



2Q19

Earnings Release



fibramty

Redefines real estate
Profitability in Mexico



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Investment Model **fibr**amty



FIBRA MTY ANNOUNCES RESULTS FOR THE SECOND QUARTER 2019

Monterrey, Nuevo Leon, Mexico – July 24th, 2019 – Banco Invex, S.A., Institución de Banca Múltiple, Invex Grupo Financiero, Fiduciario, as Trustee of the Trust identified by the number F/2157, (BMV: FMTY14), (“Fibra Mty” or “the Company”), the first real estate investment trust 100% internally managed, announced today its results for the second quarter (“2Q19”). The figures presented in this report have been prepared in accordance with International Financial Reporting Standards (IFRS) and are expressed in millions of Mexican pesos (Ps.), unless otherwise stated, and may vary due to rounding.

Second Quarter 2019 Highlights

- At the end of 2Q19, Fibra Mty’s consolidated portfolio was comprised of 55 properties, including 18 for office use, 31 for industrial use and 6 for retail use. It is relevant to note that the lease of the Zinc property began in July 2019, therefore it will be included in 3Q19 operational metrics.
- As of quarter-end, Fibra Mty recorded a total Gross Leasable Area (“GLA”) of 661,175 m². Occupancy rate as of June 30th, 2019, was 96.9%, in GLA terms.
- During the second quarter 2019, the average rent per square meter was US\$18.8 for corporate offices, US\$13.9 for back offices, US\$4.5 for industrial buildings, and US\$7.4 for retail properties.
- 2Q19 total revenue amounted to Ps. 296.7 million, up 29.2% when compared to that of 2Q18.
- 2Q19 net operating income (“NOI”) was Ps. 267.3 million, 31.3% higher in an annual basis.
- 2Q19 EBITDA totaled Ps. 241.4 million, 32.5% above than that of the same period last year.
- 2Q19 NOI and EBITDA margins stood at 90.1% and 81.4%, respectively, 150 and 210 basis points over the figures reported in 2Q18, in the same order.
- 2Q19 funds from operations (“FFO”) was Ps. 197.3 million, up 8.2% when compared to that of 2Q18, while adjusted funds from operations (“AFFO”) totaled Ps. 186.8 million, representing a 7.0% annual increase.
- As a result of 2Q19 operating performance, Fibra Mty will distribute Ps. 186.8 million to its CBFIs holders, equivalent to Ps. 0.292 per CBFI, marking a new all-time record since its initial public offering. This cash distribution implies an annualized yield of 9.8% versus the CBFI’s closing price of Ps. 11.93 at year-end 2018.
- Finally, as mentioned in our previous earnings release, the replacement of the peso-denominated revolving credit line with the U.S. dollar-denominated unsecured loan subscribed with HSBC at quarter-end 1Q19, resulted in a ~Ps. 9.0 million decrease in financial expenses in 2Q19. Additionally, the investment of the Ps. 329.5 million VAT reimbursement, corresponding to the Filios acquisition, led to a Ps. 6.0 million increase in financial income. Both benefits contributed to a Ps. 0.023 incremental yield per CBFI.

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Operating Highlights:

	2Q19 ⁽¹⁾	2Q18	Δ%/p.p.	1Q19 ⁽¹⁾	Δ%/p.p.
Number of Properties	54	43	25.6%	54	0.0%
Office	18	12	50.0%	18	0.0%
Industrial	30	25	20.0%	30	0.0%
Retail	6	6	0.0%	6	0.0%
Gross Leasable Area (GLA) m²	661,175⁽²⁾	504,534	31.0%	661,084	0.0%
Occupancy Rate (GLA)	96.9%	96.5%	0.4 p.p.	97.0%	(0.1 p.p.)
Average Rent / m² Corporate Offices (US\$)	\$18.8	\$18.4	2.2%⁽³⁾	\$18.6	1.1%
Average Rent / m² Back Offices (US\$)	\$13.9	\$13.1	6.1%⁽⁴⁾	\$13.8	0.7%
Average Rent / m² industrial (US\$)	\$4.5	\$4.2	7.1%⁽⁴⁾	\$4.5	0.0%
Average Rent / m² Retail (US\$)	\$7.4	\$6.8	8.8%⁽⁵⁾	\$7.3	1.4%

(1) Excluding the Zinc property, as its lease began in July 2019.

(2) The increase against 1Q19 is attributed to the conversion of OEP Torre 2's common area into 91 m² of GLA.

(3) Variation resulting from rent increases, in accordance with contract terms, and appreciation of the Mexican peso against the U.S. dollar.

(4) Mainly derived from the Filios acquisition, as well as rent increases, in accordance with contract terms, and appreciation of the Mexican peso against the U.S. dollar.

(5) Variation due rent increases, in accordance with contract terms.

Financial Position:

	2Q19	2Q18	Δ%/p.p.	1Q19	Δ%/p.p.
Cash and Cash Equivalents	812,011	1,691,339	(52.0%)⁽¹⁾	503,588	61.2%⁽⁴⁾
Investment Properties	13,206,741	10,136,355	30.3%⁽²⁾	13,184,687	0.2%
Total Assets	14,161,353	11,993,422	18.1%	14,175,705	(0.1%)
Debt	5,086,091	3,062,374	66.1%⁽³⁾	5,181,211	(1.8%)
Total Liabilities	5,517,174	3,183,187	73.3%	5,472,479	0.8%
Total Equity	8,644,179	8,810,235	(1.9%)	8,703,226	(0.7%)

(1) Largely attributed to the use of cash for the Filios acquisition, carried out in December 2018.

(2) Due to the acquisition of the Filios portfolio and of the Patria property, beginning of the construction of the Zinc property, and recognition of fair value effects in accordance with IAS 40 – "Investment Property".

(3) Primarily explained by the partial drawdown from the HSBC syndicated loan for US\$75.0 million, the credit limit increase of the BBVA Bancomer loan for US\$11.0 million and the recent drawdown of the unsecured credit facility subscribed with HSBC for US\$35.0 million, used to replace the peso-denominated loans reported at year-end 2018, which in turn were deployed for the Filios acquisition.

(4) Increase mainly attributed to the Ps. 329.5 million VAT reimbursement received, associated to the Filios acquisition.

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Financial Highlights in thousands of Mexican pesos:

	2Q19	2Q18	Δ%/p.p. ⁽¹⁾	1Q19	Δ%/p.p.
Total revenue	296,711	229,658	29.2%	296,382	0.1%
NOI	267,272	203,567	31.3%	268,563	(0.5%)
EBITDA	241,436	182,198	32.5%	241,659	(0.1%)
FFO	197,284	182,321	8.2%	180,087	9.5%
AFFO	186,784	174,632	7.0%	169,587	10.1%

(1) A detailed explanation on these changes is provided in the Financial Performance section.

Financial Highlights per CBFi:

	2Q19	2Q18 ⁽¹⁾	Δ%/p.p. ⁽²⁾	1Q19	Δ%/p.p.
NOI	0.418	0.320	30.6%	0.421	(0.7%)
EBITDA	0.377	0.286	31.8%	0.379	(0.5%)
FFO	0.308	0.286	7.7%	0.282	9.2%
AFFO	0.292	0.274	6.6%	0.266	9.8%
Outstanding CBFis (thousands) ⁽³⁾	639,967.331	636,732.825	0.5%	637,801.637	0.3%

(1) 2Q18 financial highlights per CBFi consider 637,385.895 thousand CBFis in April and May, and 636,732.825 in June.

(2) A detailed explanation on these changes is provided in the Financial Performance section.

(3) CBFis outstanding as of the distribution date.

Margins:

	2Q19	2Q18	Δ%/p.p.	1Q19	Δ%/p.p.
Total Revenue	296,711	229,658	29.2%	296,382	0.1%
NOI	90.1%	88.6%	1.5p.p.	90.6%	(0.5p.p.)
EBITDA	81.4%	79.3%	2.1p.p.	81.5%	(0.1p.p.)
FFO	66.5%	79.4%	(12.9p.p.) ⁽¹⁾	60.8%	5.7p.p. ⁽¹⁾
AFFO	63.0%	76.0%	(13.0p.p.) ⁽¹⁾	57.2%	5.8p.p. ⁽¹⁾

(1) Explained by the higher indebtedness level arising from the Filios acquisition, from 25.67% in 2Q18 to 35.98% in 2Q19, as well as a contraction in financial income due to the use of cash for the same transaction. Compared to 1Q19, FFO and AFFO margins increased 570 and 580 basis points, respectively, as a result of the replacement of the peso-denominated revolving loans with the HSBC unsecured loan at quarter-end 1Q19, and increase in financial income due to the investment of the VAT refund, corresponding to the Filios acquisition.

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Comments from the Chief Executive Officer

“Risk comes from not knowing what you’re doing”

- Warren Buffet -

Dear investors,

I am pleased to present you our results for the second quarter of 2019, which reflect the full effect of the Filios acquisition, announced at the end of previous year. This development is of paramount relevance for Fibra Mty given the importance we set on the full accomplishment of our promises. Thanks to this operation, our cash distribution per CBF1 reached Ps. 0.292, the highest dividend paid in our history, which implied an annualized yield of 9.8% compared to the closing price at year-end 2018.

Especially noteworthy in this second quarter were the efforts undertaken in the financial and fiscal fronts, outstanding the refinancing of the short-term loan drawdown destined to timely complete the Filios acquisition, as well as a prompt VAT recovery from the transaction.

Going forward, one of our top priorities is to maintain a high occupancy rate, as well as to renew existing leases. On this regard, significant progress towards meeting the objectives set for this year has been achieved.

In Fibra Mty, we are convinced that tenant’s satisfaction is key to improve occupancy. Therefore, we closely monitor our operating metrics, focusing on improving the conditions of our properties, while reinforcing controls over operating expenses.

The operating and financial results achieved during the first half of 2019 gives us the confidence and strength to reach the high-end of our Guidance range, announced at the beginning of the year.

Finally, I would like to conclude by emphasizing that our core mission at Fibra Mty is to acquire and operate properties with high-quality tenants and leases, that generate incremental value to our investors through competitive and predictable cash distributions. Furthermore, as proven by our track record, we are keen to consistently show that an efficient and transparent internal management, aligned with the investors’ interests, generates an added value difficult to match.

As always, I am very grateful for your support and interest in Fibra Mty, the Mexican REIT committed to redefining real estate profitability in Mexico.

Sincerely,



Jorge Avalos Carpinteyro
CEO

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Operating Performance

Property Portfolio and Geographic Locations

Fibra Mty's portfolio is comprised of 55 properties located in 9 states of Mexico, with an average age of 13.8 years and occupancy rate of 96.9%, in GLA terms. It is worth mentioning that the lease of the Zinc property began in July 2019, therefore, it will be included in the operational indicators starting from 3Q19.

Total Revenue expressed in thousands of Mexican pesos

	Real Estate Asset	Location	GLA (m ²)	2Q19 Total Revenue	2Q18 Total Revenue	Δ% 2Q19 vs 2Q18	1Q19 Total Revenue	Δ% 2Q19 vs 1Q19
1-3	OEP Portfolio ⁽¹⁾	Nuevo Leon	44,971 ⁽⁵⁾	50,135	49,695	0.9%	50,562	(0.8%)
4-6	CEN 333 Portfolio ⁽²⁾	Nuevo Leon	36,752	27,659	27,779	(0.4%)	28,127	(1.7%)
7	Danfoss	Nuevo Leon	30,580	7,725	7,632	1.2%	7,609	1.5%
8	Cuadrante	Chihuahua	4,520	3,430	3,253	5.4%	3,487	(1.6%)
9	Cuprum	Nuevo Leon	17,261	3,693	3,481	6.1%	3,776	(2.2%)
10-14	Casona Portfolio	Multiple ⁽³⁾	38,684	8,055	7,821	3.0%	8,026	0.4%
15	Catacha	Nuevo Leon	5,431	1,154	706	63.5%	1,153	0.1%
16-19	Monza Portfolio	Chihuahua	13,679	5,483	5,232	4.8%	5,483	-
20	Santiago	Queretaro	16,497	4,493	4,367	2.9%	4,538	(1.0%)
21	Monza 2	Chihuahua	4,611	1,941	1,853	4.7%	1,999	(2.9%)
22	Prometeo	Nuevo Leon	8,135	12,906	12,139	6.3%	12,430	3.8%
23	Nico 1	Nuevo Leon	43,272	11,761	11,470	2.5%	11,853	(0.8%)
24-31	Providencia Portfolio	Coahuila	82,622	21,872	21,466	1.9%	22,235	(1.6%)
32	Fortaleza	ZMVM ⁽⁴⁾	15,137	13,213	11,072	19.3%	12,580	5.0%
33	Cienega	Nuevo Leon	25,223	5,455	5,998	(9.1%)	5,455	-
34	Redwood	Jalisco	11,605	18,669	17,884	4.4%	18,811	(0.8%)
35	Catacha 2	Queretaro	5,400	1,438	1,373	4.7%	1,438	-
36-42	Huasteco	San Luis Potosi	89,951	28,305	28,222	0.3%	27,416	3.2%
43	Cuauhtemoc	Nuevo Leon	10,294	8,663	8,215	5.5%	8,597	0.8%
44	Zinc	Nuevo Leon	⁽⁶⁾	-	-	-	-	-
45	Patria	Jalisco	7,970	6,927	-	-	6,822	1.5%
46-55	Filios Portfolio	Nuevo Leon	148,580	53,734	-	-	53,985	(0.5%)
Total / Average			661,175	296,711	229,658	29.2%	296,382	0.1%

⁽¹⁾ Includes the OEP Torre 1, OEP Torre 2, and OEP Plaza Central assets.

⁽²⁾ Includes the Neoris/GE, Axtel and Atento assets.

⁽³⁾ Properties located in Chihuahua, Sinaloa and Guanajuato.

⁽⁴⁾ Mexico City Metropolitan Area (Greater Mexico City).

⁽⁵⁾ OEP Torre 2's common area converted into 91 m² of GLA.

⁽⁶⁾ Estimated GLA under construction as of the date of this earnings release is 19,623 m².

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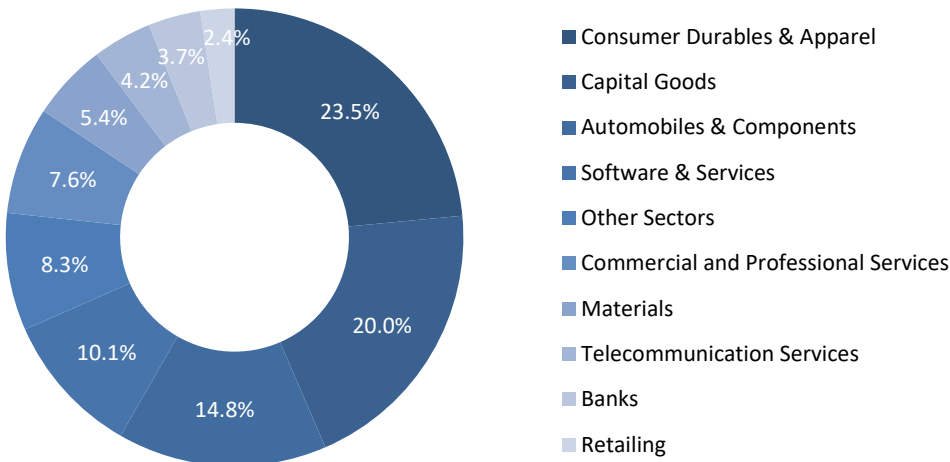
Tenant Breakdown by Economic Sector

As of the first quarter of 2019, Fibra Mty adopted the Global Industry Classification Standard (GICS) to categorize its tenants.

The GICS is a standardized classification system, introduced in 1999 by S&P and MSCI, used to sort business entities by sector and industry groups.

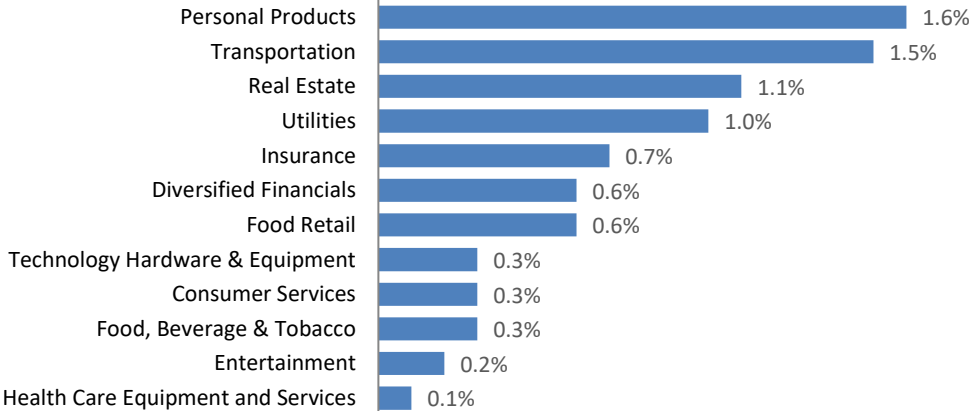
GICS was developed in response to the global financial community’s need for a comprehensive and consistent framework of sector and industry definitions, thereby enabling to perform company, sector and industry comparisons across countries, regions and globally.

Tenant Breakdown by Economic Sector (% of Revenue)



* “Other Sectors” breakdown is shown in the following graph:

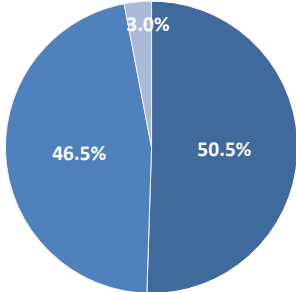
Other Sectors (8.3 %)



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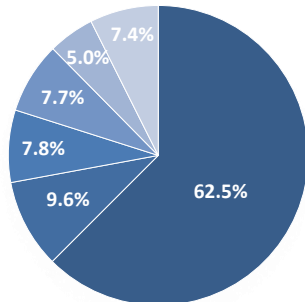
Key Indicators of Fibra Mty's Portfolio Performance (% of Revenue)

By Asset Type (property use)



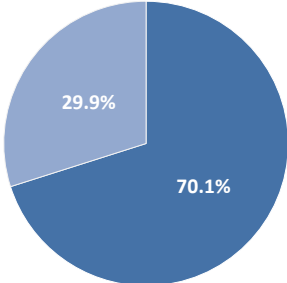
■ Office ■ Industrial ■ Retail

By Location



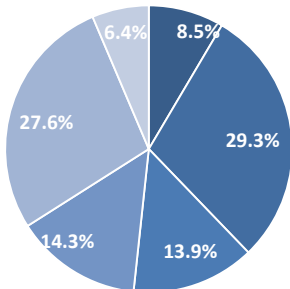
■ NL ■ Slp ■ Coah ■ Jal ■ Chih ■ Others

By Currency



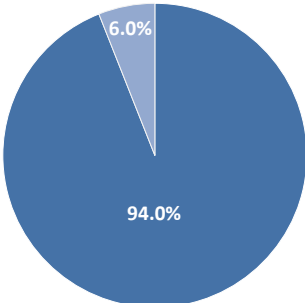
■ USD ■ MXN

By Contract Maturity (years)



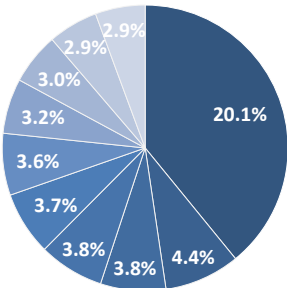
■ 0-1 ■ 1-3 ■ 3-5 ■ 5-7 ■ 7-10 ■ 10+

Occupancy



■ Leased ■ Vacant

Main Tenants



■ Whirlpool ■ Crisa ■ Axtel ■ Oracle ■ CSL
■ Cemex ■ Famsa ■ PWC ■ Accenture ■ Danfoss

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Gross Leasable Area and Occupancy by asset type, in GLA terms

<i>Office</i>	2Q19	2Q18	Δ%/p.p.	1Q19	Δ%/p.p.
Number of properties	18	12	50.0%	18	0.0%
GLA in m ²	163,119 ⁽¹⁾	134,703	21.1%	163,028	0.1%
Weighted average remaining lease term to Income (in years)	4.8	5.0	(4.0%)	5.1	(5.9%)
Occupancy	87.6%	87.0%	0.6 p.p.	87.8%	(0.2 p.p.)
<i>Industrial</i>	2Q19	2Q18	Δ%/p.p.	1Q19	Δ%/p.p.
Number of properties	30	25	20.0%	30	0.0%
GLA in m ²	478,706	350,481	36.6%	478,706	0.0%
Weighted average remaining lease term to Income (in years)	5.6	4.6	21.7%	5.8	(3.4%)
Occupancy	100.0%	100.0%	0.0 p.p.	100.0%	0.0 p.p.
<i>Retail</i>	2Q19	2Q18	Δ%/p.p.	1Q19	Δ%/p.p.
Number of properties	6	6	0.0%	6	0.0%
GLA in m ²	19,350	19,350	0.0%	19,350	0.0%
Weighted average remaining lease term to Income (in years)	10.4	11.3	(8.0%)	10.5	(1.0%)
Occupancy	99.9%	99.9%	0.0 p.p.	99.9%	0.0 p.p.
<i>Fibra Mty Portfolio</i>	2Q19	2Q18	Δ%/p.p.	1Q19	Δ%/p.p.
Number of properties	54	43	25.6%	54	0.0%
GLA in m ²	661,175 ⁽¹⁾	504,534	31.0%	661,084	0.0%
Weighted average remaining lease term to Income (in years)	5.4	5.1	5.9%	5.6	(3.6%)
Occupancy	96.9%	96.5%	0.4 p.p.	97.0%	(0.1 p.p.)

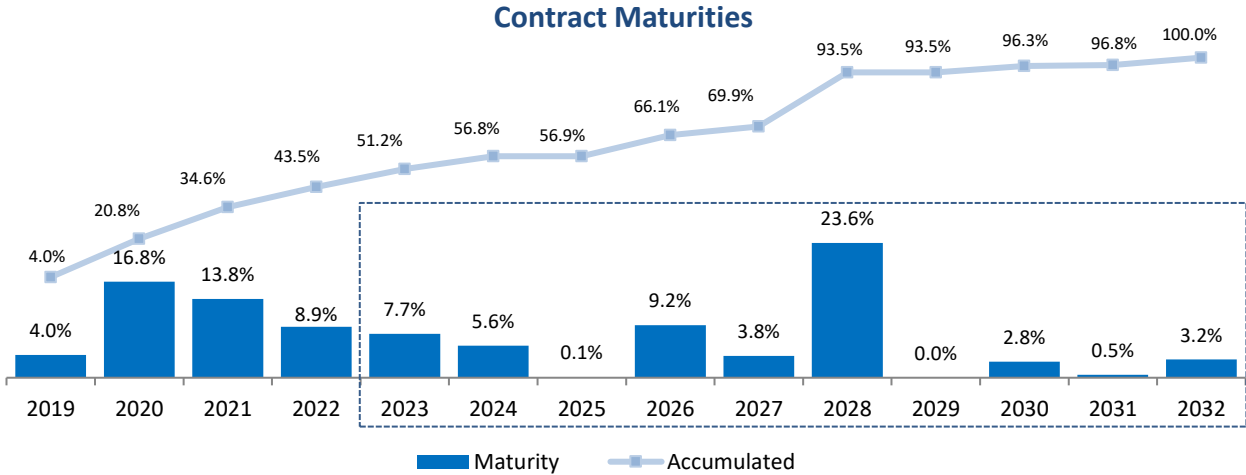
(1) OEP Torre 2's common area converted into 91 m² of GLA.

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Contract Maturities

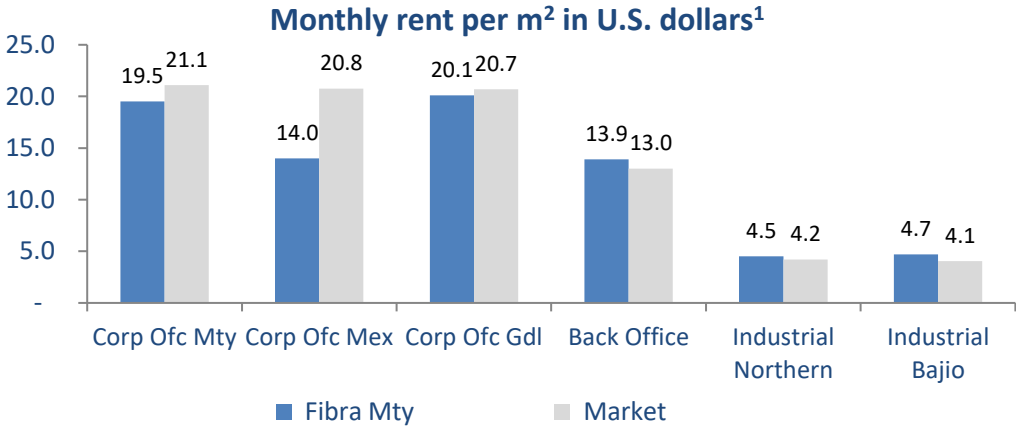
As of June 30th, 2019, Fibra Mty has 120¹ tenants, 63.3% in office properties (including OEP’s retail area as it is focused on servicing the office space); 23.3% in industrial properties; and, 13.4% in retail properties.

As of June 30th, 2019, the weighted average lease term was 5.4 years. If current contracts are not renewed and no new leases are engaged, there would be a guaranteed rent flow of approximately 56.5% through the beginning of 2023.



Rent in US dollars per m² and by property type

Fibra Mty keeps Corporate Offices rents in Mexico, Monterrey and Guadalajara below market levels, representing a competitive advantage when renewing and/or negotiating new contracts, especially against the current backdrop.



¹ Market price considers monthly prices per m² in USD.
 Corporate Offices Monterrey = Source: CBRE MarketView Monterrey 2Q 2019
 Corporate Offices Mexico = Source: CBRE MarketView Mexico, Interlomas submarket 2Q 2019
 Corporate Offices Guadalajara = Source: CBRE MarketView Guadalajara 2Q 2019
 Back Offices = Research by Fibra Mty

¹ Tenants occupying multiple spaces in one or more properties are counted only once.

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Same-Property Performance:

Same-property analysis excludes Zinc, Patria and Filios properties.

NOI

<i>(thousands of Mexican pesos)</i>	2Q19	2Q18	Δ%/p.p.
Number of properties	43	43	-
Same-property revenue	236,050	229,658	2.8%
Same-property operating expenses, net of CAPEX in results	(27,811)	(26,091)	6.6%
Same-property NOI	208,239	203,567	2.3%
Same-property NOI margin	88.2%	88.6%	(40 p.p.)

2Q19 Same-property NOI increased 2.3% when compared to 2Q18, mainly driven by rent increases due to inflation adjustments at certain properties as per contracts denominated in Mexican pesos and U.S. dollars; and, a minor positive FX effect. The increase in operating expenses was attributed to: i) higher energy and water consumption at certain properties in which Fibra Mty is responsible for paying these utilities; ii) facade cleaning at some properties; iii) increase in the number and price of parking lots; and, iv) among other factors. The incremental energy consumption was partially reimbursed and recognized in total revenue, in accordance with IFRS.

2Q19 Same-property NOI margin stood at 88.2%, remaining practically unchanged versus that of 2Q18, decreasing by 40 basis points.

Occupancy

Same-property	
Number of properties	43
GLA m ²	504,625 ⁽¹⁾

⁽¹⁾ OEP Torre 2's common area converted into 91 m² of GLA.

	2Q19		2Q18		Ch.	
	m ²	%	m ²	%	Δ m ²	Δ p.p.
Office occupancy	116,461	86.4%	117,146	87.0%	(685)	(0.6 p.p.)
Industrial occupancy	350,482	100.0%	350,482	100.0%	-	-
Retail occupancy	19,326	99.9%	19,326	99.9%	-	-
Same-property occupancy	486,269	96.4%	486,954	96.5%	(685)	(0.1 p.p.)

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Capital Expenditure (Capex)

Fibra Mty's annual CAPEX budget in 2019 amounts to Ps. 42 million.

As of June 30th, 2019, the deployed CAPEX, used to calculate AFFO, was composed as follows:

<i>Thousands of Mexican pesos</i>	2Q19	1Q19	2019
Capitalized CAPEX on Investment properties	10,231	7,584	17,815
- Financed CAPEX ⁽¹⁾	107	942	1,049
- Retained and deployed CAPEX in 2019 ⁽²⁾	-	35	35
= Capitalized CAPEX, net	10,124	6,607	16,731
+ Remaining CAPEX generated in 2019	376	3,893	4,269
= Budgeted CAPEX, used to calculate AFFO	10,500	10,500	21,000

(1) Includes the replacement of an air conditioning system and installation of a wastewater treatment system in the OEP portfolio, which will allow us to provide a better service, reduce energy costs and save maintenance expenses in the upcoming 3 years due to the guarantees granted by the supplier. The total cost of this project is estimated at Ps. 35.6 million. As of June 30th, 2019, the accumulated expense incurred was Ps. 32.6 million (Ps. 14.2 million, Ps. 17.4 million and Ps. 1.0 million in 2017, 2018, and 1H19, respectively).

(2) Corresponding to the replacement of the electric transformer at one of our properties. As of June 30th, 2019, the remaining CAPEX to be deployed totaled Ps. 22.4 million, composed of generated and / or remaining reserves in 2016, 2017, 2018 and 1H19 for Ps. 5.9 million, Ps. 1.1 million, Ps. 11.1 million and Ps. 4.3 million, respectively.

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Financial Performance

2Q19 results were marked primarily by: i) higher revenue from increases in rents and maintenance fees, positive FX effects and revenues generated by Filios and Patria acquisitions; ii) higher operating expenses due to a significant increase in energy and water consumption costs, which were recovered through refunds, as well as facade cleaning at some properties and increase in the number and price of subleased parking lots; iii) higher administrative expenses due to wage increases (associated to annual inflation adjustments), professional fees, technology expenses, appraisal fees, travel expenses, among others; iv) higher net financial expenses related to the new credit facilities subscribed and cash provision for the Filios acquisition; and, v) valuation effects with no impact on cash distribution, such as: a) the decrease in the fair value of Fibra Mty's portfolio; and, b) unrealized FX gain on U.S. dollar-denominated bank loans.

<i>Thousands of Mexican pesos</i>	2Q19	2Q18	Δ%	1Q19	Δ%
Total Revenue	296,711	229,658	29.2%	296,382	0.1%
Property Maintenance and Operating Expenses, net of CAPEX in results	29,439	26,091	12.8%	27,819	5.8%
CAPEX recognized in P&L, in compliance with IFRS	-	561	(100.0%)	-	-
Administrative Expenses	27,244	22,698	20.0%	28,305	(3.7%)
CBFI Executive Compensation Plan	9,779	14,566	(32.9%)	4,839	102.1%
(Expense) Income for properties measured at fair value	(75,636)	369,911	(120.4%)	(180,449)	(58.1%)
Net gain on sale of investment properties	-	-	-	151	(100.0%)
Interest Income	19,131	32,467	(41.1%)	14,119	35.5%
Interest Expense	67,199	61,800	8.7%	78,737	(14.7%)
Foreign Exchange Gain (Loss), net	56,447	(229,640)	(124.6%)	51,093	10.5%
Income Before Income Taxes	162,992	276,680	(41.1%)	41,596	291.8%
Income Tax	731	577	26.7%	969	(24.6%)
Consolidated Net Income	162,261	276,103	(41.2%)	40,627	299.4%
Valuation of derivative financial instruments	(93,570)	5,632	(1,761.4%)	(84,008)	11.4%
Consolidated Comprehensive Income (Loss)	68,691	281,735	(75.6%)	(43,381)	(258.3%)

2Q19 Earnings Release

<i>Thousands of Mexican pesos</i>	2Q19	2Q18	Δ%
Same-Property Revenue	236,050	229,658	2.8%
Revenue from Acquisitions	60,661	-	-
Fibra Mty Revenue	296,711	229,658	29.2%
Operating Expenses, net of CAPEX in results – Same-properties	(27,811)	(26,091)	6.6%
Operating Expenses, net of CAPEX in results – Acquisitions	(1,628)	-	-
Operating Expenses, net of CAPEX in results – Fibra Mty	(29,439)	(26,091)	12.8%
Same-Property NOI	208,239	203,567	2.3%
NOI from Acquisitions	59,033	-	-
Fibra Mty NOI	267,272	203,567	31.3%
Administrative Expenses	(27,244)	(22,698)	20.0%
Excluding depreciation, amortization, and accrued leasing commissions	1,408	1,329	5.9%
EBITDA	241,436	182,198	32.5%

Total Revenue

2Q19 Total Revenue amounted to Ps. 296.7 million, implying a 29.2% increase when compared to 2Q18.

In same-property terms, 2Q19 Total Revenue increased 2.8% year-over year, totaling Ps. 236.1 million, mainly driven by: i) rent increases due to inflation adjustments at certain properties, as per contracts denominated in Mexican pesos and U.S. dollars; ii) increase in maintenance revenue resulting from the recovery of higher energy costs at certain properties where Fibra Mty is responsible for paying this service; and, iii) slight positive FX effect, as the average exchange rate applied to leases went from Ps. 19.1027 in 1Q18 to Ps. 19.1569 this quarter, resulting in a ~Ps. 0.4 million gain. The foregoing was offset to a lesser extent by certain vacancies, which, net of new lease contracts, decreased 10 basis points in GLA terms.

Revenue from acquisitions contributed Ps. 60.7 million this quarter, this increase represented 26.4% of total revenue reached in 2Q18.

2Q19 Earnings Release

Operating Expenses, net of Capex in results

Operating Expenses, net of CAPEX in results, amounted to Ps. 29.4 million, a 12.8% increase when compared to 2Q18.

Same-Property Operating Expenses, net of CAPEX in results, totaled Ps. 27.8 million, an increase of 6.6% versus the figure recorded in 2Q18. This variation was mainly derived from: i) higher energy and water consumption costs at certain properties where Fibra Mty is responsible for paying these utilities; ii) facade cleaning at certain properties; and, iii) increase in the number and price of subleased parking lots.

Operating Expenses from Acquisitions, net of CAPEX in results, totaled Ps. 1.6 million, up 6.2% when compared to 2Q18.

NOI margin was 90.1%, 150 basis points above than that of 2Q18.

Same-Property NOI margin stood 88.2%, remaining practically in line with the level reported in 2Q18, contracting 40 basis points.

Administrative Expenses

Administrative, trustee and general expenses totaled Ps. 27.2 million in 2Q19, a 20.0% increase when compared to 2Q18, mainly explained by: i) inflation adjustments in wages; ii) increase in professional fees associated to the VAT reimbursement procedure on the Filios acquisition, the start of the internal audit function by KPMG Cardenas Dosal, S.C., as well as other consultancy services on fiscal, legal and risk matters; iii) technology expenses; iv) provision expense for an ongoing project to support social and environmental development of Mexican communities; v) appraisal fees on new properties; vi) travel expenses connected with the Company's operation, evaluation of acquisition projects and investor relations; and, vii) other minor expenses.

CBFI Executive Compensation Plan

During the second quarter of 2019, Fibra Mty recorded a Ps. 9.8 million provision, down 32.9% year-over-year, which was primarily attributed to the decrease in the Trust's market capitalization, lower CBFI price at the provision date and lower growth achieved over the yield target: 12.0% in 2Q19 versus 24.0% in 2Q18. Additionally, a Ps. 1.8 million deficit in provisions was registered in 2Q18, as the price used to pay the taxes corresponding to the CBFI Executive Compensation Plan was higher than the applicable price at the provision date. In compliance with IFRS, this provision was recognized in the Income Statement, and 65% will be paid in securities and the remaining 35% in cash, in order to comply with Income Tax regulations.

Fair Valuation of Investment Properties

The fair valuation of Fibra Mty's investment properties is determined with the assistance of qualified independent appraisers unrelated to Fibra Mty. Based on the nature and type of properties included in our portfolio, the administration has chosen the income approach as the most appropriate method to calculate fair valuation, which consists of discounting at NPV the future cash flows expected from leasing income and a terminal value.

The variation in fair valuation gain/loss of investment properties was minus Ps. 75.6 million in 2Q19, a Ps. 445.5 million decrease when compared to that of Ps. 369.9 million fair valuation gain registered in 2Q18. This decrease is largely explained by the FX volatility, which led to a Ps. 0.2108 per U.S. dollar appreciation, compared to a fair valuation gain in 2Q18, resulting from a Ps. 1.5188 per U.S. dollar depreciation. Year-to-date, fair valuation loss amounted to Ps. 256.1 million, mainly attributed to an accumulated Ps. 0.4881 per U.S. dollar appreciation.

2Q19 Earnings Release

Additionally, it is important to note that, since the establishment of Fibra Mty in December 2014 and up to the reporting date, the mark-to-market valuation of properties have generated a Ps. 997.6 million fair valuation gain. However, these valuation effects would be only monetized at the time of sale, or throughout the useful life of such buildings due to cash flows obtained by current leasing contracts plus a terminal value and, also, considering that the assumptions used to calculate the valuations, such as inflation, exchange rates, discount and final capitalization rates are subject to changes according to current market conditions at each measurement date. The administration updates the aforementioned assumptions on a quarterly basis to estimate the fair valuation of Fibra Mty's properties.

NOI & EBITDA

2Q19 NOI totaled Ps. 267.3 million, up 31.3% against 2Q18.

2Q19 NOI margin was 90.1%, 150 basis points above than that reported in 2Q18. In same-property terms, NOI margin stood at 88.2% in 2Q19, remaining virtually flat vs. 2Q18, decreasing only 40 basis points.

2Q19 EBITDA amounted to Ps. 241.4 million, 32.5% higher than the figure posted in 2Q18. EBITDA margin was 81.4% in 2Q19, a 210-basis points expansion compared to 2Q18, mainly driven by the margin contribution from the Filios and Patria acquisitions.

NOI and EBITDA exclude: i) CAPEX recognized in results, in accordance with IFRS; ii) provision of the CBFi Executive Compensation Plan, as it is an item that will be partially settled through the issuance of CBFis; and, iii) fair valuation gain (loss) of real estate.

As noted in our previous earnings releases, with the acquisition of the Filios portfolio during the second half of December 2018, we completed the conversion of our financial income into rents, propelling our EBITDA margin above the 80% mark.

Financial Result

The financial result, comprised by the FX result and the net effect of financial income and expenses, recorded a Ps. 8.4 million gain in 2Q19, a favorable effect of Ps. 267.4 million compared to the Ps. 259.0 million loss in 2Q18. This variation was mainly driven by a Ps. 286.1 million FX gain, generated by a slight appreciation of the Mexican pesos against the U.S. dollar in 2Q19 (Ps. 0.2108 per U.S. dollar) compared to the significant depreciation in the same period last year (Ps. 1.5188 per U.S. dollar). This foreign exchange fluctuation had a substantial mark-to-market effect on the valuation of the Company's U.S. dollar-denominated bank loans, which as of June 30th, 2019 and 2018, totaled US\$267.7 million and US\$154.7 million, respectively; and, as of March 31st, 2019 and 2018, amounted to US\$269.8 million and US\$136.4 million, respectively.

The Ps. 286.1 million foreign exchange gain was slightly offset by a Ps. 18.7 million increase in net financial expenses, largely attributed to: i) the Ps. 5.4 million interests accrued, net of the valuation effect of the syndicated loan maturity extension in 2Q18, corresponding to the HSBC unsecured credit facility contracted at the end of March 2019, the loans subscribed with HSBC (syndicated) and Bancomer during December 2018, as well as the drawdown balance from the Scotiabank credit line at the end of April 2018; and, ii) lower investments due to use of cash, which resulted in a Ps. 13.3 million reduction in interest income. All credit facilities and cash balance were used for the Filios acquisition, carried out on December 18th, 2018.

2Q19 Earnings Release

Consolidated Net Income

Fibra Mty's Consolidated Net Income decreased Ps. 113.8 million, from a Ps. 276.1 million gain in 2Q18 to a Ps. 162.3 million gain in 2Q19. When adjusted for the variations caused by the effects of fair valuation of real estate, foreign exchange result and CBFi Executive Compensation Plan, Fibra Mty's Consolidated Net Income increased Ps. 40.8 million, mainly driven by total revenue growth, which was slightly offset by higher operating, administrative and financial expenses, explained in previous lines.

Derivative Financial Instruments

At quarter-end 2Q19, Fibra Mty holds interest rate swaps to fix the floating rates in U.S. dollars of its Citibanamex (syndicated), Sabadell, Scotiabank, HSBC (syndicated) loans and the additional BBVA credit line ("Huasteco") at 4.73%, 5.21%, 5.23%, 4.90% and 5.26%, respectively. The fixed interest rate of the Citibanamex syndicated loan was calculated on a weighted basis as of the date of the maturity extension through the swaps arranged for this purpose.

Fibra Mty's derivative financial instruments valuation decreased Ps. 99.2 million year-over-year, recording a Ps. 93.6 million loss in 2Q19. The foregoing was primarily attributed to a contraction of more than 52 basis points in the expected LIBOR rate for all terms between one and five years during the quarter. It is relevant to note that a lower valuation has no material effect on Fibra Mty's cash flow.

FFO & AFFO

In 2Q19, Fibra Mty generated Ps. 197.3 million in Funds from Operations, up 8.2% when compared to 2Q18, equivalent to Ps. 0.308 per CBFi. On an annual basis, FFO/CBFi yield for 2Q19, calculated at a CBFi price of Ps. 11.93 as of December 31st, 2018, reached 10.3%

As mentioned in earlier sections, the investment of the cash balance generated mainly by VAT reimbursement, corresponding to the Filios acquisition, resulted in a Ps. 6.0 million increase in financial income. When adjusted for this effect, FFO per CBFi was Ps. 0.299 in 2Q19, an annualized yield of 10.0% over the closing price of Ps. 11.93 at year-end 2018.

2Q19 CAPEX totaled Ps. 10.5 million, propelling Adjusted Funds from Operations to Ps. 186.8 million, 7.0% higher than the figure recorded in 2Q18, equal to an AFFO/CBFi of Ps. 0.292. On an annual basis, AFFO/CBFi yield for 2Q19, calculated at a CBFi price of Ps. 11.93, reached 9.8%.

Excluding the aforementioned increase in financial income, AFFO per CBFi amounted to Ps. 0.283, implying an annual yield of 9.5% over the closing price of Ps. 11.93 at year-end 2018.

2Q19 cash distribution is equivalent to 100% of AFFO.

2Q19 Earnings Release

<i>Thousands of Mexican pesos</i>	2Q19	2Q18	Δ%	1Q19	Δ%
Consolidated Comprehensive Income (Loss)	68,691	281,735	(75.6%)	(43,381)	(258.3%)
Loss (Income) from financial derivatives valuation	93,570	(5,632)	(1,761.4%)	84,008	11.4%
Expense (Income) for properties measured at fair value	75,636	(369,911)	(120.4%)	180,449	(58.1%)
Foreign Exchange (Gain) Loss, net	(54,881)	232,349	(123.6%)	(51,327)	6.9%
Net gain on sale of investment properties	-	-	-	(151)	(100.0%)
Taxable gain on sale of investment properties	-	-	-	425	(100.0%)
Depreciation and Amortization	571	494	15.6%	572	(0.2%)
Accrued Leasing Commissions	837	835	0.2%	829	1.0%
Amortization of Debt Costs	4,739	1,540	207.7%	6,825	(30.6%)
Valuation effect of amendment to syndicated loan	(1,379)	26,153	(105.3%)	(1,346)	2.5%
CBFI Executive Compensation Plan	9,779	14,566	(32.9%)	4,839	102.1%
Non-monetary straight-line amortization income	711	1,082	(34.3%)	(279)	(354.8%)
Income from subsidiary	(990)	(890)	11.2%	(1,376)	(28.1%)
FFO	197,284	182,321	8.2%	180,087	9.5%
CAPEX ¹	(10,500) ²	(7,689)	36.6%	(10,500) ²	-
AFFO	186,784	174,632	7.0%	169,587	10.1%

(1) 2Q18 results include Ps. 561 thousand in expenses, which were budgeted as CAPEX and recognized as Operating Expenses in accordance to IFRS.

(2) 2018 CAPEX for AFFO's consolidation and explanation is available in the Operational Performance section, Capital Expenditure (CAPEX) subsection of this report.

2Q19 Earnings Release

Distribution per CBFi

Fibra Mty will distribute a total of Ps. 186.8 million, 100% of 2Q19 AFFO, equivalent to Ps. 0.292 per CBFi.

	2Q19	1Q19	4Q18 ¹	3Q18	2Q18 ²
Total CBFIs Outstanding (thousands)	639,967.331	637,801.637	636,167.915	636,181.928	636,732.825
CBFi Price (beginning of the year)	Ps. 11.93	Ps. 11.93	Ps. 12.6	Ps. 12.6	Ps. 12.60
CBFi Price (beginning of the quarter)	Ps. 11.80	Ps. 11.93	Ps. 12.7	Ps. 11.9	Ps. 12.30
Distributions (thousands of Mexican pesos)	Ps. 186,784	Ps. 169,587	Ps. 166,814	Ps. 174,430	Ps. 174,632
Distributions per CBFi	Ps. 0.2919	Ps. 0.2659	Ps. 0.2622	Ps. 0.2742	Ps. 0.2741
Distribution Yield – Annualized (beginning of the year)	9.8%	8.9%	8.3%	8.7%	8.7%
Distribution Yield – Annualized (beginning of the quarter)	9.9%	8.9%	8.3%	9.2%	8.9%

(1) 4Q18 Financial Indicators per CBFi consider 636,181.928 thousand CBFIs in October and 636,167.915 thousand in November and December.

(2) 2Q18 Financial Indicators per CBFi consider 637,385.895 thousand CBFi in April and May and 636,732.825 thousand in June.

2Q19 Earnings Release

Debt and Cash Equivalents

As of June 30th, 2019, the Trust has 11 credit lines, with a weighted average rate of 4.51%, as detailed below:

Thousands of Mexican pesos	2Q19	Currency	Rate	Floating Rate 30Jun19	Fixed Rate Hedge	Maturity	1Q19	Δ% 2Q19 vs 1Q19
<u>Secured Loans</u>								
Bank Syndicate ("Citi Banamex")	1,825,162 ⁽¹⁾	US\$	Libor + 2.5%	4.90%	4.73%*	Dec-23	1,861,010 ⁽¹⁾	(1.9%)
Seguros Monterrey New York Life	83,692	US\$	5.10%	-	-	Feb-23	89,673	(6.7%)
BBVA Bancomer ("Fagor")	42,007	US\$	3.98%	-	-	Mar-23	44,152	(4.9%)
BBVA Bancomer ("Nippon")	41,564	US\$	4.64%	-	-	May-24	43,229	(3.9%)
BBVA Bancomer ("CEDIS")	165,297	US\$	4.60%	-	-	Mar-25	171,988	(3.9%)
BBVA Bancomer ("Central Star")	39,279	US\$	Libor + 2.50%	4.90%	-	Nov-23	41,128	(4.5%)
BBVA Bancomer ("Huasteco")	203,412	US\$	Libor + 2.50%	4.90%	5.26%	Nov-28	209,410	(2.9%)
Sabadell	252,613	US\$	Libor + 2.90%	5.30%	5.21%	Mar-27	259,726	(2.7%)
Scotiabank	369,604	US\$	Libor + 2.50%	4.90%	5.23%	Abr-23	376,727	(1.9%)
Bank Syndicate ("HSBC")	1,437,638	US\$	Libor + 2.25%	4.65%	4.90%	Dec-24 ⁽⁴⁾	1,453,448	(1.1%)
<u>Unsecured</u>								
HSBC	670,898	US\$	Libor + 2.05%	4.45%	-	Mar-21	678,276	(1.1%)
TOTAL	5,131,166 ⁽²⁾						5,228,767 ⁽³⁾	(1.9%)

* The fixed interest rate of the syndicated loan was calculated on a weighted basis as of the date of the maturity extension through the swaps arranged for this purpose. In cash flow terms, 2Q19 interest expenses were paid at a weighted average interest rate of 3.87%, which will be applicable until December 2020.

⁽¹⁾ including the valuation effect associated to the maturity extension of the Citibanamex syndicated loan.

⁽²⁾ Equivalent to US\$267,687 thousand, using a foreign exchange of Ps. 19.1685 as of June 30th, 2019.

⁽³⁾ Equivalent to US\$269,812 thousand, using a foreign Exchange of Ps. 19.3793 as of June 30th, 2019.

⁽⁴⁾ The maturity of the HSBC syndicated loan considers a 1-year extension option.

2Q19 Earnings Release

Fixed Rate	86.2%
Floating Rate	13.8%

USD-Denominated	100.0%
MXN-Denominated	0.0%

<i>Maturities*</i>	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total
Amount	87,666	172,504	894,833	1,027,249	1,273,029	1,384,075	55,261	35,409	125,480	75,660	5,131,166
Percentage	1.7%	3.4%	17.4%	20.0%	24.8%	27.0%	1.1%	0.7%	2.4%	1.5%	100.0%

* Considers the 1-year extension option of the HSBC syndicated loan

Syndicated Loan (“Citi Banamex”)

The US\$ 95.2 million syndicated loan subscribed on December 15th, 2015, with an original maturity due 2020 was successfully extended by Fibra Mty on April 2018, with the primary objective of mitigating the refinancing risk at a single point in time, from a remaining term of 2.5 to 5 years, approximately. The negotiation distributed the payment of the outstanding loan’s balance into two tranches, with new maturities due June 15th, 2022 and December 15th, 2023. It is important to note that the applicable interest rate remained unchanged at LIBOR plus 250 basis points and the remaining term was completely hedged, resulting in a new weighted average rate of 4.73%, calculated at the date of this extension.

Seguros Monterrey New York Loan

This US\$ 4.4 million credit facility corresponds to the recognition of an outstanding long-term debt balance for the acquisition of the “Redwood” property, subscribed at an annual fixed rate of 5.10%, due February 2023.

BBVA Bancomer Loans

The five BBVA Bancomer loans for an aggregate amount of US\$ 25.6 million correspond to: i) the recognition of an existing long-term debt related to the acquisition of the “Huasteco” portfolio, mostly contracted at a fixed rate, with maturities due 2023, 2024, and 2025; and, ii) a credit line increase for an original amount of US\$ 11.0 million arranged on December 14th, 2018 with a 10-year term and monthly payments of principal and interest. The variable rate of this credit facility was covered by a swap of the same maturity profile, fixing it at 5.26% in USD.

Sabadell Loan

The US\$ 13.2 million credit line subscribed with Sabadell at year-end 2017 has a 10-year term with monthly amortizations of principal and interest. The floating rate of this loan was covered by a swap with the same maturity profile, fixing it at 5.21% in USD.

Scotiabank Loan

The US\$ 19.3 million credit facility subscribed with Scotiabank on April 23th, 2018 has a 5-year term with monthly amortizations of principal and interest. The floating rate of this loan was covered by a swap with the same maturity profile, fixing it at 5.23% in US dollars.

2Q19 Earnings Release

Syndicated Loan (“HSBC”)

The US\$ 75.0 million balance corresponds to the first arrangement of the syndicated credit line subscribed on December 10th, 2018, for up to US\$ 150 million, which was used to partially settle the Filios acquisition. This loan has a 5-year term with a 1-year extension option. The variable rate of this arrangement was covered by a swap with the same maturity, fixing it at 4.90% in US dollars.

HSBC Unsecured Loan

The US\$ 35.0 million credit facility subscribed with HSBC on March 20th, 2019 was used to prepay the Actinver and Banorte revolving loans, in order to reduce our cost of debt. This loan has a 2-year term and monthly interest payments at a rate of LIBOR + 205 basis points.

Cash

Regarding cash and cash equivalents, as of June 30th, 2019, Fibra Mty held a balance of Ps. 812.0 million in cash, up 33.3% or Ps. 203.0 million more when compared to December 31st, 2018. This increase was mainly driven by the cash flow generated from operating activities at Fibra Mty’s portfolio, for Ps. 767.0 million, including the VAT reimbursements corresponding to the Filios and Patria acquisitions, which jointly amounted to Ps. 351.9 million. The foregoing was slightly offset by: i) the Ps. 428.9 million cash used in financing activities, such as: debt service costs (net of loans obtained), cash distributions to CBFH holders and CBFH buybacks (net of reissues); ii) the Ps. 123.6 million cash used in investing activities, such as: payment of taxes on the Filios acquisition, payments for the construction of the Zinc project, and capital expenditures; and, iii) other minor impacts, largely derived from the effect of foreign exchange fluctuations on cash balances.

Recent Developments

- a. On April 4th, 2019, Fibra Mty announced the collection of the VAT refund corresponding to the Filios acquisition, which was completed in December 2018. This reimbursement amounted to Ps 329.5 million, including a Ps. 0.2 million inflation adjustment.

2Q19 Earnings Release

Conference Call

**2Q19
CONFERENCE
CALL**
fibr**amty**

Date: Thursday, July 25th, 2019

Time: 11:00 a.m. (CST, Mexico City)
12:00 p.m. (EST, N.Y.)

Dial-in number:

USA / International
Tel: +1-334-323-7224

Mexico
Tel: +001 334-323-7224

2Q19 earnings release date:

Wednesday, July 24th, 2019
(after market close)

Presenters:

· Javier Llaca, COO
· Jaime Martínez, CFO

Passcode:

FIBRA

MP3 Recording:

Available 60 min. after the
conference call at:
www.fibramty.com

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Pablo Duarte

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Dan McGoey

Armando Rodriguez

About Fibra Mty

Fibra Mty is a real estate investment trust (“FIBRA”) that initiated operations on December 11, 2014 identified by the number F/2157 (“Trust 2157”), and also as “Fibra Mty” or “FMTY”. Fibra Mty’s strategy is based mainly on the acquisition, administration, development and operation of corporate properties in Mexico, predominantly office properties. Fibra Mty is a FIBRA qualified as a transparent entity under Mexican Income Tax laws; therefore, all revenues derived from Fibra Mty’s operation are attributable to the holders of its CBFIs, given that Trust 2157 is not subject to Income Tax in Mexico. In order to maintain FIBRA status articles 187 and 188 of Mexican Income Tax Law establish that FIBRA such as Trust 2157 must distribute annually at least 95% of their net income to holders of CBFIs and invest at least 70% of their assets in real estate rental properties, among other requirements. Fibra Mty is internally-managed by Administrador Fibra Mty, S.C., making Fibra Mty the first investment vehicle of its kind within the FIBRAS sector in Mexico, supported by an innovative corporate governance structure, aligned with investor interests, generating economies of scale and taking advantage of the opportunities offered by the real estate market.

Forward-looking Statements

This press release may contain forward-looking statements or guidance related to Fibra Mty which includes estimates or considerations about the Company’s operations, business and future events. Statements about future events may include, without limitation, any statement that may predict, forecast, indicate or imply future results, operations or achievements, and may include words such as “anticipates”, “believes”, “estimates”, “expects”, “plans” and similar expressions, as they relate to the Company. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. Results may be materially different from the expressed in this report. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.

2Q19 Earnings Release

Financial Statements

Consolidated Statements of Financial Position
As of June 30th, 2019 and December 31st, 2018
 Figures in thousands of Mexican pesos (\$)

	As of June 30 th , 2019	As of December 31 st , 2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 812,011	\$ 609,031
Accounts receivable	3,183	2,555
Recoverable taxes	162	352,643
Other current assets	15,296	9,090
	<hr/>	<hr/>
Total current assets	830,652	973,319
Investment properties	13,206,741	13,247,281
Advance payments for the acquisition of investment properties	651	481
Derivative financial instruments	10,326	31,192
Other non-current assets	112,983	109,422
	<hr/>	<hr/>
Total non-current assets	13,330,701	13,388,376
	<hr/>	<hr/>
Total assets	\$14,161,353	\$14,361,695
Liabilities and equity		
Current liabilities:		
Short-term bank loans	\$ -	\$ 217,312
Current portion of long-term bank loans	172,894	168,619
Interest payable	9,455	10,677
Accounts payable	87,061	125,711
Allowances	49,588	-
Taxes payable	5,359	23,698
Tenant deposits	11,575	10,037
	<hr/>	<hr/>
Total current liabilities	335,932	556,054
Long-term bank loans	4,913,197	4,836,740
Deferred income tax	725	690
Derivative financial instruments	158,916	2,203
Long-term allowances	10,125	-
Tenant deposits	98,279	103,647
	<hr/>	<hr/>
Total liabilities	5,517,174	5,499,334
Trustor's Equity:		
Contributed equity	7,662,835	7,628,397
Retained earnings	1,129,933	1,204,975
Other components of comprehensive income	(148,589)	28,989
	<hr/>	<hr/>
Total equity	8,644,179	8,862,361
	<hr/>	<hr/>
Total liabilities and equity	\$14,161,353	\$14,361,695

2Q19 Earnings Release

Financial Statements

Consolidated Statements of Comprehensive Income For the six-month periods ended June 30th, 2019 and 2018

Figures in thousands of Mexican pesos (\$)

	2019	2018
Total Income	\$ 593,094	\$ 457,177
Property maintenance and management	42,853	41,444
Property management fees	6,264	4,939
Property tax	5,940	5,750
Insurance	2,201	1,920
Administrative fees	36,724	33,477
Trust services and general expenses	18,826	13,220
CBFI Executive Compensation Plan	14,618	19,929
(Loss) gain from fair value of investment properties	(256,085)	496,784
Net gain on sale of investment properties	151	-
Financial income	33,250	60,529
Financial expense	145,936	91,344
Foreign exchange gain (loss), net	107,540	(43,957)
Income before taxes	204,588	758,510
Income taxes	1,700	550
Consolidated net income	\$ 202,888	\$ 757,960
Other comprehensive income:		
Items that may be reclassified to consolidate net income:		
Valuation effect of derivative financial instruments	(177,578)	14,234
Total other components of comprehensive income	(177,578)	14,234
Consolidated comprehensive income	\$25,310	\$ 772,194

2Q19 Earnings Release

Financial Statements

Consolidated Statement of Changes in Equity For the six-month periods ended June 30th, 2019 and 2018

Figures in thousands of Mexican pesos (\$)

	Equity	Accumulated Results	Other Comprehensive Income	Total Equity
Balances as of December 31st, 2017	\$ 7,609,722	\$ 831,519	\$ 29,426	\$ 8,470,667
Contributed equity from CBFi replacement	2,220	-	-	2,220
Repurchase of CBFIs	(11,189)	-	-	(11,189)
Distributions to CBFi holders		(441,076)	-	(441,076)
CBFi Executive Compensation Plan	18,157	-	-	18,157
Equity issuance costs	(738)	-	-	(738)
Consolidated comprehensive income:				
Net consolidated income	-	757,960	-	757,960
Valuation effect of derivative financial instruments	-	-	14,234	14,234
Consolidated comprehensive income	-	757,960	14,234	772,194
Balances as of June 30th, 2018	\$ 7,618,172	\$ 1,148,403	\$ 43,660	\$ 8,810,235
Balances as of December 31st, 2018	\$ 7,628,397	\$ 1,204,975	\$ 28,989	\$ 8,862,361
Contributed equity from CBFi replacement	47,858			47,858
Repurchase of CBFIs	(29,719)			(29,719)
Distributions to CBFi holders		(277,930)		(277,930)
CBFi Executive Compensation Plan	16,299			16,299
Consolidated comprehensive income:				
Net consolidated income		202,888		202,888
Valuation effect of derivative financial instruments			(177,578)	(177,578)
Consolidated comprehensive income	-	202,888	(177,578)	25,310
Balances as of June 30th, 2019	\$ 7,662,835	\$ 1,129,933	\$ (148,589)	\$ 8,644,179

2Q19 Earnings Release

Financial Statements

Consolidated Statements of Cash Flow For the six-month periods ended June 30th, 2019 and 2018 Figures in thousands of Mexican pesos (\$)

	2019	2018
Cash Flow from operating activities:		
Income before taxes	\$204,588	\$ 758,510
Non-cash items:		
Non-cash adjustment on income from leases	432	(1,635)
Lease commissions	1,666	1,617
CBFI executive compensation plan	14,618	19,929
Depreciation, amortization and write-offs	1,829	1,631
Financial income	(33,250)	(60,529)
Financial expenses	145,936	91,344
Unrealized foreign exchange (gain) loss	(103,687)	48,664
Net gain on sale of investment properties	(151)	-
Loss (gain) from fair valuation of investment properties	256,085	(496,784)
Cash flow from operating activities before changes in operating items	488,066	362,747
Accounts receivable	139	9,355
Other assets	(14,750)	(6,250)
Recoverable taxes, net	351,940	(25)
Accounts payable	(38,697)	587
Taxes payable	(17,089)	(14,672)
Tenant deposits	(1,953)	(965)
Cash flow from operating activities	767,656	350,777
Income taxes paid	(671)	(5,968)
Net cash flow from operating activities	766,985	344,809
Cash flow from investing activities:		
Acquisition of investment properties	(157,174)	(32,333)
Sale of investment properties	1,902	-
Advance payments for acquisition of investment properties	(578)	(504)
Other assets	(349)	(19,520)
Interest received	32,555	59,266
Net cash flow from (used in) investment activities	(123,644)	6,909
Cash flow from financing activities:		
Bank loans obtained	672,616	365,638
Bank loans payments	(699,277)	(68,305)
Interest paid	(138,464)	(60,113)
Debt issuance costs	(4,023)	(15,004)
Distributions to CBFI holders	(277,930)	(441,076)
Cash obtained from issuance of CBFIs	47,858	2,220
Repurchase of CBFIs	(29,719)	(11,189)
Equity issuance costs	-	(738)
Net cash flow from (used in) financing activities	(428,939)	(228,567)
Increase in cash and cash equivalents, net	214,402	123,151
Cash and cash equivalents at the beginning of the period	609,031	1,568,703
Effect of exchange rate fluctuations on cash and cash equivalents	(11,422)	(515)
Cash and cash equivalents at the end of the period	<u>\$812,011</u>	<u>\$1,691,339</u>

Comments on the Industrial and Office Real Estate Market

Office Market ²

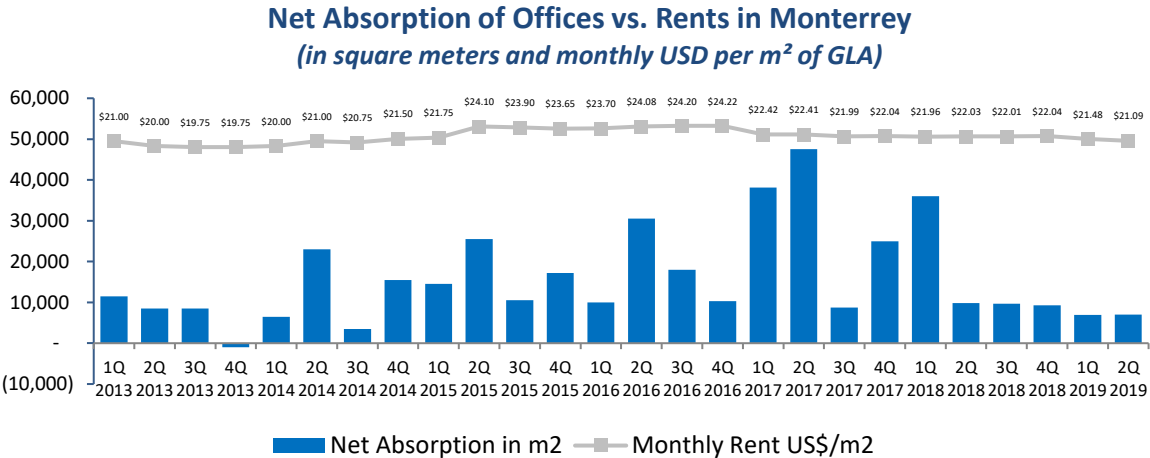
Monterrey

At quarter-end 2Q19, the construction of over 11,000 m² in the metropolitan area of Monterrey, adding a total inventory of 62,000 m² year-to-date. This factor led to a 30-basis point expansion in the vacancy rate against the previous quarter, from 15.5% to 15.8%, implying approximately 195,000 m². 2Q19 net absorption was ~7,000 m², in line with 1Q19, but 3,000 m² below than that of 2Q18.

During the quarter, rents continued to decrease moderately, mainly due the new supply that is constantly incorporated into the inventory. At the end of 2Q19, average asking price was US\$21.09 per m², US\$0.39 lower than the figure reported in the previous quarter.

The space under construction exceeded 300,000 m² in 2Q19, almost 70,000 m² higher than the 232,000 m² in the previous quarter. As of 2Q19, most of space under construction is concentrated in the Monterrey Centro submarket with 43.0% of corporate space, followed by Valle Oriente and San Jeronimo-Constitucion corridors with 25.0% and 14.0%, respectively.

For the remainder of the year, CBRE expects that the office market in Monterrey show a positive dynamism in terms of absorption, propelled by the steady demand for corporate spaces.



² Source: CBRE Office Outlook, Mexico 2Q 2019

2Q19 Earnings Release

Mexico City Metropolitan Area

At the end of the first half of 2019, class A / A+ office space inventory totaled 6.5 million m², increasing 100,000 m² from 11.7 million m² in 1Q19 to 11.8 million m² this quarter. Occupancy rate stood at 15.0% this quarter, 23 basis points below 1Q19.

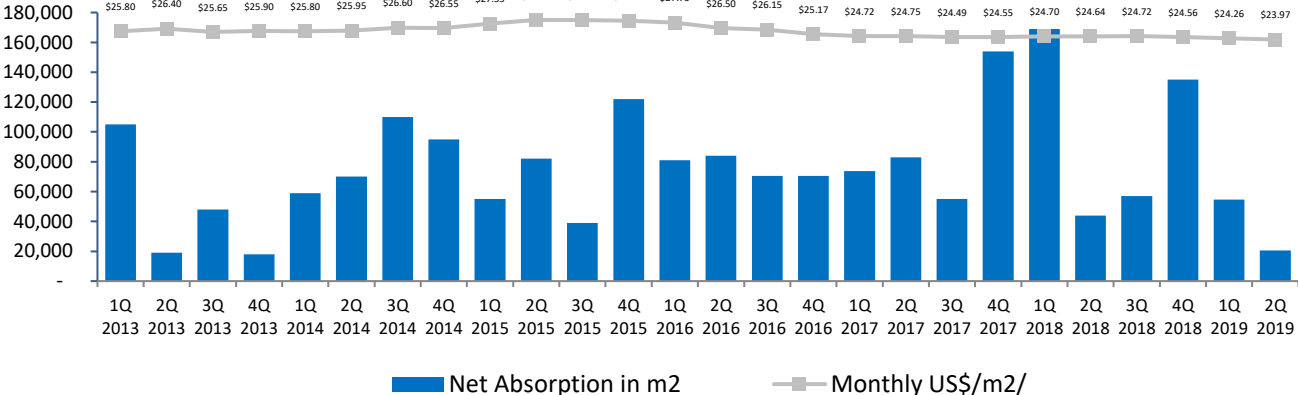
2Q19 net absorption amounted to just over 20,000 m², almost half the ~44,000 m² registered in the previous quarter.

2Q19 and 1H19 new supply totaled 17,000 m² and 84,000 m², respectively. CBRE estimates that over 300,000 m² will be added to the inventory in the second half of 2019.

As of June 30th, 2019, space under construction amounted to 1.5 million m², distributed among 65 projects. The submarkets concentrating approximately 64% of projects under construction are Insurgentes, Polanco and Santa Fe.

The asking price in 2Q19 was US\$ 23.97 per m², US\$ 0.29 below than that of 1Q19, reflecting the price adjustments performed in response to a lower absorption.

Net Absorption of Offices vs. Rents in Mexico City Metropolitan Area
(in square meters and monthly USD per m² of GLA)



Guadalajara

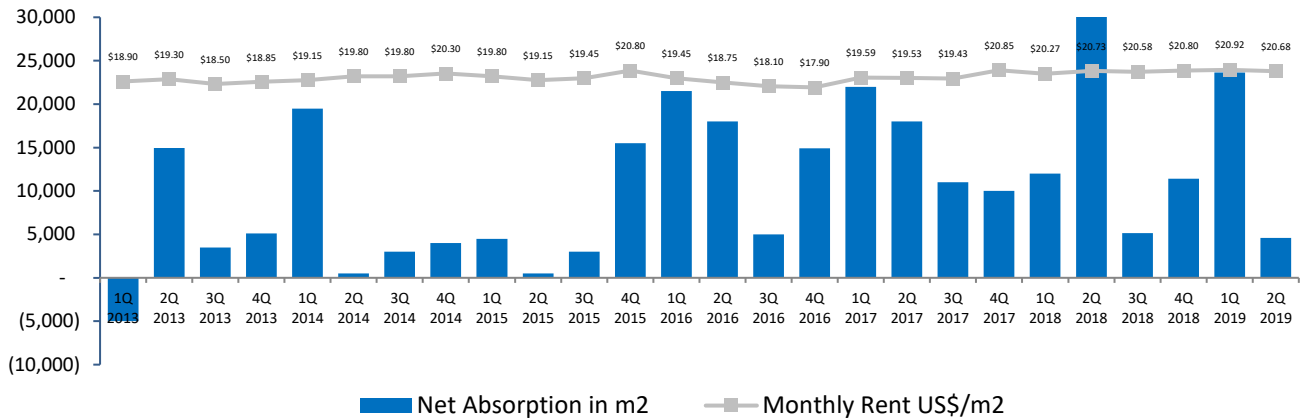
The growth prospect for the corporate real estate sector of the metropolitan area of Guadalajara remains positive. 2Q19 space under construction was 145,000 m²; in this regard, it is worth mentioning that developers are opting to build projects aligned with the local market’s needs, with divisible spaces for requirements ranging from 150 m² to over 5,000 m².

At quarter-end 2Q19, the vacancy rate stood at 21.0%, a 50-basis points contraction when compared to the same period last year. By the end of the year, CBRE expects an increase in vacancy due to the integration of new projects currently under constructions into the inventory. The submarkets with the highest vacancy rates are Puerta de Hierro and Lopez Mateos-Américas, registering 44,000 m² and 35,000 m² vacant space, respectively.

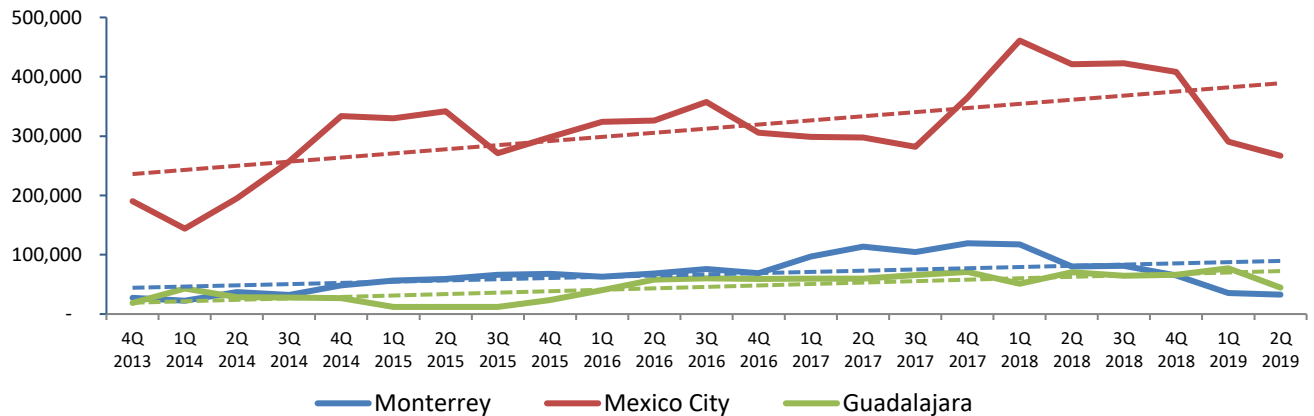
2Q19 Earnings Release

2Q19 and 1H19 net absorption was 4,000 m² and over 28,000 m², respectively. At quarter-end, the asking price was US\$ 20.68 per m², practically in line with the US\$20.92 per m² recorded in the previous quarter.

Net Absorption of Offices vs. Rents in Guadalajara
(in square meters and monthly USD per m² of GLA)



Net Absorption Trend - Office Spaces
(last twelve months, in square meters)



2Q19 Earnings Release

*Industrial Market*³

Monterrey

According to the National Institute of Statistics and Geography (INEGI), Nuevo Leon has the highest GDP from manufacturing among Mexican States, with Ps. 321,700 million, and has the largest contribution to national FDI, as evidenced by the commercialization of ~280,000 m² of industrial space as of June 30th, 2019.

At quarter-end 2Q19, total inventory reached 10.2 million m², up 5.6% against the same period last year. By the end of the year, CBRE expects the addition of 200,000 m² currently under development.

2Q19 vacancy rate was 7.4%, equivalent to just over 754,000 m², 160 basis points above than the 5.8% recorded in 2Q18. This variation was mainly attributed to inventory growth, explained in previous lines.

The average asking price was US\$ 4.19 per m² in 2Q19, flat when compared to 1Q19, but US\$ 0.07 higher than that recorded as of the same period last year.

Saltillo

During the quarter, plans for the construction of industrial complexes in Saltillo and Reynosa were confirmed, mainly focused on innovation as part of “Coahuila Industria 4.0” project. On the other hand, the Governor announced that two Canadian companies currently operating in the region are planning to invest over US\$ 200 million in the coming months, to scale up their operations.

In the Ramos Arizpe submarket, Ikea (furniture manufacturer) completed the acquisition of 780,000 m² as part of its international expansion plan; therefore, it is expected that a new industrial cluster will emerge, substantially raising the demand for new spaces in this submarket.

Currently, there are more than 99,000 m² under construction, of which 95% are build-to-suit (BTS) majorly concentrated in the Saltillo and Ramos Arizpe submarkets. During the quarter, over 35,000 m² were added to the inventory, a 4.9% increase when compared to the same period last year.

As of June 30th, 2019, vacancy rate stood at 6.4%, decreasing 70 basis points versus 1Q19.

2Q19 average asking price was US\$ 4.24 per m², in line with the levels recorded in previous quarter, but slightly above the US\$ 4.11 per m² in 2Q18.

Bajío

In 2Q19, 36 projects³ remain under construction, totaling over 530,000 m², of which 77% are BTS and the remaining correspond to spec facilities. Guanajuato has the largest number of projects under construction, concentrating 48.2%, followed by San Luis Potosi with 21.7%, where spaces are being developed for BMW suppliers, and, lastly, Queretaro and Aguascalientes with 20.4% and 9.7%, respectively.

³ Source: CBRE Industrial Outlook, Mexico 2Q 2019

2Q19 Earnings Release

In the region, industrial inventory increased 4.7% year-over-year in 2Q19, however, vacancy rate stood at 6.8% (equivalent to ~830,000 m²), one of the lowest figures nationwide.

At the end of the quarter, the average asking price in the Bajío region was US\$ 4.05 per m², a slight decrease compared to US\$ 4.13 per m² in the same quarter last year, mainly explained by the incorporation of new supply.

During the quarter, Guanajuato contributed over 86,000 m² of new supply to the inventory (4.6 million m² year-to-date). However, its average price asking remained over the regional figure, at US\$ 4.16 per m². In the last three months, 40,000 m² were leased.

Querétaro recorded the second highest commercialization of industrial facilities in the region, with ~25,000 m² and closing the quarter with an inventory of 4.2 million m². Additionally, it is the State with the highest vacancy rate in the region, with 7.9%, primarily due to new supply added (27,000 m²).

San Luis Potosí's net absorption was flat vs. the same period last year. The market's inventory grew 2.7%, to reach over 20,000 m².