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

Consolidated Financial Statements for the Years Ended December 31, 2014 and 2013, and Independent Auditors' Report Dated February 16, 2015

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

Independent Auditors' Report and Consolidated Financial Statements for 2014 and 2013

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Independent Auditors' Report to the Board of Directors and Stockholders of Corporación Inmobiliaria Vesta, S. A. B. de C.V.

Auditors' Report of the consolidated financial statements

We have audited the accompanying consolidated financial statements of Corporación Inmobiliaria Vesta, S. A. B. de C. V. and subsidiaries (the "Entity"), which comprise the consolidated statements of financial position as of December 31, 2014 and 2013, and the consolidated statements of profit and other comprehensive income, consolidated statements of changes in stockholders' equity and consolidated statements of cash flows for the years ended December 31, 2014 and 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Corporación Inmobiliaria Vesta, S. A. B. de C. V. and subsidiaries as of December 31, 2014 and 2013 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

Galaz, Yamazaki, Ruiz Urquiza, S. C.
Member of Deloitte Touche Tohmatsu Limited

C. P. C. Erick J. Calvillo Rello

February 16, 2015

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

Consolidated Statements of Financial Position

As of December 31, 2014 and 2013
(In US dollars)

Assets	**Notes**	**31/12/2014**	**31/12/2013**
Current assets:			
Cash and cash equivalents	4	$ 10,674,770	$ 8,297,797
Financial assets held for trading	5	95,025,988	233,052,020
Recoverable taxes	6	27,712,294	16,546,275
Operating lease receivables	7	7,505,226	6,706,759
Prepaid expenses		447,152	323,987
Total current assets		141,365,430	264,926,838
Non-current assets:			
Investment property	8	1,101,352,822	951,884,585
Office furniture – Net		421,340	344,540
Guarantee deposits made		2,883,972	2,967,835
Total non-current assets		1,104,658,134	955,196,960
Total assets		$ 1,246,023,564	$ 1,220,123,798

Liabilities and stockholders' equity

Current liabilities:			
Current portion of long-term debt	9	$ 8,629,108	$ 8,222,341
Accrued interest		3,068,412	3,170,268
Accounts payable		14,222,235	9,484,863
Taxes payable, mainly income taxes		1,274,395	1,145,743
Accrued expenses		1,636,361	1,668,000
Total current liabilities		28,830,511	23,691,215
Non-current liabilities:			
Long-term debt	9	298,109,960	309,805,405
Guarantee deposits received		5,706,109	5,523,169
Deferred income taxes	13.3	115,641,120	91,518,603
Total non-current liabilities		419,457,189	406,847,177
Total liabilities		448,287,700	430,538,392
Litigation and other contingencies	16		
Stockholders' equity:			
Capital stock	10	370,368,712	370,368,712
Additional paid-in capital		211,869,157	211,869,157
Retained earnings		211,640,460	204,265,028
Share-based payments reserve		323,764	-
Foreign currency translation		3,533,771	3,082,509
Total stockholders' equity		797,735,864	789,585,406
Total liabilities and stockholders' equity		$ 1,246,023,564	$ 1,220,123,798

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Profit and Other Comprehensive Income

For the years ended December 31, 2014 and 2013
(In US dollars)

	Notes	31/12/2014	31/12/2013
Revenues:			
Rental income		$ 69,332,889	$ 58,522,064
Property operating costs:			
Related to properties that generate rental income	12.1	(2,761,265)	(2,540,720)
Related to properties that did not generate rental income	12.1	(838,684)	(910,616)
Gross profit		65,732,940	55,070,728
Administration expenses	12.2	(8,302,946)	(6,799,948)
Depreciation		(40,536)	(78,485)
Other Income and Expenses:			
Interest income		5,712,082	6,951,568
Other (expense) income		(290,063)	(62,365)
Interest expense		(22,186,990)	(23,441,300)
Exchange (loss) gain		(19,433,700)	1,187,010
Gain on revaluation of investment property		29,955,242	95,054,246
Total other income and expenses		(6,243,429)	79,689,159
Profit before income taxes		51,146,029	127,881,454
Income tax expense	13.1	(26,924,032)	(38,447,937)
Profit for the year		24,221,997	89,433,517
Other comprehensive income (loss):			
Items that may be reclassified subsequently to profit or loss			
- Exchange differences on translating other functional currency operations		451,262	(76,795)
Total comprehensive income for the year		$ 24,673,259	$ 89,356,722
Basic and diluted earnings per share	11	$ 0.05	$ 0.20

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Changes in Stockholders' Equity

For the years ended December 31, 2014 and 2013
(In US dollars)

	Capital Stock	Additional Paid-in Capital	Retained Earnings	Share-based payments reserve	Foreign Currency Translation	Total Stockholders' Equity
Balances as of January1, 2013	$ 286,868,218	$ 101,900,964	$ 125,299,684	$ -	$ 3,159,304	$ 517,228,170
Equity issuance	83,500,494	109,968,193	-	-	-	193,468,687
Dividends declared	-	-	(10,468,173)		-	(10,468,173)
Comprehensive income (loss)	-	-	89,433,517		(76,795)	89,356,722
Balances as of December 31, 2013	370,368,712	211,869,157	204,265,028	-	3,082,509	789,585,406
Share-based payments	-	-	-	323,764	-	323,764
Dividends declared	-	-	(16,846,565)	-	-	(16,846,565)
Comprehensive income	-	-	24,221,997	-	451,262	24,673,259
Balances as of December 31, 2014	$ 370,368,712	$ 211,869,157	$ 211,640,460	$ 323,764	$ 3,533,771	$ 797,735,864

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Cash Flows

For the years ended December 31, 2014 and 2013
(In US dollars)

	31/12/2014	31/12/2013
Cash flows from operating activities:		
Profit before income taxes	$ 51,146,029	$ 127,881,454
Adjustments:		
Depreciation	40,536	78,485
Gain on revaluation of investment property	(29,955,242)	(95,054,246)
Effect of foreign exchange rates	10,243,391	(114,297)
Interest income	(5,712,082)	(6,951,568)
Gain on sale of investment properties	(731,326)	-
Interest expense	22,186,990	23,441,300
Expense recognized in respect of share-based payments	323,764	-
Working capital adjustments:		
(Increase) decrease in:		
Operating lease receivables – Net	(798,467)	(2,421,757)
Recoverable taxes	(13,967,534)	(10,650,158)
Prepaid expenses	(123,165)	(323,987)
Guarantee deposits made	83,863	(194,003)
Increase (decrease) in:		
Accounts payable	(180,055)	(684,684)
Guarantee deposits received	182,940	445,234
Accrued expenses	(31,639)	1,367,482
Income taxes paid	128,652	(4,295,313)
Net cash generated by operating activities	32,836,655	32,523,942
Cash flows from investing activities:		
Purchases of investment property	(118,513,768)	(102,936,169)
Acquisition of office furniture	(117,336)	(125,185)
Financial assets held for trading	138,026,032	(112,706,999)
Proceeds from sale of investment property	4,649,526	-
Interest received	5,712,082	6,951,568
Net cash used in investing activities	29,756,536	(208,816,785)
Cash flows from financing activities:		
Proceeds from equity issuance	-	191,551,233
Interest paid	(22,288,846)	(23,642,514)
Repayments of borrowings	(11,288,678)	(9,834,501)
Dividends paid	(16,846,565)	(10,468,173)
Net cash generated by financing activities	(50,424,089)	147,606,045
Effects of exchange rates changes on cash	(9,792,129)	37,501
Net (decrease) increase in cash and cash equivalents	2,376,973	(28,649,297)
Cash and cash equivalents at the beginning of year	8,297,797	36,947,094
Cash and cash equivalents at the end of year	$ 10,674,770	$ 8,297,797

See accompanying notes to consolidated financial statements.

1. General information

Corporación Inmobiliaria Vesta, S. A. B. de C. V. ("Vesta") is a 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 subsidiaries (collectively, the "Entity") are engaged in the development, acquisition and operation of industrial buildings and distribution facilities that are rented to corporations in eleven states throughout Mexico.

On June 25, 2013, the Entity issued equity through a follow-on public offering of shares in the Mexican stock market for a total number of shares of 114,573,661.

2. Significant accounting policies

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board ("IASB").

2.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

i. Historical cost

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

ii. Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Entity takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of International Financial Reporting Standards (IFRSs) 2 Share-based payments.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of Vesta and entities (including structured entities) controlled by Vesta and its subsidiaries. Control is achieved when the Entity:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Entity reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Entity obtains control over the subsidiary and ceases when the Entity loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Entity gains control until the date when the Entity ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Entity's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Entity are eliminated in full on consolidation.

	Ownership percentage		
Subsidiary/entity	**31/12/2014**	**31/12/13**	Activity
QVC, S. de R.L. de C.V.	99.99%	99.99%	Holds investment properties
QVC II, S. de R.L. de C.V.	99.99%	99.99%	Holds investment properties
WTN Desarrollos Inmobiliarios de México, S. de R.L. de C.V.	99.99%	99.99%	Holds investment properties
Vesta Baja California, S. de R.L. de C.V.	99.99%	99.99%	Holds investment properties
Vesta Bajio, S. de R.L. de C.V.	99.99%	99.99%	Holds investment properties
Vesta Queretaro, S. de R.L. de C.V.	99.99%	99.99%	Holds investment properties
Proyectos Aeroespaciales, S. de R.L. de C.V.	99.99%	99.99%	Holds investment properties
CIV Infraestructura, S. de R.L. de C.V.	99.99%	99.99%	Holds investment properties
Vesta DSP, S. de R. L. de C.V.	99.99%	99.99%	Holds investment properties
Vesta Management, S.de R.L. de C.V.	99.99%	99.99%	Provides administrative services to the Entity

2.4 Foreign currencies

The U.S. dollar is the functional currency of Vesta and all of its subsidiaries except for WTN Desarrollos Inmobiliarios de México, S. de R. L. de C. V. ("WTN"), which considers the Mexican peso to be its functional currency and is considered to be a "foreign operation" under IFRS. However, Vesta and its subsidiaries keep their accounting records in Mexican pesos. In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the exchange rates in effect on the dates of each transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the exchange rates in effect at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the exchange rates in effect on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

For the purposes of presenting consolidated financial statements, the assets and liabilities of WTN are translated into U.S. dollars using the exchange rates in effect on the last business day of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates in effect on the dates of the transactions are used. Exchange differences arising, if any, are recorded in other comprehensive income.

2.5 Cash and cash equivalents

Cash and cash equivalents consist mainly of bank deposits in checking accounts and short-term investments, highly liquid and easily convertible into cash, maturing within three months as of their acquisition date, which are subject to immaterial value change risks. Cash is carried at nominal value and cash equivalents are valued at fair value; any fluctuations in value are recognized in interest income of the period. Cash equivalents are represented mainly by investments in treasury certificates (CETES) and money market funds.

2.6 Financial instruments

Financial assets and financial liabilities are recognized when Vesta or its subsidiaries become a party to the contract governing such financial instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

2.6.1 Effective interest method on financial assets

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows expected to be received (including all fees and expenses paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss.

2.6.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed payments or payments that may be determined and are not quoted in an active market. Loans and receivables (including operating lease receivables and others) are measured at amortized cost using the effective interest method, less any impairment.

2.6.3 Financial assets at fair value through profit of loss (FVTPL)

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'interest income' line item. Financial assets at FVTPL consist mainly of holdings in investment funds. The Entity has not designated any asset as at FVTPL.

2.6.4 Derecognition of financial assets

The Entity derecognizes a financial asset only when the contract granting the Entity the right to receive cash flows from the asset expires, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity. If the Entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Entity recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the Entity continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

2.7 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognized upon sale or when the investment property is permanently withdrawn from use and no future economic benefits are expected to be received from such investment property. Any gain or loss arising on derecognition of the property (calculated as the difference between the net sale proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

2.8 Office furniture

Office furniture is stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. An item of office furniture is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of the asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in profit or loss.

2.9 Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, when it is probable that the Entity will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties associated with the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.10 Financial liabilities

2.10.1 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss (“at FVTPL”) or other financial liabilities.

2.10.2 Other financial liabilities

Other financial liabilities (including borrowings) are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and expenses paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.10.3 Derecognition of financial liabilities

The Entity derecognizes financial liabilities only when its obligations are discharged or cancelled or when they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

2.11 Direct employee benefits

Direct employee benefits are calculated based on the services rendered by employees, considering their most recent salaries. The liability is recognized as it accrues. These benefits include mainly statutory employee profit sharing ("PTU") payable, compensated absences, such as vacation and vacation premiums, and incentives.

2.12 Employee benefits for termination

Employee benefits for termination are recorded in the results of the year in which they are incurred.

2.13 Share-based payment arrangements

Share-based payment transactions of the Entity

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 16.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the Entity's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Entity revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity settled employee benefits reserve.

2.14 Leasing

Leases are classified as finance leases whenever the terms of the lease agreement transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Entity, as a lessor, retains substantially all of the benefits and risks of ownership of the properties and accounts for its leases as operating leases. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease agreement.

As a lessee, the Entity recognizes operating lease payments as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.15 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.15.1 Current tax

Income tax ("ISR"), and through 2013 the Business Flat Tax ("IETU"), are recorded in the results of the year they are incurred. Taxable profit differs from profit as reported in the consolidated statement of profit and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Entity's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.15.2 Deferred tax

Deferred taxes are then calculated by applying the tax rate to temporary differences resulting from comparing the accounting and tax bases of assets and liabilities and including, if any, future benefits from tax loss carryforwards and certain tax credits. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recorded only when there is a high probability of recovery. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Mexican income tax law does not provide different tax bases or tax rates with respect to the use of investment properties (i.e. whether investment properties are used to generate rental income or are whether they are held to recover their value through sale).

2.15.3 Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.16 Impairment of long-lived assets other than goodwill

At the end of each reporting period, the Entity reviews the carrying amounts of its long-lived assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

2.17 Earnings per share

Basic earnings per common share are calculated by dividing net income of the controlling interest by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share are determined by adjusting consolidated net income and common shares on the assumption that the Entity's commitments to issue or exchange its own shares would be fulfilled. However, as the Entity does not have any dilutive instruments, basic and diluted earnings per share are the same.

2.18 Application of new and revised IFRSs and interpretations that are mandatorily effective for the current year

In the current year, the Entity has applied a number of a new and revised IFRSs issued by the IASB that are mandatorily effective for an accounting period that begins on or after January 1, 2014.

Amendments to IAS 32 *Offsetting Financial Assets and Financial Liabilities*

The Entity has applied the amendments to IAS 32 *Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realization and settlement'. As the Entity does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognized in the Entity's consolidated financial statements.

Annual Improvements to IFRSs 2010-2012 Cycle

The Annual Improvements to IFRSs 2010-2012 Cycle include a number of amendments to various IFRSs, which are summarized below.

The amendments to IFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to IFRS 2 are effective for share-based payment transactions for which the grant date is on or after July 1, 2014.

The amendments to the basis for conclusions of IFRS 13 clarify that the issue of IFRS 13 and consequential amendments to IAS 39 and IFRS 9 did not remove the ability to measure short- term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The application of these amendments did not have a significant impact on the Entity's consolidated financial statements.

Annual Improvements to IFRSs 2011-2013 Cycle

The Annual Improvements to IFRSs 2011-2013 Cycle include a number of amendments to various IFRSs, which are summarized below.

The amendments to IFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

The amendments to IAS 40 clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) The property meets the definition of investment property in terms of IAS 40; and
(b) The transaction meets the definition of a business combination under IFRS 3.

The application of these amendments did not have a significant impact on the Entity's consolidated financial statements.

2.19 New and revised IFRSs in issue but not yet effective

The Entity has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments2
IFRS 15	Revenue from Contracts with Customers1

1 Effective for annual periods beginning on or after January 1, 2016, with earlier application permitted.
2 Effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

<u>Key requirements of IFRS 9:</u>

- All recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in net income (loss).

- With regard to the measurement of financial liabilities designated as of fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Entity's management anticipates that the application of IFRS 9 in the future may have a material impact on amounts reported in respect of the Entity's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Entity undertakes a detailed review.

<u>IFRS 15 Revenue from Contracts with Customers</u>

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The Entity's management anticipates that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Entity's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Entity performs a detailed review.

3. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Entity's accounting policies, which are described in Note 2, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Valuation of investment properties

As described in Note 8, the Entity uses external appraisers in order to determine the fair value of its investment properties. Such appraisers use several valuation methodologies that include assumptions that are not directly observable in the market to estimate the fair value of its investment properties. Note 8 provides detailed information about the key assumptions used in the determination of the fair value of the investment properties.

In estimating the fair value of an asset or a liability, the Entity uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Entity engages third party qualified valuers to perform the valuation. The valuation committee works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the valuation committee's findings to the board of directors of the Entity every quarter to explain the cause of fluctuations in the fair value of the assets and liabilities. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 8 and 14.

The Entity's management believes that the chosen valuation methodologies and assumptions used are appropriate in determining the fair value of the Entity's investment properties.

4. Cash and cash equivalents

For purposes of the consolidated statement of 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 consolidated statements of financial position as follows:

	31/12/2014	31/12/2013
Cash and bank balances	$ 6,848,378	$ 3,766,015
Restricted cash	3,826,392	4,531,782
	$ 10,674,770	$ 8,297,797

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

5. Financial assets held for trading

The portfolio of financial assets that the Entity has classified as held for trading relates to investments used by the Entity to manage its cash surplus. Such financial assets were acquired in active markets and are principally comprised of investment funds with no maturity date and which mainly invest in AAA debt instruments, such as government bonds.

6. Recoverable taxes

	31/12/2014	31/12/2013
Recoverable value-added tax ("VAT")	$ 22,043,687	$ 14,899,233
Recoverable income taxes	5,602,192	1,591,518
Other receivables	66,415	55,524
	$ 27,712,294	$ 16,546,275

7. Operating lease receivables

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

	31/12/2014	31/12/2013
0-30 days	$ 6,392,749	$ 6,580,998
30-60 days	861,273	103,202
60-90 days	87,726	22,559
Over 90 days	163,478	-
Total	$ 7,505,226	$ 6,706,759

Pursuant to the lease agreements, rental payments should be received within 30 days following their due date; thereafter the payment is considered past due. As shown in the table above, 85% and 97% of all operating lease receivables are current at December 31, 2014 and 2013, respectively.

All rental payments past due are monitored by the Entity; for receivables outstanding from 30 to 90 days efforts are made to collect payment from the respective client. Operating lease receivables outstanding for more than 30 days but less than 60 days represent 11% and 1.8% of all operating lease receivables at December 31, 2014 and 2013, respectively. Operating lease receivables outstanding for more than 60 and less than 90 days represent 1% and 1.4% of all operating lease receivable at December 31, 2014 and 2013. Accounts receivable outstanding greater than 90 days represent 2% as of December 31, 2014.

7.2 Movement in the allowance for doubtful accounts receivable

The Entity individually reviews each of its operating lease receivables and according to the aging report determines the need to create an allowance for the recoverability of such receivables. During 2014 there were no increases to the allowance for doubtful accounts.

7.3 Client concentration risk

As of December 31, 2014 and 2013, one of the Entity's client accounts for 74% or $5,646,339 and 89% or $5,991,674, respectively, of the operating lease receivables balance. The same client accounted for 17% and 20% of the total rental income of Entity for the years ended December 31, 2014 and 2013, respectively.

7.4 Leasing agreements

Operating leases relate to non-cancellable lease agreements over the investment properties owned by the Entity, which generally have terms ranging between 5 to15 years, with options to extend the term up to a total term of 20 years. Rents are customarily payable on a monthly basis, and are adjusted annually according to applicable inflation indices (US and Mexican inflation indices). Security deposits are typically equal to one or two months' rent. Obtaining property insurance (third party liability) and operating maintenance are obligations of the tenants. All lease agreements include a rescission clause that entitles the Entity to collect all unpaid rents during the remaining term of the lease agreement in the event that the client defaults in its rental payments, vacates the properties, terminates the lease agreement or enters into bankruptcy or insolvency proceedings. All lease agreements are classified as operating leases and do not include purchase options, except for two lease agreements which contain a purchase option at market conditions at the end of the lease term.

7.5 Non-cancellable operating lease receivables

Future minimum lease payments receivable under non-cancellable operating lease agreements are as follows:

	31/12/2014	31/12/2013
Not later than 1 year	$ 70,629,698	$ 67,282,095
Later than 1 year and not later than 3 years	122,117,261	118,549,785
Later than 3 year and not later than 5 years	115,421,411	117,861,367
Later than 5 years	118,579,372	120,904,109
	$ 426,747,742	$ 424,597,356

8. Investment property

The Entity uses external appraisers in order to determine the fair value for all of its investment properties. The independent appraisers, who hold recognized and relevant professional qualifications and have vast experience in the types of investment properties, owned by the Entity, 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 Entity's investment property such as discount rates, long-term NOI, inflation rates, absorption periods and market rents.

The values, determined by the external appraisers annually, are recognized as the fair value of the Entity's investment property at the end of each reporting period. The appraisers use a discounted cash flow approach to determine the fair value of land and buildings (using the expected net operating income ("NOI") of the investment property) and a market approach to determine the fair value of land reserves. Gains or losses arising from changes in the fair values are included in the consolidated statements of profit and other comprehensive income in the period in which they arise.

The Entity's investment properties are located in México and they are classified as Level 3 in the IFRS fair value hierarchy. The following table provides information about how the fair values of the investment properties are determined (in particular, the valuation technique(s) and inputs used).

Property	Fair value hierarchy	Valuation techniques	Significant unobservable inputs	Value/range	Relationship of unobservable inputs to fair value
Buildings and land	Level 3	Discounted cash flows	Discount rate	9.75%	The higher the discount rate, the lower the fair value.
			Long-term NOI	Based on contractual rent and then on market related rents	The higher the NOI, the higher the fair value.
			Inflation rates	Mexico: 3.5% U.S.: 2.3%	The higher the inflation rate, the higher the fair value.
			Absorption period	From 3 to 9 months	The shorter the absorption period, the higher the fair value.
			Market related rents	Depending on the park/state	The higher the market rent the higher the fair value
Land reserves	Level 3	Market value	Price per acre	Weighted average price per acre $248,206	The higher the price, the higher the fair value.

The table below sets forth the aggregate values of the Entity's investment properties for the years indicated:

	31/12/2014	31/12/2013
Buildings and land	$ 1,092,424,983	$ 928,935,606
Advances for acquisition of land	395,921	-
Land reserves	64,740,000	57,990,000
	1,157,560,904	986,925,606
Less: Cost to complete construction in-progress	(56,208,082)	(35,041,021)
Balance at end of year	$ 1,101,352,822	$ 951,884,585

The reconciliation of investment property is as follows:

	31/12/2014	31/12/2013
Balance at beginning of year	$ 951,884,585	$ 744,761,666
Additions	123,431,195	112,068,673
Investment properties sold	(3,918,200)	-
Gain on revaluation of investment property	29,955,242	95,054,246
Balance at end of year	$ 1,101,352,822	$ 951,884,585

A total of $14,049,930 additions to investment property related to a land reserved which was acquired from a third party, were not paid as of December 31, 2014. As of December 31, 2013, a total of $9,132,503 additions to investment property, which were acquired from a third party, were not paid; these additions were paid during the year ended December 31, 2014.

During 2007, the Entity entered into an agreement to build the Querétaro Aerospace Park, which consists of a trust created by the Government of the State of Querétaro, as grantor (*fideicomitente)*, Aeropuerto Intercontinental de Querétaro, S. A. de C. V., as a participant for the purposes of granting its consent, Bombardier Aerospace México, S.A. de C.V., as beneficiary (*fideicomisario*), and BBVA Bancomer, S.A., as trustee (*fiduciario*), to which the Entity, through its subsidiary, Proyectos Aeroespaciales, adhered as grantee and beneficiary. The Government of the State of Queretaro contributed certain rights to the trust, including rights to use the land and the infrastructure built by the state of Queretaro, allowing Proyectos Aeroespaciales to build and lease buildings for a total period equivalent to the term of the concession granted to the Aerospace Park; the remaining term is approximately 44 year as of December 31, 2014.

Proyectos Aeroespaciales is the only designated real estate developer and was granted the right to use the land and infrastructure to develop industrial facilities thereon, lease such industrial facilities to companies in the aerospace and related industries and to collect the rents derived from the lease of the industrial facilities, for a period of time equivalent to the remaining term of the airport concession (approximately 44 years as of December 31, 2014). With respect to such rights, all construction, addition and improvements made by Proyectos Aeroespaciales to the contributed land (including without limitation, the industrial facilities) will revert in favor of the Government of the State of Queretaro at the end of the term of the trust, for zero consideration.

During 2013, the Company entered into an agreement with Nissan Mexicana, S.A. de C.V. ("Nissan") to build and lease to Nissan the Douki Seisan Park ("DSP Park") located in Aguascalientes, Mexico. The land where the DSP Park is located is owned by Nissan. On July 5, 2012, Nissan created a trust (trust No. F/1704 with Deutsche Bank México, S.A. as trustee) to which the Company (through one of its subsidiaries, Vesta DSP, S. de R.L. de C.V), is beneficiary and was granted the use of the land for a period of 40 years. The infrastructure and all the related improvements were built by and are managed by the Company.

As of December, 2014 and 2013, the Entity's investment properties have a gross leasable area (unaudited) of 16,791,931 square feet (or 1,560,021 square meters) and 14,378,670 square feet (or 1,335,822 square meters), respectively and they were 87% and 91% occupied by tenants, respectively. As of December 31, 2014 and 2013, investment properties with a gross leasable area of 1,960,548 square feet (or 182,141 square meters) and 2,060,958 square feet (or 191,469 square meters), respectively, were under construction, representing an additional 11.68% and 14.33% of the Entity's total leasable area.

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

9. Long-term debt

Long-term debt is represented by the following notes payable to GE Real Estate de México, S. de R. L. de C. V. ("GERE"):

Issue date	Original amount	Annual interest rate	Monthly amortization	Maturity	31/12/2014	31/12/2013
September 2003	7,637,927	7.17%	$ 11,736	August 2016	$ 5,134,727	$ 5,268,740
April 2005	2,000,000	7.17%	3,281	August 2016	1,433,480	1,470,949
August 2005	6,300,000	7.17%	10,441	August 2016	4,566,048	4,685,269
August 2005	14,500,000	7.17%	24,146	August 2016	10,544,502	10,820,214
November 2005	32,000,000	7.17%	274,440*	August 2016	21,807,521	22,336,748
March 2006	15,000,000	7.17%	25,336	August 2016	8,079,295	11,434,933
July 2006	50,000,000	7.17%	99,961	August 2016	48,487,816	49,629,220
July 2006	12,000,000	7.17%	23,991	August 2016	10,905,370	11,179,306
September 2006	10,800,000	7.17%	19,948	August 2016	9,207,363	9,435,138
October 2006	8,300,000	7.17%	15,330	August 2016	7,076,029	7,251,078
November 2006	12,200,000	7.17%	17,717	August 2016	8,224,187	8,591,656
November 2006	28,091,497	7.17%	25,234	August 2016	11,653,920	11,942,061
May 2007	6,540,004	7.17%	12,182	August 2016	5,625,506	5,764,612
September 2007	8,204,039	7.17%	15,359	August 2016	7,094,132	7,269,509
April 2008	32,811,066	6.47%	73,846	August 2016	29,193,227	30,055,305
April 2008	867,704	6.47%	3,756	August 2016	1,484,686	1,528,529
April 2008 *	7,339,899	6.62%	183,115*	August 2016	12,097,602	12,451,855
August 2008	3,372,467	6.47%	11,936	August 2016	4,719,073	4,858,416
August 2008	6,286,453	6.47%	14,187	August 2016	5,608,491	5,774,105
April 2009	19,912,680	7.17%	36,436	August 2016	16,615,833	17,031,879
December 2009	30,000,000	7.17%	56,729	August 2016	24,870,114	25,517,873
July 2012	19,768,365	7.17%	39,521	August 2016	17,264,976	17,716,254
July 2012	27,960,333	7.17%	55,899	August 2016	25,080,968	25,719,248
July 2012	5,000,000	6.15%	13,145	August 2016	4,526,111	4,678,376
March 2013	5,918,171	5.80%	15,008	August 2016	5,438,091	5,616,473
					306,739,068	318,027,746
Less: Current portion					(8,629,108)	(8,222,341)
					$ 298,109,960	$ 309,805,405

* These notes payable have bi-annual amortization.

Most of the Entity'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 Entity's credit agreement with GERE. Additionally, without the written consent of GERE, the Entity 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 Entity 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 Entity was in compliance with covenants under the GERE credit agreement as of December 31, 2014.

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

Scheduled maturities and periodic amortization of long-term debt are as follows:

2015	$ 8,629,108
2016	298,109,960
	$ 306,739,068

10. Capital stock

10.1 Capital stock as of December 31, 2014 and 2013 is as follows:

	2014		2013	
	Number of shares	Amount	Number of shares	Amount
Fixed capital				
Series A	5,000	$ 3,696	5,000	$ 3,696
Variable capital				
Series B	507,447,012	370,365,016	507,447,012	370,365,016
Total	507,452,012	$ 370,368,712	507,452,012	$ 370,368,712

Stockholders' equity, except restated paid-in capital and tax retained earnings will be subject to ISR payable by the Entity 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.

On June 25, 2013, the Entity issued a total of 114,573,661 shares through a follow-on public offering of shares in the Mexican Stock Exchange. The net proceeds of this offering were $193,468,687 (net of direct issuance costs of $4,474,060, net of tax) consisting of an increase in capital stock of $83,500,494 and an increase in additional paid-in capital of $109,968,193.

10.2 Fully paid ordinary shares

	Number of shares	Amount	Additional paid-in capital
Balance as of January 1, 2013	392,878,351	$ 286,868,218	$ 101,900,964
Capital stock increase of June 25, 2013	114,573,661	87,974,554	109,968,193
Direct equity issuance costs	-	(6,391,514)	-
Income taxes related to direct equity issuance costs	-	1,917,454	-
Balance as of December 31, 2014 and 2013	507,452,012	$ 370,368,712	$ 211,869,157

10.3 Dividend payments

Pursuant to a resolution of the general ordinary stockholders meeting on March 13, 2014, the Entity declared a dividend of approximately $0.033 per share, for a total dividend of $16,846,565 which was paid via cash distributions on April 4, 2014. The payment was applied against the Entity's net tax income account.

Pursuant to a resolution of the general ordinary stockholders' meeting on March 19, 2013, the Entity declared a dividend of $0.027 per share for a total dividend of $10,468,173 which was paid via cash distributions on April 1, 2013. The payment was applied against the Entity's net tax income account.

11. Earnings per share

The amounts used to determine earnings per share are as follows:

	2014		
	Earnings	Weighted-average number of shares	Dollars per share
Profit for the year	$ 24,221,997	507,452,012	$ 0.05

	2013		
	Earnings	Weighted-average number of shares	Dollars per share
Profit for the year	$ 89,433,517	452,368,521	$ 0.20

12. Property operating costs and administration expenses

12.1 Property operating costs consist of the following:

12.1.1 Direct property operating costs from investment properties that generate rental income during the year:

	31/12/2014	31/12/2013
Real estate tax	$ 881,644	$ 810,893
Insurance	312,383	301,997
Maintenance	484,080	382,576
Other property related expenses	1,083,158	1,045,254
	2,761,265	2,540,720

12.1.2 Direct property operating costs from investment property that did not generate rental income during the year:

	31/12/2014	31/12/2013
Real estate tax	$ 269,412	$ 286,687
Insurance	47,606	44,211
Maintenance	43,648	56,007
Other property related expenses	478,018	523,711
	838,684	910,616
Total property operating costs	$ 3,599,949	$ 3,451,336

12.2. Administration expenses consist of the following:

	31/12/2014	31/12/2013
Marketing expenses	$ 48,676	$ 61,344
Auditing, legal and consulting expenses	873,927	723,108
Property appraisal and other fees	214,986	195,001
Direct employee benefits and other benefits	6,921,734	5,630,566
Indirect equity issuance and trading costs	241,284	187,609
Other	2,339	2,320
	$ 8,302,946	$ 6,799,948

13. Income taxes

The Entity is subject to ISR and through December 31, 2013, to ISR and IETU. Therefore, the income tax payable was the higher between ISR and IETU through 2013.

ISR -The rate was 30% in 2014 and 2013 and as a result of the new 2014 ISR law (2014Tax Law), the rate will continue at 30% in 2014 and thereafter.

IETU – IETU was eliminated as of 2014; therefore, up to December 31, 2013, this tax was incurred both on revenues and deductions and certain tax credits based on cash flows from each year. The respective rate was 17.5%.

13.1 Income taxes are as follows:

	31/12/2014	31/12/2013
ISR expense:		
Current	$ 2,801,516	$ 6,947,623
Expired ISR credit on dividends		580,701
Deferred	24,122,516	30,919,613
Total income taxes	$ 26,924,032	$ 38,447,937

13.2 The effective ISR rate for fiscal 2014 and 2013 differ from the statutory rate as follows:

	31/12/2014	31/12/2013
Statutory rate	30%	30%
Effects of exchange rates on tax balances	33%	(1)%
Effects of inflation	(12)%	(4)%
Effects of change in ISR rate (2014 Tax Law)		3%
Other		2%
Effective rate	53%	30%

13.3 The main items originating the deferred ISR liability are:

	31/12/2014	31/12/2013
Deferred ISR assets (liabilities):		
Investment property	$ (124,338,843)	$ (107,817,334)
Effect of tax loss carryforwards	7,670,338	15,398,333
Other provisions and prepaid expenses	1,027,384	900,398
Deferred income taxes – Net	$ (115,641,120)	$ (91,518,603)

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

13.4 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 December 31, 2013 and expiration dates are:

Year of Expiration	Tax Loss Carryforwards
2020	$ 2,128,531
2023	11,076,323
2024	12,362,941
	$ 25,567,795

14. Financial instruments

14.1 Capital management

The Entity manages its capital to ensure that the Entity will be able to continue as a going concern while maximizing the return to partners through the optimization of the debt and equity balance.

The capital structure of the Entity consists of net debt (total borrowings, including the current portion, as detailed in Note 9 offset by cash and bank balances) and equity of the Entity (comprising issued capital, additional paid-in capital, retained earnings and other comprehensive income as detailed in Note 10). The Entity is not subject to any externally imposed capital requirements.

14.2 Leverage ratio

The Board reviews the capital structure of the Entity on a regular basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital.

The leverage ratio at end of following reporting periods was as follows:

	31/12/2014	31/12/2013
Debt	$ 306,739,068	$ 318,027,746
Cash and bank balances	(10,674,770)	(8,297,797)
Financial assets held for trading	(95,025,988)	(233,052,020)
Net debt	201,038,310	76,677,929
Equity	797,735,864	789,585,406
Net debt to equity ratio	25%	10%

14.3 Categories of financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the consolidated financial statements.

The Entity's principal financial assets are bank balances, cash equivalents and restricted cash as disclosed in Note 4, recoverable taxes and operating lease receivables as disclosed in Notes 6 and 7, respectively and financial assets held for trading in Note 5. The Entity's principal financial liability is long-term debt as disclosed in Note 9.

14.4 Financial risk management objectives

The Entity seeks to minimize the effects of market risk (including fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk (although currently the Entity only has fixed rate debt instruments with varying maturity profiles). No significant interest rate hedges or trading financial instruments were entered into during the period of the accompanying consolidated financial statements.

14.5 Market risk

The Entity's activities expose it primarily to the financial risks of changes in interest rates (see 14.8 and 14.9 below) and foreign currency exchange rates (see 14.6 and 14.7 below). The Entity may enter into derivative financial instruments to manage its exposure to foreign currency risk. There has been no change to the Entity's exposure to market risks or the manner in which these risks are managed and measured.

14.6 Foreign currency risk management

The Entity is exposed to foreign exchange risk, primarily with respect to the Mexican peso and to the US dollar in respect of one of its subsidiaries whose functional currency is the Mexican peso. Foreign exchange risk arises from future commercial transactions and recognized monetary assets and liabilities.

The carrying amounts of the Entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period as well as the relevant exchange rates are as follows:

	31/12/2014	31/12/2013
Exchange rates:		
Mexican pesos per US dollar at the end of the period	14.7180	13.0765
Mexican pesos per US dollar average during the year	13.2996	12.7681
Monetary assets		
Mexican pesos	1,592,246,030	3,354,707,083
US dollars	$ 229,640	$ 261,858
Monetary liabilities		
Mexican pesos	22,085,067	16,307,237
US dollars	$ 39,820,378	$ 40,874,151

Foreign currency sensitivity analysis

The following table details the Entity's sensitivity to a 10% appreciation or depreciation in the US dollar against the Mexican peso. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel, and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency exchange rates. A positive number below indicates an increase in profit or equity where the US dollar appreciates 10% against the relevant currency. For a 10% depreciation of the US dollar against the Mexican peso, there would be a comparable impact on the profit or equity, and the balances below would be negative.

	31/12/2014	31/12/2013
Profit or loss impact		
Mexican peso – 10% appreciation – gain	$ (9,698,458)	$ (23,208,878)
Mexican peso – 10% depreciation – loss	11,853,671	28,366,407
U.S. dollar - 10% appreciation – loss	4,381,318	4,061,229
U.S. dollar - 10% depreciation – gain	(4,381,318)	(4,061,229)

14.7 Interest rate risk management

The Entity minimizes its exposure to interest rate risk by borrowing funds at fixed rates, because investment properties owned by the Entity generate a fixed income in the form of rental income which is indexed to inflation.

14.8 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Entity. The Entity has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Entity's exposure and the credit ratings of its counterparties are monitored, and the transactions consummated are entered into with approved counterparties.

The Entity's clients operate in a variety of industries. Its real estate portfolio is primarily concentrated in the food and beverage, automotive, aerospace, medical, logistics and plastics industries. The Entity's exposure to these industries subjects it to the risk of economic downturns in such industrial sectors to a greater extent than if its properties were more diversified across other industries.

The Entity currently leases two distribution facilities to a single customer, which represent 10.8% of its total portfolio's gross leasable area (unaudited), and 75% and 89% of its operating lease receivable balance and 17% and 20% its annualized rents as of and for the year ended December 31, 2014 and 2013, respectively. If this customer were to terminate its lease agreements with the Entity, the Entity may experience a material loss with respect to future rental income.

14.9 Liquidity risk management

If the Entity is unable to raise additional debt or equity, its results of operations could suffer. The Entity closely monitors the maturity of its liabilities and the cash needs of its operations. It prepares and provides a detailed cash flow analysis on a quarterly basis and presents it to its board of directors. Decisions are made to obtain new financing or limit cash investments in order to maintain a healthy projected cash balance.

The maturity of the long-term, its current portion and the accrued interest at December 31, 2014 is as follows:

	Weighted average interest rate %	Less than 1 month	1-3 months	3 months to 1 year	1-2 years	Total
Long-term debt	7.02	$ 625,125	$ 1,708,713	$ 6,295,270	$198,109,960	$306,739,068
Accrued interest		1,807,921	3,599,598	16,000,378	12,206,488	33,614,385
		$ 2,433,046	$ 5,308,311	$22,295,648	$210,316,448	$340,353,453

14.10 Fair value of financial instruments

14.10.1 Fair value of financial assets that are measured at fair value on a recurring basis

The Entity's financial assets held for trading are classified as level 1 in the IFRS 13 fair value hierarchy since they are traded in an active market.

14.10.2 Fair value of financial instruments carried at amortized cost

The fair value of long-term debt and its related current portion as of December, 31, 2014 and 2013 is $328,637,868 and $325,471,021, respectively. This measurement is classified as level 2, since management uses an adjusted observable discount rate to determine fair value of debt.

Management considers that the carrying amounts of financial assets and other financial liabilities recognized in the consolidated financial statements approximate their fair values.

15. Transactions and balances with related parties

15.1 Compensation of key management personnel

The remuneration of Entity's management and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends. The remuneration of members of key management personnel during the year was as follows:

	2014	2013
Short-term benefits	$ 3,386,779	$ 2,770,884
Share-based payments	323,764	
	$ 3,710,543	$ 2,770,884

16. Share-based payments

16.1 Employee share option plan of the Entity

Details of the employee share option plan of the Entity

The Entity has a restricted stock scheme for certain executives of the Entity. In accordance with the terms of the plan, as approved by the board of directors at a previous board meeting, based on certain performance metrics, the Entity granted certain executives a long-term incentive plan that will be settled using the Entity's own shares. Under this plan, eligible executives will receive compensation settled in shares and delivered over a three-year period. Using a cash amount determined based on performance metrics, the Entity will purchase its own shares in the market, place them in a trust, and deliver them in three equal settlement dates to the executives after 26, 38 and 50 months from the grant date, provided that the eligible executives remain in the employment of the Entity.

The fair value of the awards granted was $954,749. Cumulative compensation expense in respect of this plan for the year ended December 31, 2014 is $323,764. Compensation expense related to this plan will continue to be accrued through the periods until the last of the three tranches is settled in February 2018.

The following share-based payment arrangements were in existence during the current year:

Fair value of share awards granted in the year

The fair value of the share awards granted during the financial year was determined based on a fixed amount of cash determined as per the Entity's plan. It is assumed that executives would exercise the awards after vesting date.

17. Litigation, other contingencies and commitments

Litigation

In the ordinary course of business, the Entity is party to various legal proceedings. The Entity is not involved in any litigation or arbitration proceeding for which the Entity believes it is not adequately insured or indemnified, or which, if determined adversely, would have a material adverse effect on the Entity or its financial position, results of operations or cash flows.

Commitments

As mentioned in Note 8, all rights to construction, improvements and infrastructure built by the Entity in the Queretaro Aerospace Park and in the DSP Park automatically revert back to the government of the State of Queretaro and to Nissan at the end of the concessions, which is approximately in 44 and 38 years, respectively.

During November 2014, the Entity entered into letters of intent to acquire land reserves. The amount of the commitment for the purchase of the land totals $10,785,417.

On December 18, 2014, the Entity entered into a letter of intent to obtain a credit facility with Metropolitan Life Insurance Company Real Estate Investments ("Metlife") for up to $50,000,000. This loan, if obtained by the Entity, will accrue interest at an annual rate of the greater of (a) the sum of (i) the yield on securities having a maturity equal to the "on the run" 7 year U.S. Treasury rate plus (ii) 250 basis points or (b) 4.35%. The loan will have monthly interest only payments for 40 months and thereafter monthly amortizations of principal and interest.

18. Events after the reporting period

In January 28, 2015, the Entity issued a total of 124,274,111 shares, including the overallotment option, through a follow-on public offering of shares in the Mexican Stock Exchange and through a private offering of shares in international markets under the Rule 144A of the United States of America and Regulation S under the Securities Act of 1933. The offering price was 27 Mexican pesos per share and the net proceeds of this offering were received on February 4, 2015.

19. Financial statements issuance authorization

On February 16, 2015 the issuance of the consolidated financial statements was authorized by Juan Sottil, the Entity's Chief Financial Officer; consequently, they do not reflect events occurred after that date. These consolidated financial statements are subject to approval at the General Ordinary Shareholders' Meeting, where the stockholders may decide to modify such consolidated financial statements according to the Mexican General Corporate Law.

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