Corporación Inmobiliaria Vesta, S. A.B. de C. V. and Subsidiaries

Unaudited Condensed Consolidated Interim Statement of Financial Position

As of September 30, 2012 and December 31, 2011
(In US dollars)

Assets	Note	30/09/2012 (Unaudited)	31/12/2011
Current assets:			
Cash and cash equivalents	4	$ 211,066,917	$ 4,848,250
Recoverable taxes	5	10,682,606	4,480,177
Operating lease receivables – Net	6	4,399,020	5,869,598
Prepaid expenses		98,408	-
Total current assets		226,246,951	15,198,025
Non-current assets:			
Investment property	7	702,077,735	658,900,000
Office furniture – Net		302,654	78,758
Guarantee deposits made		3,429,225	2,772,115
Total non-current assets		705,809,614	661,750,873
Total assets		$ 932,056,565	$ 676,948,898

Liabilities and stockholders' equity

	Note	30/09/2012	31/12/2011
Current liabilities:			
Current portion of long-term debt	8	$ 25,334,099	$ 13,066,851
Accrued interest		2,645,431	3,465,546
Accounts payable		574,635	953,460
Income tax payable		-	896,925
Accrued expenses		289,801	176,432
Dividends payable		9,770,272	1,078,886
Due to related parties	13.2	-	2,302,224
Total current liabilities		38,614,238	21,940,324
Non-current liabilities:			
Long-term debt	8	319,832,310	322,077,545
Guarantee deposits received		4,896,804	4,766,146
Deferred income taxes	12	64,859,195	63,600,786
Total non-current liabilities		389,588,309	390,444,477
Total liabilities		428,202,547	412,384,801
Litigation and other contingencies	14		
Stockholders' equity:			
Capital stock	9	286,868,218	167,975,675
Additional paid-in capital		101,900,964	
Retained earnings		121,257,453	94,251,285
Foreign currency translation		(6,172,617)	2,337,137
Total stockholders' equity		503,854,018	264,564,097
Total liabilities and stockholders' equity		$ 932,056,565	$ 676,948,898

See accompanying notes to unaudited condensed consolidated interim financial statements.

Corporación Inmobiliaria Vesta, S. A. de C. V. and Subsidiaries

Unaudited Condensed Consolidated Interim Statements of Comprehensive Income

For the nine and three months ended September 30, 2012 and 2011
(In US dollars)

	Note	Nine months ended 30/09/2012	Nine months ended 30/09/2011	Three months ended 30/09/2012	Three months ended 30/09/2011
Revenues:					
Rental income		$ 38,955,425	$ 36,815,254	$ 12,706,059	$ 12,383,187
Property operating cost	11.1	(3,346,461)	(4,023,639)	(793,633)	(794,312)
Gross profit		35,608,964	32,791,615	11,912,426	11,588,875
Administration expenses	11.2	(4,230,882)	(1,828,708)	(3,061,166)	(784,095)
Depreciation		(37,340)	(43,031)	(12,489)	(12,790)
Other Income and Expenses:					
Interest Income		1,489,047	24,375	1,484,036	13,265
Other (expenses) income		38,116	61,684	58,942	(2,235)
Interest expense		(18,728,836)	(18,525,021)	(6,276,178)	(6,331,445)
Exchange gain (loss)		10,271,420	(4,809,357)	6,614,634	(5,629,702)
Gain on revaluation of investment property	7	16,438,384	30,623,413	(2,158,014)	18,870,714
Total other income		9,508,131	7,375,094	(276,580)	6,920,597
Profit before income taxes		40,848,873	38,294,970	8,562,191	17,712,587
Income tax	12	(4,072,433)	(13,854,220)	5,859,793	(4,380,807)
Profit for the period		36,776,440	24,440,750	14,421,984	13,331,780
Other comprehensive (loss) income					
Exchange differences on translating other functional currency operations		(8,509,754)	4,348,856	(4,661,662)	6,336,866
Total comprehensive for the period		$ 28,266,686	$ 28,789,606	$ 9,760,322	$ 19,668,646

See accompanying notes to unaudited condensed consolidated interim financial statements.

Corporación Inmobiliaria Vesta, S. A. de C. V. and Subsidiaries

Unaudited Condensed Consolidated Interim Statements of Changes in Stockholders' Equity

For the nine months ended September 30, 2012 and 2011
(In US dollars)

	Capital Stock	Additional Paid-in Capital	Retained Earnings	Foreign Currency Translation	Total Stockholders' Equity
Balances as of January 1, 2011	$ 27,538,888	$ 140,432,472	$ 85,794,486	$ (3,359,175)	$ 250,406,671
Effects of merger	4,315	-	-	-	4,315
Comprehensive income	-	-	24,440,750	4,348,856	28,789,606
Balances as of September 30, 2011	$ 27,543,203	$ 140,432,472	$ 110,235,236	$ 989,681	$ 279,200,592
Balances as of January 1, 2012	$ 167,975,675	$ -	$ 94,251,285	$ 2,337,137	$ 264,564,097
Equity issuance	118,892,543	101,900,964	-	-	220,793,507
Dividends declared	-	-	(9,770,272)	-	(9,770,272)
Comprehensive income	-	-	36,776,440	(8,509,754)	28,266,686
Balances as of September 30, 2012	$ 286,868,218	$ 101,900,964	$ 121,257,453	$ (6,172,617)	$ 503,854,018

See accompanying notes to unaudited condensed consolidated interim financial statements.

Corporación Inmobiliaria Vesta, S. A. de C. V. and Subsidiaries

Unaudited Condensed Consolidated Interim Statements of Cash Flows

For the nine months ended September 30, 2012 and 2011
(In US dollars)

	Nine months ended 30/09/2012	Nine months ended 30/09/2011
Cash flows from operating activities:		
Profit before income taxes	$ 40,848,873	$ 38,294,970
Adjustments:		
Depreciation	37,340	43,031
Gain on revaluation of investment property	(16,438,384)	(30,623,413)
Effect of foreign exchange rates	(10,271,420)	4,809,357
Interest income	(1,489,047)	(24,375)
Interest expense	18,728,836	18,525,021
Working capital adjustments:		
(Increase) decrease in:		
Operating lease receivables – Net	1,470,578	1,971,148
Recoverable taxes	(6,202,429)	(36,637)
Prepaid expenses	(98,408)	77,438
Guarantee deposits made	(657,109)	84,271
Increase (decrease) in:		
Due to related parties	(2,302,224)	(1,946,920)
Accounts payable	(1,275,749)	2,173,805
Guarantee deposits received	130,659	48,799
Accrued expenses	113,369	(960,192)
Net cash generated by operating activities	22,594,885	32,436,302
Cash flows from investing activities:		
Acquisition of investment property	(26,739,351)	(8,646,730)
Acquisition of estate and equipment	(200,430)	
Effects of merger	-	4,315
Interest received	1,489,047	24,375
Net cash used in investing activities	(25,450,734)	(8,618,040)
Cash flows from financing activities:		
Equity issuance	217,979,483	-
Proceeds from borrowings	15,126,892	8,250,000
Repayments of borrowings	(5,104,880)	(6,245,337)
Interest paid	(19,548,952)	(18,630,453)
Dividends paid	(1,078,886)	(2,017,549)
Net cash used in financing activities	207,373,657	(18,643,379)
Effects of exchange rates changes on cash	1,700,859	(435,005)
Net increase (decrease) in cash and cash equivalents	206,218,667	4,739,878
Cash and cash equivalents at the beginning of period	4,848,250	5,306,087
Cash and cash equivalents at the end of period	$ 211,066,917	$ 10,045,965

See accompanying notes to unaudited condensed consolidated interim financial statements.

1. General information and significant events

Corporación Inmobiliaria Vesta, S. A. de C. V. ("Vesta") is a variable capital corporation incorporated in Mexico. The address of its registered office and principal place of business is Bosques de Ciruelos 304, 7th floor, Mexico City.

Vesta and its subsidiaries (collectively, the "Company") are engaged in the development, acquisition and operation of industrial buildings and distribution facilities that are rented to corporations in eleven states throughout Mexico. The Company does not have employees and receives all its administrative services from a related party.

On July 25, 2012, the Company issued equity through an initial public offering of shares in the Mexican stock market becoming a Listed Corporation (Sociedad Anonima Bursatil), under the Securities and Exchange Act in México so it denomination became *Corporación Inmobiliaria Vesta, Sociedad Anónima Bursátil de Capital Variable, (S. A. B. de C. V.).*
Beginning August 1, 2012, the Company hired, throughout its subsidiary Vesta Management S.C., the former employees and executives that worked for Desarrolladora Vesta, S. de R.L. de C.V. until July 31, 2012. This subsidiary will incur in expenses related to employees and other expenses and employee obligations that were formerly paid to Desarrolladora Vesta by the Company. Therefore, starting on such date the Company has to employee obligations.

2. Significant accounting policies

2.1 *Basis of preparation*

The accompanying unaudited condensed consolidated interim financial statements have been prepared in conformity with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, on a historical cost basis, except for investment properties and financial instruments, both of which are measured at fair value, as permitted by International Financial Reporting Standards ("IFRS"). Historical cost is generally based on the fair value of the consideration given in exchange for assets.

2.2 *Interim financial condensed statements*

The accompanying condensed consolidated interim financial statements as of September 30, 2012 and for the nine months ended September 30, 2012 and 2011 have not been audited. In the opinion of Company management, all adjustments (consisting mainly of ordinary, recurring adjustments) necessary for a fair presentation of the accompanying condensed consolidated interim financial statements are included. The results of the periods are not necessarily indicative of the results for the full year. These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements of the Company and their respective notes for the year ended December 31, 2011.
The accounting policies and methods of computation are consistent with the audited consolidated financial statements for the year ended December 31, 2011.

2.3 ***Basis of consolidation***

The condensed consolidated interim financial statements include the financial statements of Vesta and entities (including special purpose entities) controlled by Vesta (its subsidiaries). Control is achieved where Vesta has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

	Ownership percentage	
Subsidiary/entity	**31/09/12**	**31/12/11**
QVC, S. de R.L. de C.V.	99.99%	99.99%
QVC II, S. de R.L. de C.V.	99.99%	99.99%
WTN Desarrollos Inmobiliarios de México, S. de R.L. de C.V.	99.99%	99.99%
Vesta Baja California, S. de R.L. de C.V.	99.99%	99.99%
Vesta Bajio, S. de R.L. de C.V.	99.99%	99.99%
Vesta Queretaro, S. de R.L. de C.V.	99.99%	99.99%
Proyectos Aeroespaciales, S. de R.L. de C.V.	99.99%	99.99%
CIV Infraestructura, S. de R.L. de C.V. ("CIV Infraestructura") – Special purpose entity (1)	99.99%	99.99%
Vesta Management S.C. (2) – Administrative services to the Company	99.99%	-

All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

(1) CIV Infraestructura was a special purpose entity which is consolidated by the Company, given the control it exercises over such entity. Control was determined considering the nature of the activities carried out by CIV Infraestructura together with the benefits obtained and the exposure to risks related to those activities, despite the lack of voting stock held by the Company through May 2011.

On May 5 2011, the Company merged with its related party CIV Real Estate, S. de R. L. de C.V. ("CIV Real Estate"). Prior to this date, CIV Real Estate owned 100% of the equity of CIV Infraestructura. As a result of the merger, the Company became the parent of CIV Infraestructura. CIV Real Estate ceased to exist after the merger. The merger was accounted for based on the carrying amounts of the assets and liabilities held by CIV Real Estate, resulting in an increase in capital stock of $4,315, which represents the cash that CIV Real Estate held on the merger date. Prior to the merger, CIV Real Estate did not have any operations other than operations with CIV Infraestructura.

(2) Beginning on August 1, 2012, Vesta Management, S.C. is a direct subsidiary of the Company.

3. New and revised IFRSs issued but not yet effective

3.1 Accounting principles which have been issued but are not yet effective:

IFRS 9	*Financial Instruments*
IFRS 10	*Consolidated Financial Statements*
IFRS 11	*Joint Arrangements*
IFRS 12	*Disclosure of Interests in Other Entities*
IFRS 13	*Fair Value Measurement*
Amendments to IAS 1	*Presentation of Items of Other Comprehensive Income*
IAS 19 (as revised in 2011)	*Employee Benefits*
IAS 27 (as revised in 2011)	*Separate Financial Statements*
IAS 28 (as revised in 2011)	*Investments in Associates and Joint Ventures*

At the date of these consolidated financial statements, the Company has not fully assessed the effects of adopting these new standards on its financial information but management believes that their adoption will not have a material impact on its financial position or the results of this operations.

3.2 Accounting principles which have been adopted during the period without effect in the consolidated financial statements:

Amendments to IFRS 7	*Disclosures - Transfers of Financial Assets*
Amendments to IAS 1	*Presentation of Items of Other Comprehensive Income*
IAS 24 (revised in 2009)	*Related Parties Disclosures*
Improvements to IFRSs issued in 2010	
Amendments to IAS 12	*Deferred Tax – Recovery of Underlying Assets*

4. Cash and cash equivalents

Cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the condensed consolidated statements of financial position as follows:

	30/09/2011 (Unaudited)	31/12/2011
Cash and bank balances	$ 207,203,590	$ 726,017
Restricted cash	3,863,327	4,122,233
	$ 211,066,917	$ 4,848,250

Restricted cash represents balances held by the Company that are only available for use under certain conditions pursuant to the loan agreements entered into by the Company. Such conditions include payment of monthly debt service and compliance with certain covenants set forth in the loan agreement.

5. Recoverable taxes

	30/09/2012 (Unaudited)	31/12/2011
Recoverable value-added tax ("VAT")	$ 8,057,605	$ 3,460,411
Recoverable taxes other than VAT	2,625,001	1,019,766
	$ 10,682,606	$ 4,480,177

6. Operating lease receivables

6.1 The aging profile of operating lease receivables as of the dates indicated below are as follows:

	30/09/2012 (Unaudited)	31/12/2011
0-30 days	$ 3,880,821	$ 5,594,164
30-60 days	463,063	125,745
60-90 days	36,795	91,557
Over 90 days	18,341	891,118
Sub-total	4,399,020	6,702,584
Allowance for doubtful accounts	-	(832,986)
Total	$ 4,399,020	$ 5,869,598

6.2 Client concentration risk

As of September 30, 2012, one of the Company's client accounts for 65% or $2,857,736 of the total operating lease receivable balance. The same client accounted for $5,208,589 or 83% of the total balance of the operating lease receivables as of December 31, 2011, under the lease agreement entered with such customer lease payments are invoiced every six months in arrears in June and December, payable in the first half of the following month.

7. Investment property

The Company uses external appraisers in order to determine the fair value for all of its investment properties. The independent appraisers, which hold recognized and relevant professional qualifications and have vast experience in the types of investment properties, owned by the Company, use valuation techniques such as the discounted cash flows approach, replacement cost approach and income cap rate approach. The techniques used include assumptions, the majority of which are not directly observable in the market, to estimate the fair value of the Company's investment properties such as discount rates, capitalization rates and occupancy rates. The values determined by the external appraisers are recognized as the fair value of the Company's investment properties at the end of each reporting period. On an annual basis, the appraisers use a discounted cash flow approach to determine the fair value of land and buildings and a replacement cost approach to determine the fair value of land reserves.

As of September 30, 2012, the Company obtained an updated valuation for its investment properties from the external appraiser. Using the appraisal obtained as of December 31, 2011, underlying data and significant assumptions included therein were analyzed and updated for significant changes that occurred during the three months ended September 30, 2012.
Gains or losses arising from changes in the fair values are included in the consolidated statements of comprehensive income (loss) in the period in which they arise.
The table below sets forth the aggregate values of the Company's investment properties for the dates indicated:

		30/09/2012 (Unaudited)		31/12/2011
Buildings and land	$	658,700,000	$	611,000,000
Land reserves		45,600,000		47,900,000
		704,300,000		658,900,000
Add (deduct):				
Construction in-progress (cost to complete construction in-progress)		(2,222,265)		-
Balance at end of period	$	702,077,735	$	658,900,000

The reconciliation of investment property is as follows:

		30/09/2012 (Unaudited)		31/12/2011
Balance at beginning of period	$	658,900,000	$	623,124,310
Additions		26,739,351		12,067,412
Gain on revaluation of investment property		16,438,384		23,708,278
Balance at end of period	$	702,077,735	$	658,900,000

The gain on revaluation of investment property is driven by changes in: 1) discount rates used to calculate the fair value, 2) occupancy rates, 3) new operating leases entered into by the Company as well as changes in the market-related assumptions used to determine the fair value of the land reserves and land under development.

Gross leasable area of the investment properties at the end of the third quarter 2011 was 11,343,798 square feet (1,053,873 square meters) at the time occupancy was 90.4%, and it´s value increased in $30,623,413 million in comparison with the portfolio value as of December 31st of 2010. In the third quarter of 2012 the gross leasable area of the portfolio was 11,385,508 square feet (1,057,748 square meters), with an occupancy level of 89.0%, and it´s value has increased $16,438,384 million in comparison with the portfolio value at the end of December, 31st of 2011.

Most of the Company’s investment properties have been pledged as collateral to secure its long-term debt.

Issue date	Original amount	Annual interest rate	Monthly amortization	Maturity	30/09/2012 Unaudited	31/12/2011
September 2003	7,637,927	6.60%	$ 21,586	August 2016	$ 5,565,449	$ 5,762,583
April 2005	2,000,000	7.58%	6,035	August 2016	1,555,754	1,611,205
August 2005	6,300,000	6.19%	18,975	August 2016	4,953,216	5,127,717
August 2005	14,500,000	6.57%	46,673	August 2016	11,424,160	11,844,397
November 2005	32,000,000	7.03%	711,307*	August 2016	23,589,935	25,114,729
March 2006	15,000,000	7.19%	45,125	August 2016	12,038,794	12,447,375
July 2006	50,000,000	8.63%	-	August 2016	50,000,000	50,000,000
July 2006	12,000,000	7.66%	28,013	August 2016	11,602,990	11,859,935
September 2006	10,800,000	6.57%	18,000	August 2016	9,722,970	9,887,850
October 2006	8,300,000	6.75%	13,833	August 2016	7,472,282	7,598,993
November 2006	12,200,000	8.65%	31,204	August 2016	9,114,099	9,400,553
November 2006	28,091,497	7.05%	22,524	August 2016	12,303,237	12,509,555
May 2007	6,540,004	6.58%	10,900	August 2016	5,939,292	6,039,136
September 2007	8,204,039	6.72%	13,673	August 2016	7,488,917	7,614,162
April 2008	32,811,066	6.10%	34,124	August 2016	31,054,777	31,483,522
April 2008	867,704	7.25%	1,736	August 2016	1,579,359	1,601,167
April 2008	7,339,899	7.25%	84,390*	August 2016	12,782,938	13,027,273
August 2008	3,372,467	4.60%	5,477	August 2016	5,019,967	5,089,074
August 2008	6,286,453	7.25%	6,540	August 2016	5,966,114	6,048,403
April 2009	19,912,680	6.10%	40,051	August 2016	17,649,174	18,024,921
December 2009	30,000,000	8.65%	101,155	August 2016	26,941,166	27,869,773
July 2011	19,768,365	6.60%	72,690	August 2016	18,737,125	19,404,915
July 2011	27,960,333	7.58%	77,887	August 2016	26,856,597	27,570,898
July 2011	5,000,000	6.15%	10,935	August 2016	4,856,461	4,956,260
August 2011 (1)	5,918,171	5.80%	13,347	August 2016	5,824,742	3,250,000
Abril 2012	5,257,000	4.65%		Noviembre,2012	5,257,000	-
Abril 2012	9,869,892	4.65%		Noviembre,2012	9,869,892	-
					345,166,406	335,144,396
Less: Current portion					(25,334,099)	(13,066,851)
					$ 319,832,310	$ 322,077,545

* These notes payable have semi-annual payments.

(1) This note payable matured in February 2012; however, the Company re-negotiated an extension and in addition to that increased the principal up to $2,668,171. Also the rate was modified. The Company invested the cash flows in the constructions of buildings. Such re-negotiation, which is recurrent for the Company, was done at the end of such constructions, as such, it was not required the payment of the principal, therefore, such amount was excluded from the Condensed Consolidated Interim Statements of Cash Flows.

Most of the Company's investment properties and rental payments derived from the lease agreements relating to such investment properties have been pledged as collateral to secure the loans under the Company's credit agreement with GERE. Additionally, without the written consent of GERE, the Company may not directly or indirectly, sell, convey, mortgage, pledge or assign all or part of the rights it has on the whole or any part of its existing properties.

The GERE credit agreement requires the Company to maintain certain financial ratios (such as Cash-on-Cash and debt service coverage ratios) and to comply with certain affirmative and negative covenants. The Company was in compliance with covenants under the GERE credit agreement as of September 30, 2012 and December 31, 2011.

The credit agreement also entitles GERE to withhold certain amounts deposited by the Company in a separate fund as guarantee deposits for the debt service and maintenance of the Company's investment properties. Such amounts are presented as guarantee deposits assets in the statement of financial position.

Scheduled maturities and periodic amortization of long-term debt as of September 30, 2012 are as follows:

As of September 30 of 2014	$ 8,151,525
As of September 30 of 2015	8,516,206
As of July 31 of 2016	7,139,420
As of August 30 of 2016	296,025,159
	$ 319,832,310

9. Capital stock

9.1 Capital stock as of September 30, 2012 and December 31, 2011 is as follows:

	Number of shares 30/09/2012	Amount 30/09/2012
Fixed capital		
Series A	5,000	$ 3,696
Variable capital		
Series B	392,873,351	286,864,522
Total	392,878,351	$ 286,868,218

	Number of shares 31/12/2011	Amount 31/12/2011
Fixed capital		
Series A	5,000	$ 3,696
Variable capital		
Series B	224,249,556	167,971,979
Total	$ 224,254,556	$ 167,975,675

Stockholders' equity, except restated paid-in capital and tax retained earnings will be subject to income tax payable by the Company at the rate in effect upon distribution. Any tax paid on such distribution may be credited against annual and estimated income taxes of the year in which the tax on dividends is paid and the following two fiscal years.

Pursuant to a resolution of the general extraordinary stockholders meeting on July 17, 2012, variable capital stock was increased in 7,762,761 shares equivalent to $581,702.

On July 25, 2012, the Company listed its shares in the Mexican Stock Exchange through an initial public offering. At the same time, the Company issued a total of 139,355,000 shares equivalent to $190,279,885 (net to the of direct issuance costs of $6,566,057).

On August 21, 2012, the Company issued thorough an overallotment through the underwriters a total of 21,506,034 shares equivalent to $29,931,920.

9.2 Dividend payments:

Pursuant to a resolution of the general ordinary stockholders meeting on September 25, 2012 the Company declared a dividend of $9,770,272 in cash dividends to be paid between October 8, 2012 and November 9, 2012.

10. Earnings per share

Gain per common share is as follows:

	Nine months ended as of September 30, 2012		
	Earnings	Weighted-average number of shares	Dollars per share
Profit for the period	36,776,440	263,738,928	0.14
Comprehensive income for the period	28,266,686	263,738,928	0.11

	Nine months ended as of September 30, 2011		
	Earnings	Weighted-average number of shares	Dollars per share
Profit for the period	24,440,750	224,254,556	0.11
Comprehensive income for the period	28,789,606	224,254,556	0.13

11. Property operating costs and administration expenses

11.1 Property operating costs consist of the following:

	Nine months ended 30/00/2012 (Unaudited)	Nine months ended 30/09/2011 (Unaudited)	Three months ended 30/09/2012 (Unaudited)	Three months ended 30/09/2011 (Unaudited)
Real estate tax	$ 1,065,134	$ 1,144,439	$ 21,823	$ -
Insurance	210,301	10,264	70,811	8,523
Maintenance	288,044	713,646	128,634	365,207
Other property related expenses	1,044,026	1,807,285	456,861	157,077
Property management fee	738,956	853,685	376,446	263,505
Allowance for doubtful accounts				
	$ 3,346,461	$ 4,023,639	$ 793,633	$ 794,312

11.2 Administration expenses consist of the following:

	Nine months ended 30/09/2012 (Unaudited)	Nine months ended 30/09/2011 (Unaudited)	Three months Ended 30/09/2012 (Unaudited)	Three months ended 30/09/2011 (Unaudited)
Marketing expenses	$ 35,203	$ 24,683	$ 24,295	$ 23,063
Auditing and legal expenses	596,606	710,543	169,972	351,252
Employee direct benefits and office expenses	632,899	-	632,899	-
Property acquisition fees	115,597	141,012	41,902	92,743
Asset management fees	760,923	948,750	105,417	316,250
Other	3,284	3,720	311	788
IPO indirect expenses	2,086,370	-	2,086,370	-
	$ 4,230,882	$ 1,828,708	$ 3,061,166	$ 784,095

12. Income taxes

The Company is subject to income tax (“ISR”) and the business flat tax (“IETU”).

The ISR rate in 2012 and 2011 is 30%; it will be 29% for 2013 and 28% for 2014.

IETU - Revenues, as well as deductions and certain tax credits, are determined based on cash flows of each fiscal year. In 2012 and 2011, the IETU rate was 17.5%. The Asset Tax (IMPAC) Law was repealed upon enactment of the IETU Law; however, under certain circumstances, IMPAC paid in the ten years prior to the year in which ISR is paid for the first time may be recovered, according to the terms of the law.
Income tax incurred will be the higher of ISR and IETU.

Based on its financial projections, the Company determined that it will essentially pay ISR. Therefore, it only recognizes deferred ISR.

The effective ISR rates are 10% and 36% for the nine-months ended September 30, 2012 and 2011, respectively, and (68)% and 25% for the three-months period ended September 30 2012 and 2011, respectively. The difference between the statutory rate and the effective rate is due to the effect of exchange rates on the tax basis of investment properties and tax losses as well as other permanent differences.

12.1 The main items originating the deferred ISR liability are:

	30/09/2012 (Unaudited)	31/12/2011
Deferred ISR asset (liability):		
Investment property	$ (72,136,393)	$ (76,811,440)
Effect of tax loss carry forwards and other	7,277,198	13,210,654
Deferred income taxes – Net	$ (64,859,195)	$ (63,600,786)

To determine deferred ISR, the Company applied the applicable tax rates to temporary differences based on their estimated reversal dates.

12.2 The income tax expense for the nine-month and three-month periods ended September 30, 2012 and 2011 relates entirely to deferred income tax, as the Company has accumulated and is amortizing tax loss carryforwards.

12.3 The benefits of restated tax loss carryforwards for which the deferred ISR asset has been recognized can be recovered subject to certain conditions. Restated amounts as of September 30, 2012 (unaudited) and expiration dates are:

Year of Expiration	Tax Loss Carry forwards
2021	$ 25,989,993

13 Transactions and balances with related parties

13.1 Transactions with related parties

Transactions with related parties carried out in the ordinary course of business, were as follows:

	Nine months ended 30/09/2012 (Unaudited)	Nine months ended 30/09/2011 (Unaudited)	Three months ended 30/09/2012 (Unaudited)	Three months ended 30/09/2011 (Unaudited)
Desarrolladora Vesta, S. de R.L. de C.V. (affiliated compnay):				
Property management fees	$ 738,956	$ 853,685	$ 376,446	$ 263,506
Brokerage fees	1,876,220	505,680	1,534,202	397,582
Development commission	185,677	-	185,677	-
Property acquisition commission	57,307	-	57,307	-
Asset management fees	760,923	948,750	105,417	316,250
IPO expenses	1,000,000	-	1,000,000	-
Servicios de Construcción Vesta, S. de R.L. de C.V. (affiliated company):				
Development commission	$ 129,955	$ 154,122	$ 29,724	$ 94,174
Construction services	6,496,661	7,705,972	1,486,195	4,708,550

13.2 Due to related parties:

	30/09/2012 (Unaudited)	31/12/2011
Desarrolladora Vesta, S. de R.L. de C.V.	$ -	$ 1,049,578
Servicios de Construcción Vesta, S. de R.L. de C.V	-	1,252,646
	$ -	$ 2,302,224

14 Litigation and other contingencies

In the ordinary course of business, the Company is party to various legal proceedings. The Company is not involved in any litigation or arbitration proceeding for which the Company believes it is not adequately insured or indemnified, or which, if determined adversely, would have a material adverse effect on the Company or its financial position, results of operations or cash flows. To the Company's knowledge, no such proceedings are threatened.

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