	(6,955,436)	(5,747,704)
<i>Items non included in segment liabilities:</i>		
Interest-bearing liabilities <sup>1</sup>	(9,870,051)	(11,422,373)
Trade and other payables <sup>2</sup>	(64,875)	3,932
Liabilities attributable to equity-accounted investees <sup>2</sup>	604,863	892,849
Other liabilities <sup>2</sup>	(18,071)	-
Deferred income tax liability <sup>2</sup>	(19,178)	(19,178)
Derivative financial instruments not included in reporting segment <sup>2</sup>	(68,357)	-
<b>Total liabilities</b>	<b>(16,391,105)</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 nine months ended September 30, 2019, FIBRA Macquarie made three distributions payments amounting to \$983.7 million (September 30, 2018: \$911.9 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 (0.4250 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.

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

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

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

	3 months ended		9 months ended	
	Sep 30, 2019 \$'000	Sep 30, 2018 \$'000	Sep 30, 2019 \$'000	Sep 30, 2018 \$'000
<b>Profit/(loss) after tax per CBFI</b>				
Basic profit/loss per CBFI (\$)	<b>0.93</b>	(0.84)	<b>1.13</b>	0.94
<b>Basic profit/(loss) used in the calculation of earnings per CBFI</b>				
Net profit/(loss) after tax for basic earnings per CBFI (\$'000)	<b>716,389</b>	(655,290)	<b>869,907</b>	738,233
Weighted average number of CBFIs used as the denominator in calculating basic earnings per CBFI ('000)	<b>768,600</b>	781,563	<b>769,528</b>	788,672

### 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 Sep 30,	Ownership interest as at Dec 31,	Sep 30, 2019	Dec 31, 2018
		2019	2018	\$'000	\$'000
JV Trust CIB/589	Mexico / Own and lease retail property	50%	50%	<b>538,559</b>	250,905
JV Trust CIB/586	Mexico / Own and lease retail property	50%	50%	<b>939,193</b>	901,655

#### b) Movement in carrying amounts

	Sep 30, 2019 \$'000	Dec 31, 2018 \$'000
Carrying amount at the beginning of the period/year	<b>1,152,560</b>	1,137,652
Capital contribution during the period	<b>277,383</b>	-
Distributions received during the period/year	<b>(573)</b>	(49,671)
Share of profits from equity-accounted investees	<b>66,716</b>	51,350
Share of revaluation (loss)/gain on investment property measured at fair value	<b>(18,334)</b>	13,229
<b>Carrying amount at the end of the period/year</b>	<b>1,477,752</b>	1,152,560

#### 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
	Sep 30, 2019	Dec 31, 2018	Sep 30, 2019	Dec 31, 2018
	\$'000	\$'000	\$'000	\$'000
Total current assets <sup>1,2</sup>	28,541	20,417	87,844	67,337
Total non-current assets	1,064,710	1,072,069	2,984,137	2,931,001
Total current liabilities <sup>3</sup>	(8,887)	(583,163)	(23,541)	(26,634)
Total non-current liabilities <sup>3</sup>	(7,246)	(7,514)	(1,170,054)	(1,168,393)
<b>Net assets</b>	<b>1,077,118</b>	<b>501,809</b>	<b>1,878,386</b>	<b>1,803,311</b>

<sup>1</sup> Includes cash and cash equivalents of \$91.3 million (December 31, 2018: \$64.7 million).

<sup>2</sup> Includes restricted cash of \$19.4 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 \$1,150.1 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
	Sep 30, 2019	Dec 31, 2018	Sep 30, 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 period/year	575,309	(34,103)	75,075	63,919
<b>Net assets</b>	<b>1,077,118</b>	<b>501,809</b>	<b>1,878,386</b>	<b>1,803,311</b>
FIBRA Macquarie's share (%)	50%	50%	50%	50%
FIBRA Macquarie's share (\$)	538,559	250,905	939,193	901,655
FIBRA Macquarie's carrying amount	538,559	250,905	939,193	901,655

<sup>1</sup> During nine months ended September 30, 2019 FIBRA Macquarie paid VAT on behalf of the JV Trusts amounting to \$12.8 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
	9 months ended Sep 30, 2019	9 months ended Sep 30, 2018	9 months ended Sep 30, 2019	9 months ended Sep 30, 2018
	\$'000	\$'000	\$'000	\$'000
<b>Revenue:</b>				
Property related and other income	76,848	87,499	251,832	232,529
Revaluation of investment property measured at fair value	(32,531)	(10,309)	(4,139)	(33,385)
Financial income	2,832	506	3,614	2,014
<b>Total revenue</b>	<b>47,149</b>	<b>77,696</b>	<b>251,307</b>	<b>201,158</b>
<b>Expenses:</b>				
Finance costs	(4,884)	(36,621)	(75,831)	(75,715)
Other expenses	(29,471)	(30,756)	(91,507)	(98,481)
<b>Total expenses</b>	<b>(34,355)</b>	<b>(67,377)</b>	<b>(167,338)</b>	<b>(174,196)</b>
<b>Profit for the period</b>	<b>12,794</b>	<b>10,319</b>	<b>83,969</b>	<b>26,962</b>
FIBRA Macquarie's share (%)	50%	50%	50%	50%
<b>FIBRA Macquarie's share</b>	<b>6,397</b>	<b>5,160</b>	<b>41,985</b>	<b>13,481</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 September 30, 2019 and December 31, 2018, there was no share of contingent liabilities incurred jointly with the joint venture partner and no contingent liabilities of the joint ventures for which FIBRA Macquarie is liable.

### 11. INVESTMENT PROPERTIES HELD FOR SALE

	Sep 30, 2019 \$'000	Dec 31, 2018 \$'000
Carrying amount at the beginning of the period/year	147,622	-
<i>Additions/disposals during the period/year:</i>		
Transfers from investment properties <sup>1</sup>	-	1,753,449
Disposals <sup>2</sup>	(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 period/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. During 2019 there has not been investment properties transfers.

<sup>2</sup>During the period ended September 30, 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	Sep 30, 2019 \$'000	Dec 31, 2018 \$'000
Carrying amount at the beginning of the period/year		40,132,961	41,722,712
<i>Additions during the period/year:</i>			
Asset acquisition		-	61,244
Capital expenditure (including tenant improvements)		269,394	123,660
Transfers from Investment property under construction		223,277	124,849
Investment property under construction	12(a)	(13,769)	(95,149)
Net unrealized foreign exchange loss on investment property		(83,628)	(71,468)
Revaluation of investment property measured at fair value		(405,031)	29,383
Leasing commissions, net of amortization		43,854	(8,821)
Transfer to investment properties held for sale	11	-	(1,753,449)
<b>Carrying amount at the end of the period/year</b>		<b>40,167,058</b>	<b>40,132,961</b>

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

	Sep 30, 2019 \$'000	Dec 31, 2018 \$'000
Carrying amount at the beginning of the period/year	61,163	156,312
Capital expenditure	209,508	29,700
Transfer to completed investment properties	(223,277)	(124,849)
<b>Carrying amount at the end of the period/year</b>	<b>47,394</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 June 30, 2019 and December 31, 2018.

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

During the current quarter, the Manager performed an internal mark-to-market valuation process. The Manager confirms that there have been no material changes to the assumptions applied by the Independent Valuer.

The inputs used in the valuations at September 30, 2019 were as follows:

- The range of reversionary capitalisation rates applied to the portfolio were between 7.50% to 10.50% (December 31, 2018: 7.50% and 10.50%) for industrial and 8.25% to 9.50% (December 31, 2018: 8.25% and 9.50%) for retail properties.

- The discount rates applied range between 8.50% and 11.50% (December 31, 2018: 8.50% and 11.50%) for industrial properties and 9.25% and 10.25% (December 31, 2018: 9.25% and 10.25%) for retail properties.

- The vacancy rate applied for retail properties ranged between 3.00% and 5.00% (December 31, 2018: 3.00% and 5.00%), with a weighted average of 4.80% (2018: 4.80%).

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

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

### 13. INTEREST BEARING LIABILITIES

	Sep 30, 2019	Dec 31, 2018
	\$'000	\$'000
<b>The Group has access to:</b>		
<b><i>Loan facilities - undrawn</i></b>		
Undrawn US\$-denominated notes	3,534,534	3,474,032
Undrawn MXN-denominated notes	1,259,564	1,604,806
<b>Total undrawn loan facilities</b>	<b>4,794,098</b>	<b>5,078,838</b>
<b><i>Loan facilities - drawn</i></b>		
US\$-denominated term funding	9,130,879	9,211,596
US\$-denominated notes	6,381,798	6,396,943
Unamortized transaction costs	(87,957)	(71,349)
<b>Total loan facilities, net of unamortized transaction costs</b>	<b>15,424,720</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	
						Sep 30, 2019 \$'000	Dec 31, 2018 \$'000
Various Insurance Companies through Notes	US\$	250.0	250.0	5.55%	Jun-23	4,904,930	4,915,838
MetLife - Term Loan <sup>1</sup>	US\$	210.0	210.0	5.38%	Oct-27	4,106,176	4,114,818
Various Banks through a Credit Facility - Term Loan	US\$	180.0	180.0	4.44% <sup>2</sup>	Apr-24	3,494,692	-
Various Insurance Companies through Notes	US\$	75.0	75.0	5.44%	Sep-26	1,470,429	1,473,720
MetLife - Term Loan <sup>3</sup>	US\$	75.0	75.0	5.23%	Jun-34	1,448,493	-
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 period/year</b>						<b>15,424,720</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:

	Sep 30, 2019 \$'000	Dec 31, 2018 \$'000
Carrying amount at the beginning of the period/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	6,235,712	-
<b>Total changes for financing cash flow</b>	<b>(144,667)</b>	<b>(770,052)</b>
Total effect of changes in foreign exchange rate	(40,940)	(59,742)
<b>Liability-related other changes:</b>		
Amortization of capitalized borrowing costs	73,137	48,434
<b>Carrying amount at the end of the period/year</b>	<b>15,424,720</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	Sep 30, 2019 \$'000	Dec 31, 2018 \$'000
Various Banks	Apr 5, 2019	Apr 1, 2024	US\$180.0 million	(68,357)	-
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>(68,357)</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 period/year ended September 30, 2019 and December 31, 2018, respectively, with respect to the results of the Group's subsidiaries are:

	Sep 30, 2019 \$'000	Dec 31, 2018 \$'000
<i>Current income tax</i>		
Opening balance as of January 1	1,274	-
Current income tax for the period	(793)	(381)
Advance tax paid	-	1,655
<b>Income tax recoverable</b>	<b>481</b>	<b>1,274</b>
<i>Deferred income tax</i>		
Opening balance as of January 1	19,178	6,277
Relating to temporary differences provision	-	12,901
<b>Deferred income tax</b>	<b>19,178</b>	<b>19,178</b>

## NOTES TO THE 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 period	(4,300)	(102,691)
<b>CBFIs outstanding at September 30, 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 September 30, 2019, a total of 45,663,500 CBFIs, amounting to \$975.2 million (including transaction costs), have been repurchased. For the nine months ended September 30, 2019, a total of 4,300,000 CBFIs, amounting to \$102.7 million (including transaction costs), have been repurchased.

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

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

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

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

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

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

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

## 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 September 30, 2019	\$'000	\$'000	\$'000
Trade receivables, net	65,027	65,027	65,027
Other receivables	461,606	461,606	462,391
Interest-bearing liabilities*	(16,270,609)	(16,270,609)	(15,424,720)
<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:

	Level 1	Level 2	Level 3	Total
As at September 30, 2019	\$'000	\$'000	\$'000	\$'000
Derivative financial instruments-liability	-	(68,357)	-	(68,357)
Investment properties	-	-	40,167,058	40,167,058
<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:

	Sep 30, 2019 \$'000	Dec 31, 2018 \$'000
Balance at the beginning of the period/year	40,132,961	41,722,712
Capital expenditure/leasing commission, net of amortization	522,756	144,539
Transfer to investment properties held for sale	-	(1,753,449)
Asset acquisitions	-	61,244
Net unrealized foreign exchange loss on investment property	(83,628)	(71,468)
Unrealized revaluation (loss)/gain on investment property measured at fair value	(405,031)	29,383
<b>Balance at the end of the period/year</b>	<b>40,167,058</b>	<b>40,132,961</b>

### 18. LEASES

#### a) As a lessor

Agreements entered into by the Group and its tenants have been classified as operating leases under IFRS 16 (until December 31, 2018 these were classified under IAS 17). The Group is the lessor of the leases entered into with third parties in respect of its investment properties. Of the leases entered into by the Group, there are a certain amount that are fixed-term leases which include renewal options exercisable by the respective tenant. Notwithstanding these particular leases, the lease agreements entered into by the Group have expiration dates ranging from January 1, 2019 to April 30, 2048.

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

September 30, 2019	<1 year (US\$'000)	1-5 years (US\$'000)	>5 years (US\$'000)	Total (US\$'000)
USD denominated minimum future lease collections	131,624	333,238	65,302	530,164
*Peso denominated minimum future lease collections	29,948	82,233	14,044	126,225

\* 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:

	Sep 30, 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	(91)
Depreciation charge for the period	(3,267)
<b>Balance at the end of the period</b>	<b>21,263</b>
<b>Lease liabilities (included in other liabilities):</b>	
Initial adoption of IFRS 16	24,621
Effect of changes in foreign exchange rate	(101)
Interest on lease liabilities	1,625
Lease payments	(3,818)
<b>Balance at the end of the period</b>	<b>22,327</b>
<b>Balance classified as current</b>	<b>4,256</b>
<b>Balance classified as non-current</b>	<b>18,071</b>
<b>Lease liabilities (Maturity analysis - contractual undiscounted cash flows):</b>	
<1 year	5,736
1-5 years	21,042
>5 years	2,835
<b>Total undiscounted lease liabilities at the end of the period</b>	<b>29,613</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 nine months ended September 30, 2019, the trustees' fees for the Group amounted to \$0.9 million (September 30, 2018: \$0.8 million) and \$2.5 million (September 30, 2018: \$1.6 million) respectively.

As at September 30, 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 \$40.3 million (September 30, 2018: \$40.9 million) and \$120.2 million (September 30, 2018: \$127.1 million) respectively, for the three and nine months ended September 30, 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 September 30, 2019, no performance fee was payable by FIBRA Macquarie.

#### d) Other associated entities

During the three and nine months ended September 30, 2019, the Group accrued expenses totaling \$0.3 million (September 30, 2018: \$0.4 million) and \$1.8 million (September 30, 2018: \$1.0 million) respectively in respect of out of pocket expenses incurred by affiliate entities of MMREM, in performance of its duties as Manager.

As at September 30, 2019, expenses due to affiliate entities of MMREM amounted to \$0.3 million (September 30, 2018: \$0.4 million).

As at September 30, 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 period ended September 30, 2019 (September 30, 2018: \$42.74 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 consolidated financial statements were issued and has determined there are no other subsequent events requiring recognition or disclosure.

