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

Condensed Consolidated Interim Statements of Financial Position

As of September 30, 2016 and December 31, 2015
(In US dollars)

Assets	Notes	30/09/2016 (Unaudited)	31/12/2015
Current assets:			
Cash and cash equivalents	4	$ 59,364,340	$ 27,745,055
Financial assets held for trading	5	32,831,839	203,563,025
Recoverable taxes	6	24,705,332	20,822,580
Operating lease receivables	7	4,683,450	4,148,109
Prepaid expenses		863,184	505,450
Guarantee deposits made		-	2,750,579
Total current assets		122,448,145	259,534,798
Non-current assets:			
Investment property	8	1,364,340,448	1,214,930,005
Office furniture – Net		1,620,326	1,842,468
Guarantee deposits made		2,842,274	1,210,131
Total non-current assets		1,368,803,048	1,217,982,604
Total assets		$ 1,491,251,193	$ 1,477,517,402

Liabilities and stockholders' equity	Notes	30/09/2016 (Unaudited)	31/12/2015
Current liabilities:			
Current portion of long-term debt	9	$ -	$ 298,069,960
Accrued interest		1,500,548	3,202,040
Accounts payable		1,190,088	1,409,555
Taxes payable, mainly income taxes		152,773	314,896
Accrued expenses		1,502,524	1,698,410
Total current liabilities		4,345,933	304,694,861
Non-current liabilities:			
Long-term debt	9	340,730,956	46,689,049
Guarantee deposits received		8,397,652	7,205,978
Deferred income taxes	13.2	177,014,417	144,140,530
Total non-current liabilities		526,143,025	198,035,557
Total liabilities		530,488,958	502,730,418
Litigation and other contingencies	15		
Stockholders' equity:			
Capital stock	10	455,741,735	455,741,735
Additional paid-in capital		349,557,056	349,557,056
Retained earnings		181,383,194	185,494,148
Share-based payments reserve		2,099,002	1,391,080
Foreign currency translation		(28,018,752)	(17,397,035)
Total stockholders' equity		960,762,235	974,786,984
Total liabilities and stockholders' equity		$ 1,491,251,193	$ 1,477,517,402

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 (Loss)

For the nine and three months ended September 30, 2016 and 2015
(In US dollars)

	Note	Nine months ended 30/09/2016	Nine months ended 30/09/2015	Three months ended 30/09/2016	Three months ended 30/09/2015
Revenues:					
Rental income		$ 65,963,038	$ 57,772,426	$ 22,854,930	$ 19,968,148
Property operating costs:					
Related to properties that generated rental income	12.1.1	(2,208,528)	(1,919,221)	(873,792)	(633,214)
Related to properties that did not generate rental income	12.1.2	(730,040)	(695,905)	(223,180)	(229,315)
Gross profit		63,024,470	55,157,300	21,757,958	19,105,619
Administration expenses	12.2	(8,107,143)	(7,916,697)	(2,849,493)	(3,101,422)
Depreciation		(212,587)	(86,148)	(71,246)	(30,379)
Other Income and Expenses:					
Interest income		3,305,812	4,692,011	544,384	1,525,733
Other income – net		513,993	454,519	26,379	157,450
Transaction costs on debt issuance		(713,694)	-	(227,135)	-
Interest expense		(15,827,305)	(17,451,058)	(4,106,570)	(6,057,012)
Exchange loss		(21,221,258)	(35,418,357)	(2,899,230)	(17,778,564)
Gain on revaluation of investment property	8	42,793,800	42,536,715	17,934,357	4,829,724
Total other income (expenses)		8,851,348	(5,186,170)	11,272,185	(17,322,669)
Profit (loss) before income taxes		63,556,088	41,968,285	30,109,404	(1,348,851)
Income tax expense	13.1	(38,841,352)	(42,929,246)	(12,610,928)	(14,825,693)
Profit (loss) for the period		24,714,736	(960,961)	17,498,476	(16,174,544)
Other comprehensive loss: items that may be reclassified subsequently to profit or loss:					
- Exchange differences on translating other functional currency operations		(10,621,717)	(24,164,116)	(953,865)	(12,204,483)
Total comprehensive income (loss) for the period		$ 14,093,019	$ (25,125,077)	$ 16,544,611	$ (28,379,027)
Basic earnings (loss) per share	11	$ 0.03916	$ (0.00157)	$ 0.02773	$ (0.02563)
Diluted earnings (loss) per share		$ 0.03913	$ (0.00157)	$ 0.02769	$ (0.02563)

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 nine and three months ended September 30, 2016 and 2015
(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, 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	-	-	-	1,006,805	-	1,006,805
Dividends declared	-	-	(22,321,140)	-	-	(22,321,140)
Repurchase of shares	(376,114)	(622,519)		-	-	(998,633)
Comprehensive income	-	-	(960,961)	-	(24,164,116)	(25,125,077)
Balances as of September 30, 2015	$ 455,741,735	$ 349,557,056	$ 188,358,359	$ 1,330,569	$ (20,630,345)	$ 974,357,374
Balances as of January 1, 2016	455,741,735	349,557,056	185,494,148	1,391,080	(17,397,035)	974,786,984
Share-based payments	-	-	-	707,922	-	707,922
Dividends declared	-	-	(28,825,690)	-	-	(28,825,690)
Comprehensive income	-	-	24,714,736	-	(10,621,717)	14,093,019
Balances as of September 30, 2016	$ 455,741,735	$ 349,557,056	$ 181,383,194	$ 2,099,002	$ (28,018,752)	$ 960,762,235

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 nine months ended September 30, 2016 and 2015
(In US dollars)

	Nine months ended 30/09/2016	Nine months ended 30/09/2015
Cash flows from operating activities:		
Profit before income taxes	$ 63,556,088	$ 41,968,285
Adjustments:		
Depreciation	212,587	86,148
Gain on revaluation of investment property	(42,793,800)	(42,536,715)
Effect of foreign exchange rates	21,221,258	35,418,357
Interest income	(3,305,812)	(4,692,011)
Interest expense	15,827,305	17,451,058
Expense recognized in respect of share-based payments	707,922	1,006,805
Working capital adjustments:		
(Increase) decrease in:		
Operating lease receivables – Net	(535,341)	4,247,488
Recoverable taxes	29,290,117	(15,950,225)
Prepaid expenses	(357,734)	(76,955)
Increase (decrease) in:		
Accounts payable	(1,227,149)	(172,267)
Guarantee deposits received	1,191,674	1,311,638
Accrued expenses	(38,871,760)	277,788
Income taxes paid	(617,028)	(1,460,798)
Net cash generated by operating activities	44,298,327	36,878,596
Cash flows from investing activities:		
Purchases of investment property	(121,044,066)	(93,012,948)
Acquisition of office furniture	-	(250,899)
Financial assets held for trading	149,509,928	(148,810,889)
Interest received	3,305,812	4,692,011
Net cash generated by (used in) investing activities	31,771,674	(237,382,725)
Cash flows from financing activities:		
Borrowings	300,000,000	46,553,891
Proceeds from equity issuance	-	224,059,555
Guarantee deposits made	(666,962)	(371,246)
Guarantee deposits collected	2,750,579	-
Interest paid	(17,528,797)	(18,079,874)
Repayments of borrowings	(298,069,960)	(6,583,250)
Dividends paid	(28,825,690)	(22,321,140)
Repurchase of treasury shares	-	(998,633)
Direct debt issuance costs paid	(5,958,093)	-
Net cash (used in) generated by financing activities	(48,298,923)	222,259,303
Effects of exchange rates changes on cash	4,813,388	(520,864)
Net increase in cash, restricted cash and cash equivalents	32,584,466	21,234,310
Cash, restricted cash and cash equivalents at the beginning of period	27,745,055	10,674,770
Cash, restricted cash and cash equivalents at the end of period	$ 60,329,521	$ 31,909,080

See accompanying notes to condensed consolidated interim 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 Paseo de los Tamaridos 90, 28th 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.

As of December 31, 2015, the Entity's current liabilities exceeded its current assets by $45,160,063, as a result of reclassification of its debt held with Blackstone (see Note 9) to current liabilities which matured on August 1, 2016. On July 22, 2016, the Entity successfully entered into a new five-year credit agreement with various financial institutions for an aggregated amount of $150,000,000, the proceeds of this loan were received on the same date. This credit agreement also includes a revolving credit facility up to $100,000,000 which as of September 30, 2016 has not been utilized. On July 27, 2016, the Entity entered into a 10 year loan agreement with Metropolitan Life Insurance Company for a total amount of $150,000,000. The proceeds of both of the aforementioned credit facilities were used to settle the Entity's debt with Blackstone.

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 September 30, 2016 and for the nine and three months ended September 30, 2016 and 2015 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, 2015.

The accounting policies and methods of computation are consistent with the audited condensed consolidated interim financial statements for the year ended December 31, 2015, 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.

Subsidiary/entity	Ownership percentage 30/09/2016	31/12/2015	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
Servicio de Administración y Mantenimiento Vesta 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 Instruments[2]
IFRS 15	Revenue from Contracts with Customers[2]
IFRS 16	Leases[3]
Amendments to IAS 1	Disclosure Initiative[1]
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
3.Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

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:

	30/09/2016 (Unaudited)	31/12/2015
Cash and bank balances	$ 58,299,324	$ 21,632,285
Restricted cash	1,065,016	6,112,770
	59,364,340	27,745,055
Non-current restricted cash	965,181	697,310
	$ 60,329,521	$ 28,442,365

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. These restrictions are classified according to their restriction period: less than 12 months and over one year, considering the period of time in which such restrictions are fulfilled. Non-current restricted cash was classified within guarantee deposits made in the accompanying consolidated statements of financial positon.

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

	30/09/2016 (Unaudited)	31/12/2015
Recoverable value-added tax ("VAT")	$ 9,980,406	$ 9,216,603
Recoverable income taxes	14,683,264	11,541,336
Other receivables	41,662	64,641
	$ 24,705,332	$ 20,822,580

7. Operating lease receivables

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

	30/09/2016 (Unaudited)	31/12/2015
0-30 days	$ 2,680,256	$ 2,955,085
30-60 days	1,158,175	424,763
60-90 days	284,951	332,338
Over 90 days	560,068	435,923
Total	$ 4,683,450	$ 4,148,109

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, 57% and 71% of all operating lease receivables are current as of September 30, 2016 and December 31, 2015, 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 25% and 10% of all operating lease receivables as of September 30, 2016 and December 31, 2015, respectively. Operating lease receivables outstanding for more than 60 and less than 90 days represent 6% and 8% of all operating lease receivable as of September 30, 2016 and December 31, 2015. Accounts receivable outstanding greater than 90 days represent 12% and 11% as of September 30, 2016 and December 31, 2015, 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. However, during the three months ended September 30, 2016 accounts receivable for $132,315 were written off.

7.3 Client concentration risk

As of September 30, 2016 and December 31, 2015, one of the Entity's clients accounts for 16% or $664,806 and 20% or $830,135, respectively, of the operating lease receivables balance. The same client accounted for 9% and 17% of the total rental income of Entity for the nine months period ended September 30, 2016 and December 31, 2015, respectively. As of September 30, 2016 and December 31, 2015, two of the entity's clients accounted for 12% and 18% of the operating lease receivable balance; however, neither of these clients accounted for more than 10% of the total rental income of the Entity for the nine months ended September 30, 2016 and 2015.

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:

	30/09/2016 (Unaudited)
Not later than 1 year	$ 102,385,107
Later than 1 year and not later than 3 years	178,421,048
Later than 3 year and not later than 5 years	186,745,203
Later than 5 years	167,146,537
	$ 634,697,895

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	9.50%	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: 3.2% U.S.: 2.2%	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	18.35 Mexican pesos per $1	The higher the exchange rate the lower the fair value
Land reserves	Level 3	Market value	Price per acre	Weighted average price per acre $94,379	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:

	30/09/2016 (Unaudited)	31/12/2015
Buildings and land	$ 1,384,493,983	$ 1,198,208,983
Advances for acquisition of land reserves	299,038	2,770,159
Land reserves	61,677,000	58,602,000
	1,446,470,021	1,259,581,142
Less: Cost to complete construction in-progress	(82,129,573)	(44,651,137)
Balance at end of year	$ 1,364,340,448	$ 1,214,930,005

The reconciliation of investment property is as follows:

	30/09/2016 (Unaudited)	31/12/2015
Balance at beginning of year	$ 1,214,930,005	$ 1,101,352,822
Additions	122,051,748	103,125,702
Foreign currency translation effect	(15,435,105)	(20,992,577)
Gain on revaluation of investment property	42,793,800	31,444,058
Balance at end of year	$ 1,364,041,448	$ 1,214,930,005

A total of $1,007,682 additions to investment property related an advance for the construction of a new building which was acquired from a third party, were not paid as of September 30, 2016. A total of $14,049,930 additions to investment property related to a land reserves that were acquired during 2014 were paid during the year ended December 31, 2015.

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 42 year as of September 30, 2016.

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 42 years as of September 30, 2016). 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 September, 2016 and December 31, 2015, the Entity’s investment properties have a gross leasable area (unaudited) of 20,923,337 square feet (or 1,943,842 square meters) and 20,052,909 square feet (or 1,862,981 square meters), respectively and they were 89.53 % and 86.7% occupied by tenants, respectively. As of September 30, 2016 and December 31, 2015, investment properties with a gross leasable area of 2,923,820 square feet (or 271,632 square meters) and 1,272,670 square feet (or 118,235 square meters), respectively, were under construction, representing an additional 13.97 % and 14.31% 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

On July 22, 2016, the Entity entered into a new five-year credit agreement with various financial institutions for an aggregated amount of $150,000,000; the proceeds were received on the same date (the "Syndicated Loan"). The Syndicated Loan also includes a revolving credit facility up to $100,000,000 which as of September 30, 2016 has not been utilized. On July 27, 2016, the Entity entered into a 10-year loan agreement with Metropolitan Life Insurance Company (the "MetLife" loan) for a total amount of $150,000,000. The proceeds of both of the aforementioned credit facilities were used to settle the Entity's debt with Blackstone which matured on August 1, 2016. The long-term debt is comprised by the following notes:

Issue date	Original amount	Annual interest rate	Monthly amortization	Maturity	30/09/2016	31/12/2015
July 22, 2016	$ 150,000,000	Variable rate plus a margin (1)	(1)	July 2021	$ 150,000,000	-
July 27, 2016	150,000,000	4.55%	(2)	August 1, 2026	$ 150,000,000	-
April 2015	47,500,000	4.35%	(3)	April 2022	47,500,000	$ 47,500,000
September 2003	7,637,927	7.17%	$ 12,656	August 2016	-	4,990,210
April 2005	2,000,000	7.17%	3,539	August 2016	-	1,393,073
August 2005	6,300,000	7.17%	11,259	August 2016	-	4,437,481
August 2005	14,500,000	7.17%	26,039	August 2016	-	10,247,179
November 2005	32,000,000	7.17%	295,608*	August 2016	-	21,237,473
March 2006	15,000,000	7.17%	27,322	August 2016	-	7,767,320
July 2006	50,000,000	7.17%	107,796	August 2016	-	47,256,946
July 2006	12,000,000	7.17%	25,871	August 2016	-	10,609,960
September 2006	10,800,000	7.17%	21,511	August 2016	-	8,961,734
October 2006	8,300,000	7.17%	16,532	August 2016	-	6,887,259
November 2006	12,200,000	7.17%	19,106	August 2016	-	8,006,030
November 2006	28,091,497	7.17%	27,212	August 2016	-	11,343,196
May 2007	6,540,004	7.17%	13,137	August 2016	-	5,475,496
September 2007	8,204,039	7.17%	16,563	August 2016	-	6,905,008
April 2008	32,811,066	6.47%	84,504	August 2016	-	28,271,033
April 2008	867,704	6.47%	4,928	August 2016	-	1,437,785
April 2008 *	7,339,899	6.62%	195,930*	August 2016	-	11,718,557
August 2008	3,372,467	6.47%	13,659	August 2016	-	4,570,012
August 2008	6,286,453	6.47%	16,234	August 2016	-	5,431,327
April 2009	19,912,680	7.17%	39,292	August 2016	-	16,167,177
December 2009	30,000,000	7.17%	61,175	August 2016	-	24,171,582
July 2012	19,768,365	7.17%	42,619	August 2016	-	16,778,331
July 2012	27,960,333	7.17%	60,280	August 2016	-	24,392,657
July 2012	5,000,000	6.15%	13,977	August 2016	-	4,364,210
March 2013	5,918,171	5.80%	16,877	August 2016	-	5,248,924
					347,500,000	298,069,960
Less: Current portion					-	(298,069,960)
Less: direct issuance cost					(6,769,044)	(810,951)
Total long-term debt					$ 340,730,956	$ 46,689,049

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(1) For the Syndicated Loan, interest is paid on a quarterly basis and calculated using LIBOR, (London interbank offered rate) plus an applicable margin. The applicable margin varies depending on the Entity's leverage ratio (higher or lower than 40%) and the number of months that the Syndicated Loan has been outstanding. Currently the applicable margin is 200 b.p.; if leverage ratio is higher than 40% the margin would increase to 225 b.p. Principal amortization will commence on July 22, 2019; thereafter the Syndicated Loan will have quarterly principal payments equal to 1.25% of the loan amount.

(2) Interest on this loan is paid on a monthly basis. Principal amortization will commence on September 1, 2023.This loan is guaranteed with 48 of the Entity's properties.

(3) This loan accrues interest at 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.

(4) These notes payable had 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 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 secured by 6 of the Entity'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 agreements with MetLife. Additionally, without the written consent of its creditors, 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.

These credit agreements require 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 these covenants under the Blackstone credit agreement as of September 30, 2016.

The credit agreements also entitles MetLife to withhold certain amounts deposited by the Entity in a separate fund as guarantee deposits for the debt service and tenants guarantee deposits of the Entity's investment properties pledged as collateral. 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 September 2019	$ 691,014
As of September 2020	783,294
As of September 2021	824,291
As of September 2022	45,201,401
As of September 2023	176,782
As of September 2024	2,291,992
As of September 2025	2,419,250
Thereafter	295,111,976
Les: direct issuance cost	(6,769,044)
Total long-term debt	$ 340,730,956

10. Capital stock

10.1 Capital stock as of September 30, 2016 and December 31, 2015 is as follows:

	Number of shares	Amount
Fixed capital		
Series A	5,000	$ 3,696
Variable capital		
Series B	631,134,923	455,738,039
Total	631,139,923	$ 455,741,735

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 September 30, 2016, there were a total of 586,200 shares in treasury which were repurchased during the year ended December 31, 2015.

10.2 Fully Paid ordinary shares

	Number of shares	Amount	Additional paid-in capital
Balance as of September 30, 2016 and December 31, 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 April 4, 2016, the Entity declared a dividend of approximately $0.046 per share, for a total dividend of $28,825,690. The dividend was paid on April 19, 2016 in cash.

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.

11. Earnings per share

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

	Nine Months ended September 30, 2016		
	Earnings	Weighted-average number of shares	Dollars per share
Basic earnings per share	$ 24,714,736	631,139,923	$ 0.03916
Diluted earnings per share	$ 24,714,736	631,635,659	$ 0.03913

	Nine Months ended September 30, 2015		
	Loss	Weighted-average number of shares	Dollars per share
Basic and diluted loss for the period	$ (960,961)	613,711,931	$ (0.002)

	Three months ended as of September 30, 2016		
	Earning	Weighted-average number of shares	Dollars per share
Basic earnings for the period	$ 17,498,476	631,139,923	$ 0.02773
Diluted earnings for the period	$ 17,498,476	631,844,726	$ 0.02769

	Three months ended September 30, 2015		
	Loss	Weighted-average number of shares	Dollars per share
Basic and diluted loss for the period	$ (16,174,544)	631,139,923	$ (0.02563)

Basic and diluted loss per share for the periods ended September 30, 2015 are the same as the loss for such periods results in the potential ordinary share instruments being antidilutive.

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:

	Nine Months ended 30/09/2016	Nine Months ended 30/09/2015	Three Months ended 30/09/2016	Three Months ended 30/09/2015
Real estate tax	$ 689,290	$ 734,874	$ 273,141	$ 233,256
Insurance	228,515	246,305	79,025	80,174
Maintenance	527,519	301,064	214,256	96,498
Other property related expenses	763,204	636,978	343,370	223,286
	$ 2,208,528	$ 1,919,221	$ 873,792	$ 633,214

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

	Nine Months ended 30/09/2016	Nine Months ended 30/09/2015	Three Months ended 30/09/2016	Three Months ended 30/09/2015
Real estate tax	$ 223,510	$ 249,520	$ 56,567	$ 78,644
Insurance	42,548	35,252	11,988	10,530
Maintenance	85,437	50,343	22,813	19,294
Other property related expenses	378,545	360,790	131,812	120,847
	730,040	695,905	223,180	229,315
Total	$ 2,938,568	$ 2,615,126	$ 1,096,972	$ 862,529

12.2. Administration expenses consist of the following:

	Nine Months ended 30/09/2016	Nine Months ended 30/09/2015	Three Months ended 30/09/2016	Three Months ended 30/09/2015
Employee direct benefits	$ 4,452,123	$ 4,117,034	$ 1,588,476	$ 1,375,386
Audit and legal expenses	971,468	687,716	347,710	202,550
Investment property valuation related expenses	251,330	296,200	93,231	133,515
Equity trading related expenses	140,433	125,129	47,218	50,673
Marketing expenses	781,581	819,503	285,572	244,689
Other	902,146	864,310	323,534	255,336
Subtotal	7,499,081	6,909,892	2,685,741	2,262,149
Long-term incentive – Note 14.3	608,062	1,006,805	163,752	839,273
	$ 8,107,143	$ 7,916,697	$ 2,849,493	$ 3,101,422

13. Income taxes

The Entity is subject to ISR. The rate of current income was 30%.

13.1 Income taxes are as follows:

	Nine Months ended 30/09/2016	Nine Months ended 30/09/2015	Three months Ended 30/09/2016	Three months ended 30/09/2015
ISR expense (benefit):				
Current	$ 2,145,615	$ 2,211,346	$ 159,174	$ (914,717)
Expired ISR credit on dividends	640,039	-	207,911	-
Deferred	36,055,698	40,717,900	12,243,843	15,740,410
Total income taxes	$ 38,841,352	$ 42,929,246	$ 12,610,928	$ 14,825,693

13.2 The main items originating the deferred ISR liability are:

	30/09/2016	31/12/2015
Deferred ISR liability:		
Investment property	(194,461,021)	(160,640,067)
Effects of tax loss carry forwards	18,686,039	15,635,979
Other provisions and prepaid expenses	(1,239,435)	863,558
Deferred income taxes – Net	$ (177,014,417)	$ (144,140,530)

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

	30/09/2016	31/12/2015
Deferred tax liability at the beginning of the period	$ (144,140,530)	$ (115,641,120)
– Movement included in profit or loss	(36,055,698)	(35,363,577)
– Movement included in equity	3,181,811	2,545,905
– Movement included in other comprehensive income	-	4,318,262
Deferred tax liability at the end of the year	$ (177,014,417)	$ (144,140,530)

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 September 30, 2016 and expiration dates are:

Year of Expiration	Tax Loss Carryforwards
2023	$ 7,523,132
2024	8,000,239
2025	25,719,987
2026	21,043,440
	$ 62,286,798

14. Share-based payments

14.1 Details of the share-based plan of the Entity

The Entity has granted shares to its executives and employees under two different plans as follows:

i. Under the Vesta 20-20 Long-term Incentive Plan (the Vesta 20-20 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, whereby the number of shares granted in each year over six years will be based on the total return performance of the Entity's shares compared to other publicly traded entities in each year. The shares will vest over the three years following the date of grant. Fifteen officers, from both top and middle management, are eligible for the plan.

   The total number of shares to be granted in each of the six years ranges from zero to 1,738,037 shares, at the expected performance level, to a maximum of 2,607,055 shares, if the Entity's shares perform at peak performance, with a total maximum number of shares to be granted during the six year period of 10,428,222 shares. The shares to be used to settle this plan were issued by the Entity during January 2015; no awards will be paid in cash.

   The shares to be granted in each of the six years will be contributed to a trust and delivered in three equal settlement dates to the executives after 24, 36 and 48 months from the grant date, provided that the eligible executives remain in the employment of the Entity.

ii. Under the 2014 Long-term Incentive Plan (the 2014 Incentive Plan), the Entity has a share-based plan 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 executed a long-term incentive plan that will be settled by the Entity with its own shares which have been repurchased in the market. Under this plan, eligible executives will receive compensation, based on their performance during 2014, settled in shares and delivered over a three-year period. For this plan shares are kept in treasury and maybe be placed in a trust; they will be delivered to the executives in three equal settlement dates to the executives after 24, 36 and 48 months from the grant date, provided that the eligible executives remain in the employment of the Entity.

14.2 Fair value of share options granted in the year

i. Vesta 20-20 Incentive plan - Based on the performance of the Entity's shares for the year ended December 31, 2015, there were no shares granted during the year under this plan. The related expense was calculated as the grant date fair value of the awards as determined using a Monte Carlo model which took into consideration the probability of the performance of the Entity's shares during the year. As this performance is considered a market vesting condition in accordance with IFRS 2, *Share-based Payments*, the compensation expense, as determined on grant date, is not revised even if no awards are ultimately granted. Therefore this expense has no effect in the cash position of the Entity nor does it dilute its shareholders.

ii. 2014 Incentive Plan - The fair value of the share awards granted under the 2014 Plan, was determined based on a fixed amount of cash determined as per the Entity's plan. It is assumed that executives will receive the awards after vesting date. The expense under this plan affects the cash position of the Entity.

14.3 Compensation expense recognized

The long-term incentive expense for the nine months ended September 30, 2016 and 2015 was as follows:

	Nine Months ended 30/09/2016	Nine Months ended 30/09/2015	Three Months ended 30/09/2016	Three Months ended 30/09/2015
Vesta 20-20 Incentive Plan	$ 613,846	$ 782,066	$ 165,680	$ 651,931
2014 Incentive Plan	(5,784)	224,739	(1,928)	187,342
Total long-term incentive expense	$ 608,062	$ 1,006,805	$ 163,752	$ 839,273

Compensation expense related to these plans will continue to be accrued through the end of the service period.

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 October 26, 2016 the issuance of the accompanying unaudited condensed consolidated interim financial statements was authorized by the Entity's Board of Directors and consequently do not reflect events after this date.

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