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

Condensed Consolidated Interim Statements of Financial Position

As of June 30, 2015 and December 31, 2014
(In US dollars)

Assets	**Notes**	**30/06/2015 (Unaudited)**	**31/12/2014**
Current assets:			
Cash and cash equivalents	4	$ 26,535,625	$ 10,674,770
Financial assets held for trading	5	249,314,074	95,025,988
Recoverable taxes	6	33,160,507	27,712,294
Operating lease receivables	7	7,571,548	7,505,226
Prepaid expenses		895,950	447,152
Total current assets		317,477,704	141,365,430
Non-current assets:			
Investment property	8	1,175,724,265	1,101,352,822
Office furniture – Net		615,548	421,340
Guarantee deposits made		3,355,072	2,883,972
Total non-current assets		1,179,694,885	1,104,658,134
Total assets		$ 1,497,172,589	$ 1,246,023,564
Liabilities and stockholders' equity			
Current liabilities:			
Current portion of long-term debt	9	$ 8,889,621	$ 8,629,108
Accrued interest		3,133,210	3,068,412
Accounts payable		-	14,222,235
Taxes payable, mainly income taxes		84,692	1,274,395
Accrued expenses		1,166,701	1,636,361
Total current liabilities		13,274,224	28,830,511
Non-current liabilities:			
Long-term debt	9	340,217,959	298,109,960
Guarantee deposits received		6,814,341	5,706,109
Deferred income taxes	13.2	134,195,211	115,641,120
Total non-current liabilities		481,227,511	419,457,189
Total liabilities		494,501,735	448,287,700
Litigation and other contingencies	15		
Stockholders' equity:			
Capital stock	10	455,741,735	370,368,712
Additional paid-in capital		349,557,056	211,869,157
Retained earnings		205,306,629	211,640,460
Share-based payments reserve		491,296	323,764
Foreign currency translation		(8,425,862)	3,533,771
Total stockholders' equity		1,002,670,854	797,735,864
Total liabilities and stockholders' equity		$ 1,497,172,589	$ 1,246,023,564

See accompanying notes to condensed consolidated interim financial statements.

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

Unaudited Condensed Consolidated Interim Statements of Profit or Loss and Other Comprehensive Income

For the six and three months ended June 30, 2015 and 2014
(In US dollars)

	Note	Six months ended 30/06/2015	Six months ended 30/06/2014	Three months ended 30/06/2015	Three months ended 30/06/2014
Revenues:					
Rental income		$ 37,932,567	$ 33,235,732	$ 19,277,122	$ 16,845,163
Property operating cost					
Related to properties that generated rental income	12.1.1	(1,288,990)	(1,366,700)	(670,586)	(735,446)
Related to properties that did not generate rental income	12.1.2	(465,193)	(360,717)	(232,951)	(152,689)
Gross profit		36,178,384	31,508,315	18,373,585	15,957,028
Administration expenses	12.2	(4,243,459)	(3,933,696)	(1,775,498)	(2,306,680)
Depreciation		(56,691)	(17,150)	(29,808)	(9,767)
Other Income and Expenses:					
Interest income		3,170,975	3,682,820	1,793,650	1,500,286
Other income (loss) – net		353,590	(378,246)	321,942	33,850
Interest expense		(11,379,135)	(11,052,705)	(5,860,854)	(5,524,386)
Exchange loss		(17,639,793)	(103,850)	(6,169,479)	(610,081)
Gain on revaluation of investment property	8	37,706,991	14,151,033	37,406,631	13,045,624
Total other income (expenses)		12,212,628	6,299,052	27,491,890	8,445,294
Profit before income taxes		44,090,862	33,856,521	44,060,169	22,085,875
Income tax expense	13.1	(28,103,553)	(8,046,537)	(24,063,419)	(7,124,090)
Profit for the period		15,987,309	25,809,984	19,996,750	14,961,785
Other comprehensive loss: items that may be reclassified subsequently to profit or loss:					
- Exchange differences on translating other functional currency operations		(11,959,633)	122,664	(3,635,417)	1,347,480
Total comprehensive income for the period		$ 4,027,676	$ 25,932,648	$ 16,361,333	16,309,265
Basic and diluted earnings per share		$ 0.03	$ 0.05	$ 0.03	$ 0.03

See accompanying notes to condensed consolidated interim financial statements.

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

Unaudited Condensed Consolidated Interim Statements of Changes in Stockholders' Equity

For the three months ended June 30, 2015 and 2014
(In US dollars)

	Capital Stock	Additional Paid-in Capital	Retained Earnings	Share-based payments reserve	Foreign Currency Translation	Total Stockholders' Equity
Balances as of January 1, 2014	370,368,712	211,869,157	204,265,028	-	3,082,509	789,585,406
Dividends declared	-	-	(16,846,565)	-	-	(16,846,565)
Comprehensive income	-	-	25,809,984	-	122,664	25,932,648
Balances as of June 30, 2014	$ 370,368,712	$ 211,869,157	$ 213,228,447	$ -	$ 3,205,173	$ 798,671,489
Balances as of January 1, 2015	370,368,712	211,869,157	211,640,460	323,764	3,533,771	797,735,864
Equity issuance	85,749,137	138,310,418	-	-	-	224,059,555
Share-based payments	-	-	-	167,532	-	167,532
Dividends declared	-	-	(22,321,140)	-	-	(22,321,140)
Repurchase of shares	(376,114)	(622,519)	-	-	-	(998,633)
Comprehensive income	-	-	15,987,309	-	(11,959,633)	4,027,676
Balances as of June 30, 2015	$ 455,741,735	$ 349,557,056	$ 205,306,629	$ 491,296	$ (8,425,862)	$ 1,002,670,854

See accompanying notes to condensed consolidated interim financial statements.

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

Unaudited Condensed Consolidated Interim Statements of Cash Flows

For the six months ended June 30, 2015 and 2014
(In US dollars)

	Six months ended 30/06/2015	Six months ended 30/06/2014
Cash flows from operating activities:		
Profit before income taxes	$ 44,090,862	$ 33,851,521
Adjustments:		
Depreciation	56,691	17,150
(Gain) on revaluation of investment property	(37,706,991)	(14,151,033)
Effect of foreign exchange rates	17,639,793	432,875
Interest income	(3,170,975)	(3,682,820)
Interest expense	11,379,135	11,052,705
Expense recognized in respect of share-based payments	167,532	-
Working capital adjustments:		
(Increase) decrease in:		
Operating lease receivables – Net	(66,322)	(106,615)
Recoverable taxes	(15,185,726)	(2,808,945)
Prepaid expenses	(448,798)	(723,780)
Guarantee deposits made	(471,100)	281,410
Increase (decrease) in:		
Accounts payable	(172,305)	(223,343)
Guarantee deposits received	1,108,232	324,641
Accrued expenses	(469,660)	(57,246)
Income taxes paid	(1,001,652)	(4,694,134)
Net cash generated by operating activities	15,748,716	19,517,386
Cash flows from investing activities:	-	
Purchases of investment property	(63,639,359)	(56,057,152)
Acquisition of office furniture	(250,899)	(128,485)
Financial assets held for trading	(171,927,879)	67,585,368
Proceeds from sale of investment property	-	3,918,200
Interest received	3,170,975	3,682,820
Net cash (used in) generated by investing activities	(232,647,162)	19,000,751
Cash flows from financing activities:		
Proceeds from equity issuance	224,059,555	-
Interest paid	(11,314,337)	(11,182,503)
Repayments of borrowings	(4,185,379)	(7,111,565)
Dividends paid	(22,321,140)	(16,846,565)
Repurchase of treasury shares	(998,633)	
Borrowings	46,553,891	-
Net cash generated by (used in) financing activities	231,793,957	(35,140,633)
Effects of exchange rates changes on cash	965,344	(310,211)
Net increase in cash and cash equivalents	15,860,855	3,067,293
Cash and cash equivalents at the beginning of year	10,674,770	8,297,797
Cash and cash equivalents at the end of year	$ 26,535,625	$ 11,365,090

See accompanying notes to condensed consolidated interim financial statements.

Notes to Unaudited Condensed Consolidated Interim Financial Statements unaudited

For the three months ended June 30, 2015 and 2014
(In US dollars)

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 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 which amounted to $224,059,555 were received on February 4, 2015.

2. Significant accounting policies

2.1 Basis of measurement

The Entity unaudited consolidated interim 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 condensed consolidated interim 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.

2.2 Interim financial condensed statements

The accompanying condensed consolidated interim financial statements as of June 30, 2015 and for the three months ended June 30, 2015 and 2014 have not been audited. In the opinion of Entity 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 for 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 condensed consolidated interim financial statements of the Entity and their respective notes for the year ended December 31, 2014.

The accounting policies and methods of computation are consistent with the audited condensed consolidated interim financial statements for the year ended December 31, 2014, except for what it is mentioned in note 3.

2.3 Basis of consolidation

The condensed consolidated interim 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 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	**30/06/2015**	**31/12/2014**	**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

3. Application of new and revised International Financial Reporting Standards (IFRS)

3.1 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.

IFRS 15 Revenue from Contracts with Customers

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 condensed consolidated interim 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.

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:

	30/06/2015 (Unaudited)	31/12/2014
Cash and bank balances	$ 20,907,133	$ 6,848,378
Restricted cash	5,628,492	3,826,392
	$ 26,535,625	$ 10,674,770

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

	30/06/2015 (Unaudited)	31/12/2014
Recoverable value-added tax ("VAT")	$ 20,076,846	$ 22,043,687
Recoverable income taxes	12,604,341	5,602,192
Other receivables	479,320	66,415
	$ 33,160,507	$ 27,712,294

7. Operating lease receivables

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

	30/06/2015 (Unaudited)	31/12/2014
0-30 days	$ 6,487,569	$ 6,392,749
30-60 days	360,033	861,273
60-90 days	88,520	87,726
Over 90 days	635,426	163,478
Total	$ 7,571,548	$ 7,505,226

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, 86% and 85% of all operating lease receivables are current as of June 30, 2015 and December 31, 2014, 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 5% and 11% of all operating lease receivables as of June 30, 2015 and December 31, 2014, respectively. Operating lease receivables outstanding for more than 60 and less than 90 days represent 1% and 1% of all operating lease receivable as of June 30, 2015 and December 31, 2014. Accounts receivable outstanding greater than 90 days represent 8% and 2% as of June 30, 2015 and December 31, 2014, respectively.

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 2015 there were no increases to the allowance for doubtful accounts.

7.3 Client concentration risk

As of June 30, 2015 and December 31, 2014, one of the Entity's clients accounts for 70% or $5,275,504 and 74% or $5,646,339, respectively, of the operating lease receivables balance. The same client accounted for 13% and 17% of the total rental income of Entity for the six months period ended June 30, 2015 and December 31, 2014, 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 four 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:

	30/06/2015
Not later than 1 year	$ 71,208,413
Later than 1 year and not later than 3 years	127,911,176
Later than 3 year and not later than 5 years	121,017,561
Later than 5 years	100,020,314
	$ 420,157,464

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	June 2015: 9.50% December 2014: 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
			Exchange rate – Mexican pesos per $1	June 2015: 15.00 December 2014: 13.60	The higher the exchange rate the lower 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:

	30/06/2015 (Unaudited)	31/12/2014
Buildings and land	$ 1,150,993,983	$ 1,092,424,983
Advances for acquisition of land and constructions	11,100,788	395,921
Land reserves	58,572,000	64,740,000
	1,220,666,771	1,157,560,904
Less: Cost to complete construction in-progress	(44,942,506)	(56,208,082)
Balance at end of year	$ 1,175,724,265	$ 1,101,352,822

The reconciliation of investment property is as follows:

	30/06/2015 (Unaudited)	31/12/2014
Balance at beginning of year	$ 1,101,352,822	$ 951,884,585
Additions	49,589,429	123,431,195
Investment properties sold	-	(3,918,200)
Foreign currency translation effect	(12,924,977)	-
Gain on revaluation of investment property	37,706,991	29,955,242
Balance at end of year	$ 1,175,524,265	$ 1,101,352,822

A total of $14,049,930 additions to investment property related to a land reserve that was acquired during 2014 was paid during the six months ended June 30, 2015. 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 six months ended June, 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 43 year as of June 30, 2015.

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 43 years as of June 30, 2015). 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 June, 2015 and December 31, 2014, the Entity's investment properties have a gross leasable area (unaudited) of 18,202,981 square feet (or 1,691,112 square meters) and 16,791,931 square feet (or 1,560,021 square meters), respectively and they were 85% and 87% occupied by tenants, respectively. As of June 30, 2015 and December 31, 2014, investment properties with a gross leasable area of 1,148,124 square feet (or 104,437 square meters) and 1,960,548 square feet (or 182,141 square meters), respectively, were under construction, representing an additional 6.31% and 11.68% 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”) and to Metropolitan Life Insurance Company (“MetLife”):

Issue date	Original amount	Annual interest rate	Monthly amortization	Maturity	30/06/2015	31/12/2014
September 2003	$ 7,637,927	7.17%	$ 11,736	August 2016	$ 5,064,309	$ 5,134,727
April 2005	2,000,000	7.17%	3,281	August 2016	1,413,791	1,433,480
August 2005	6,300,000	7.17%	10,441	August 2016	4,503,401	4,566,048
August 2005	14,500,000	7.17%	24,146	August 2016	10,399,626	10,544,502
November 2005	32,000,000	7.17%	274,440*	August 2016	21,533,081	21,807,521
March 2006	15,000,000	7.17%	25,336	August 2016	7,927,280	8,079,295
July 2006	50,000,000	7.17%	99,961	August 2016	47,888,051	48,487,816
July 2006	12,000,000	7.17%	23,991	August 2016	10,761,425	10,905,370
September 2006	10,800,000	7.17%	19,948	August 2016	9,087,676	9,207,363
October 2006	8,300,000	7.17%	15,330	August 2016	6,984,047	7,076,029
November 2006	12,200,000	7.17%	17,717	August 2016	8,117,886	8,224,187
November 2006	28,091,497	7.17%	25,234	August 2016	11,502,514	11,653,920
May 2007	6,540,004	7.17%	12,182	August 2016	5,552,411	5,625,506
September 2007	8,204,039	7.17%	15,359	August 2016	7,001,978	7,094,132
April 2008	32,811,066	6.47%	75,995	August 2016	28,745,004	29,193,227
April 2008	867,704	6.47%	4,017	August 2016	1,461,890	1,484,686
April 2008 *	7,339,899	6.62%	183,115*	August 2016	11,914,487	12,097,602
August 2008	3,372,467	6.47%	12,768	August 2016	4,646,623	4,719,073
August 2008	6,286,453	6.47%	15,176	August 2016	5,522,382	5,608,491
April 2009	19,912,680	7.17%	36,436	August 2016	16,397,217	16,615,833
December 2009	30,000,000	7.17%	56,729	August 2016	24,529,741	24,870,114
July 2012	19,768,365	7.17%	39,521	August 2016	17,027,849	17,264,976
July 2012	27,960,333	7.17%	55,899	August 2016	24,745,575	25,080,968
July 2012	5,000,000	6.15%	13,145	August 2016	4,447,240	4,526,111
March 2013	5,918,171	5.80%	15,915	August 2016	5,344,415	5,438,091
					302,519,899	306,739,068
Less: Current portion					(8,889,621)	(8,629,108)
Long-term debt with GERE					293,630,278	$ 298,109,960
Long-term debt with MetLife	47,500,000	4.35%		April 2022	47,500,000	-
Less: direct issuance cost					(912,319)	-
Net long-term debt with MetLife					46,587,681	-
Total long-term debt					$ 340,217,959	$ 298,109,960

* These notes payable have bi-annual amortization.

On March 9, 2015 the Entity entered into a secured loan with MetLife. The gross proceeds of this loan were $47,500,000. This loan accrues interest at an annual rate equivalent 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 has monthly interest only payments for 42 months and thereafter monthly amortizations of principal and interest until it matures on April 1, 2022. The loan is secure by 9 of the Company's investment properties.

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:

As of June 2017	$ 293,630,278
As of June 2018	-
As of June 2019	317,797
As of June 2020	766,102
Thereafter	46,416,101
Les: direct issuance cost	(912,319)
Total long-term debt	$ 340,217,959

10. Capital stock

10.1 Capital stock as of June 30, 2015 and December 31, 2014 is as follows:

	2015		2014	
	Number of shares	**Amount**	**Number of shares**	**Amount**
Fixed capital				
Series A	5,000	$ 3,696	5,000	$ 3,696
Variable capital				
Series B	631,134,923	455,738,039	507,447,012	370,365,016
Total	631,139,923	$ 455,741,735	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. As of June 30, 2015, there were a total of 586,200 shares in treasury which were repurchased during the six months ended June 30, 2015.

10.2 Fully paid ordinary shares

	Number of shares	Amount	Additional paid-in capital
Balance as of December 31, 2014	507,452,012	$ 370,368,712	$ 211,869,157
Capital stock issuance of January 28, 2015	124,274,111	85,749,137	144,250,863
Direct equity issuance costs			(8,486,351)
Income taxes related to direct equity issuance costs	-	-	2,545,905
Repurchase of shares	(586,200)	(376,114)	(622,519)
Balance as of June 30, 2015	631,139,923	$ 455,741,735	$ 349,557,056

10.3 Dividend payments

Pursuant to a resolution of the general ordinary stockholders meeting on March 25, 2015, the Entity declared a dividend of approximately $0.035 per share, for a total dividend of $22,321,140. The dividend was paid on April 30, 2015 in cash.

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.

11. Earnings per share

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

	Six months ended June 30, 2015		
	Earnings	Weighted-average number of shares	Dollars per share
Consolidated profit for the period	$ 15,987,309	613,711,931	$ 0.03

	Six months ended June 30, 2014		
	Earnings	Weighted-average number of shares	Dollars per share
Consolidated profit for the period	$ 25,809,984	507,452,012	$ 0.05

	Three months ended as of June 30, 2015		
	Earnings	Weighted-average number of shares	Dollars per share
Consolidated income for the period	$ 19,996,750	631,599,150	$ 0.03

	Three months ended June 30, 2014		
	Earnings	Weighted-average number of shares	Dollars per share
Profit for the year	$ 14,901,785	507,452,012	$ 0.03

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 generated rental income during the year:

	Six Months ended 30/06/2015	Six Months ended 30/06/2014	Three Months ended 30/06/2015	Three Months ended 30/06/2014
Real estate tax	$ 503,298	$ 455,316	$ 251,044	$ 226,470
Insurance	166,485	160,346	81,090	87,312
Maintenance	204,789	198,102	119,217	101,615
Other property related expenses	414,418	552,936	219,235	320,049
	$ 1,288,990	$ 1,366,700	$ 670,586	$ 735,446

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

	Six Months ended 30/06/2015	Six Months ended 30/06/2014	Three Months ended 30/06/2015	Three Months ended 30/06/2014
Real estate tax	$ 170,876	$ 112,318	$ 83,683	$ 56,289
Insurance	24,722	15,673	12,785	8,658
Maintenance	31,049	12,051	21,648	5,992
Other property related expenses	238,546	220,675	114,835	81,750
	465,193	360,717	232,951	152,689
Total	$ 1,754,183	$ 1,727,417	$ 903,537	$ 888,135

12.2. Administration expenses consist of the following:

	Six Months ended 30/06/2015	Six Months ended 30/06/2014	Three Months ended 30/06/2015	Three Months ended 30/06/2014
Employee direct benefits and office expenses	$ 3,513,045	$ 3,344,430	$ 1,467,553	$ 1,966,445
Audit and legal expenses	480,000	298,037	183,066	181,431
Investment property valuation related expenses	159,831	140,912	81,659	71,079
Equity trading related expenses	73,736	131,419	28,916	77,495
Marketing expenses	15,271	17,827	13,699	10,230
Other	1,576	1,071	605	-
	$ 4,243,459	$ 3,933,696	$ 1,775,498	$ 2,306,680

13. Income taxes

The ISR rate was 30% in 2015 and 2014 and as a result of the new 2014 ISR law (2014Tax Law), the rate will continue at 30% in 2014 and thereafter.

The effective ISR rates are 64% and 24% for the six months ended June 30, 2015 and 2014, respectively and

56% and 32% three months ended June 30, 2015 and 2014, respectively. The difference between the statutory rate and the effective rate is due to inflation effects, the effect of exchange rates on the tax basis of investment properties and tax losses as well as other permanent differences.

13.1 Income taxes are as follows:

	Six months ended 30/06/2015	Six months ended 30/06/2014	Three months ended 30/06/2015	Three months ended 30/06/2014
ISR expense (benefit):				
Current	$ 3,126,063	$ 3,642,740	$ (131,293)	$ 1,596,239
Deferred	24,977,490	4,403,797	24,194,712	5,527,851
Total income taxes	$ 28,103,553	$ 8,046,537	$ 24,063,419	$ 7,124,090

13.2 The main items originating the deferred ISR liability are:

	30/06/2015	31/12/2014
Deferred ISR liability:		
Investment property	(146,600,339)	(124,338,843)
Effects of tax loss carry forwards	11,496,740	7,670,338
Other Provisions and prepaid expenses	908,388	1,027,385
Deferred income taxes – Net	$ (134,195,211)	$ (115,641,120)

13.3 A reconciliation of the changes in the deferred tax liability balance is presented as follows:

	30/06/2015	31/12/2014
Deferred tax liability at the beginning of the period	$ (115,641,120)	$ (91,518,603)
– Movement included in profit or loss	(24,977,490)	1,124,051
– Movement included in equity	6,423,399	-
Deferred tax liability at the end of the year	$ (134,195,211)	$ (90,394,552)

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 June 30, 2015 and expiration dates are:

Year of Expiration	Tax Loss Carryforwards
2020	$ 1,375,023
2022	223,578
2023	10,248,256
2024	11,688,235
2025	14,787,375
	$ 38,322,467

14. Share-based payments

14.1 Employee share option plan of the Entity

Details of the employee share option plan of the Entity

For the 2015 Long-term Incentive Plan, as approved by the Board of Directors, the Entity will use a Relative Total Return methodology to calculate the total number of shares to be granted for each of the six years of this plan. There are 15 officers, top and middle management, eligible for the plan. The number of shares ranges from zero to 1,738,037 shares, at the expected performance, to a maximum of 2,607,055 shares, if the Entity is the top performer. The total potential shares to be awarded over the Vesta 20-20 Plan as approved by the shareholders meeting are 10,428,222 shares. The shares to be used to settle this plan were issued by the Entity during January 2015. The number of shares to be grated during each of the six years will be contributed to a trust and deliver 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.

For the 2014 Long-term Incentive Plan, the Entity has a restricted stock scheme for 12 top executives of the Entity. In accordance with the terms of the plan, as approved by the board of directors based on certain performance metrics the Entity granted these executives a long-term incentive plan that will be settled by buying in the market the Entity's own shares. Under this plan, eligible executives will receive compensation, based on their performance during 2014, and settled in shares and delivered over a three-year period. For this plan shares were placed in a trust, and will be delivered to the executives 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 share-based payments expense for the six months ended June 30, 2015 related to the awards granted was $167,532 for the 2015 plan, and 323,764 for the 2014 plan. Cumulative compensation expense in respect of these plans as of the end of the 2 quarter is $491,296. Compensation expense related to these plans will continue to be accrued through the end of the plans.

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.

15. 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 43 and 37 years, respectively.

16. Unaudited condensed consolidated interim financial statements issuance authorization

On July 22, 2015 the issuance of the accompanying unaudited condensed consolidated interim financial statements was authorized by Mr. Juan Sottil, the Entity's Chief Financial Officer and consequently do not reflect events after this date.

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