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

Condensed Consolidated Interim Statements of Financial Position

As of June 30, 2014 and December 31, 2013
(In US dollars)

Assets	Note	30/06/2014 (Unaudited)	31/12/2013
Current assets:			
Cash and cash equivalents	4	$ 11,365,090	$ 8,297,797
Financial assets held for trading	5	165,466,652	233,052,020
Recoverable taxes	6	19,355,220	16,546,275
Operating lease receivables – Net	7	6,813,374	6,706,759
Prepaid expenses		1,047,767	323,987
Total current assets		204,048,103	264,926,838
Non-current assets:			
Investment property	8	1,008,983,872	951,884,585
Office furniture – Net		455,875	344,540
Guarantee deposits made		2,686,425	2,967,835
Total non-current assets		1,012,126,172	955,196,960
Total assets		$ 1,216,174,275	$ 1,220,123,798
Liabilities and stockholders' equity			
Current liabilities:			
Current portion of long-term debt	9	$ 8,396,282	$ 8,222,341
Accrued interest		3,040,470	3,170,268
Accounts payable		70,821	9,484,863
Income tax payable		94,349	1,145,743
Accrued expenses		1,610,754	1,668,000
Total current liabilities		13,212,676	23,691,215
Non-current liabilities:			
Long-term debt	9	302,519,899	309,805,405
Guarantee deposits received		5,847,810	5,523,169
Deferred income taxes	13	95,922,401	91,518,603
Total non-current liabilities		404,290,110	406,847,177
Total liabilities		417,502,786	430,538,392
Litigation and other contingencies	14		
Stockholders' equity:			
Capital stock	10	370,368,712	370,368,712
Additional paid-in capital		211,869,157	211,869,157
Retained earnings		213,228,447	204,265,028
Foreign currency translation		3,205,173	3,082,509
Total stockholders' equity		798,671,489	789,585,406
Total liabilities and stockholders' equity		$ 1,216,174,275	$ 1,220,123,798

See accompanying notes to unaudited condensed consolidated interim financial statements.

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

Unaudited Condensed Consolidated Interim Statements of Profit and Other Comprehensive Income

For the six and three months ended June 30, 2014 and 2013
(In US dollars)

	Note	Six months ended 30/06/2014	Six months ended 30/06/2013	Three months ended 30/06/2014	Three months ended 30/06/2013
Revenues:					
Rental income		$ 33,235,732	$ 28,015,663	$ 16,845,163	$ 14,453,529
Property operating cost		-	-	-	-
Related to properties that generated rental income	12.1	(1,366,700)	(1,299,706)	(735,446)	(631,344)
Related to properties that did not generate rental income	12.1	(360,717)	(341,395)	(152,689)	(174,977)
Gross profit		31,508,315	26,374,562	15,957,028	13,647,208
Administration expenses	12.2	(3,933,696)	(2,494,910)	(2,306,680)	(1,119,062)
Depreciation		(17,150)	(35,345)	(9,767)	(18,254)
Other Income and Expenses:					
Interest income		3,682,820	2,525,466	1,500,286	1,022,083
Other (loss) income – net		(378,246)	6,690	33,850	5,246
Interest expense		(11,052,705)	(11,881,464)	(5,524,386)	(5,989,454)
Exchange loss		(103,850)	(1,751,487)	(610,081)	(10,634,021)
Gain on revaluation of investment property	8	14,151,033	25,945,034	13,045,624	3,479,627
Total other (expenses) income		6,299,052	14,844,239	8,445,294	(12,116,519)
Profit before income taxes		33,856,521	38,688,546	22,085,875	393,373
Income tax expense	13.1	(8,046,537)	(9,527,977)	(7,124,090)	(8,665,564)
Profit for the period		25,809,984	29,160,569	14,961,785	(8,272,191)
Other comprehensive loss: items that may be reclassified subsequently to profit or loss:		-	-	-	-
- Exchange differences on translating other functional currency operations		122,664	3,558,557	1,347,480	7,698,400
Total comprehensive income for the period		$ 25,932,648	$ 32,719,126	$ 16,309,265	(573,791)
Basic and diluted earnings per share		$ 0.05	$ 0.07	$ 0.04	$ (0.00)

See accompanying notes to unaudited 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, 2014 and 2013
(In US dollars)

	Capital Stock	Additional Paid-in Capital	Retained Earnings	Foreign Currency Translation	Total Stockholders' Equity
Balances as of January 1, 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
Unpaid equity issuance	(83,500,494)	(109,968,193)	-	-	(193,468,687)
Dividends declared	-	-	(10,468,173)	-	(10,468,173)
Comprehensive income	-	-	29,160,569	3,558,577	32,719,146
Balances as of June 30, 2013	$ 286,868,218	$ 101,900,964	$ 143,992,080	$ 6,717,881	$ 539,479,143
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

See accompanying notes to unaudited 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 31, 2014 and 2013
(In US dollars)

	Six months ended 30/06/2014	Six months ended 30/06/2013
Cash flows from operating activities:		
Profit before income taxes	$ 33,856,521	$ 38,688,546
Adjustments:		
Depreciation	17,150	35,345
Gain on revaluation of investment property	(14,151,033)	(25,945,034)
Effect of foreign exchange rates	432,875	6,197,197
Interest income	(3,682,820)	(2,525,466)
Interest expense	11,052,705	11,881,464
Working capital adjustments:		
(Increase) decrease in:		
Operating lease receivables – Net	(106,615)	(2,634,800)
Recoverable taxes	(2,808,945)	(6,599,237)
Prepaid expenses	(723,780)	(1,203,842)
Guarantee deposits made	281,410	25
Increase (decrease) in:		
Accounts payable	(223,343)	(613,454)
Guarantee deposits received	324,641	407,651
Accrued expenses	(57,246)	504,702
Income taxes paid	(4,694,134)	(2,679,523)
Net cash generated by operating activities	19,517,386	15,513,574
Cash flows from investing activities:		
Acquisition of investment property	(56,057,152)	(52,964,149)
Acquisition of office furniture	(128,485)	(51,324)
Financial assets held for trading	67,585,368	34,527,006
Proceeds on sale of investment property	3,918,200	-
Interest received	3,682,820	953,925
Net cash used in investing activities	19,000,751	(17,534,542)
Cash flows from financing activities:		
Repayments of borrowings	(7,111,565)	(5,530,569)
Interest paid	(11,182,503)	(12,049,505)
Dividends paid	(16,846,565)	(10,468,172)
Net cash used in financing activities	(35,140,633)	(28,048,246)
Effects of exchange rates changes on cash	(310,211)	(196,587)
Net increase in cash and cash equivalents	3,067,293	(30,265,801)
Cash and cash equivalents at the beginning of period	8,297,797	36,947,094
Cash and cash equivalents at the end of period	$ 11,365,090	$ 6,681,292

See accompanying notes to unaudited condensed consolidated interim financial statements.

Notes to Unaudited Condensed Consolidated Interim Financial Statements unaudited

For the six months ended June 30, 2014 and 2013
(In US dollars)

1. General information and significant events

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. The Entity does not have employees and receives all its administrative services from a related party.

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 *Basis of preparation*

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

2.2 *Interim financial condensed statements*

The accompanying condensed consolidated interim financial statements as of June 30, 2014 and for the three months ended June 30, 2014 and 2013 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 of the periods are not necessarily indicative of the results for the full year. These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements of the Entity and their respective notes for the year ended December 31, 2013.

The accounting policies and methods of computation are consistent with the audited consolidated financial statements for the year ended December 31, 2013, except for what it is mentioned in note 3.

2.3 ***Basis of consolidation***

The condensed consolidated interim financial statements include the financial statements of Vesta and entities (including special purpose entities) controlled by Vesta (its subsidiaries). The Entity has control over an entity when it is exposed, or has rights, to variable returns from its involvement with such entity and it has the ability to affect those returns through its power over the entity.

Subsidiary / entity	Ownership percentage 30/06/14	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. ("CIV Infraestructura")	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
Vesta DSP, S. de R. L. de C.V.	99.99%	99.99%	Holds investment properties

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

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

3.1. New and revised IFRSs affecting amounts reported and/or disclosures in the financial statements

Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities

The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. To qualify as an investment entity, a reporting entity is required to:

- Obtain funds from one or more investors for the purpose of providing them with professional investment management services.
- Commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both.
- Measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

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'.

3.2. New and revised IFRSs issued 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)
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and transition disclosures (1)

1. Effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.
2. Effective for annual periods beginning on or after 1 January 1, 2016, 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 amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9:

- 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. 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 profit or loss.

- With regard to the measurement of financial liabilities designated as at 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.

4. Cash and cash equivalents

For purposes of the unaudited condensed consolidated interim statements 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 unaudited condensed consolidated interim statements of cash flows can be reconciled to the related items in the unaudited condensed consolidated statements of financial position as follows:

	30/06/2014 (Unaudited)	31/12/2013
Cash and bank balances	$ 7,349,332	$ 3,766,015
Restricted cash	4,015,758	4,531,782
	$ 11,365,090	$ 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 it cash surplus. Such financial assets were acquired in active markets and are the principally comprised of investment funds with no maturity date and which mainly invest in AAA debt instruments, such as government bonds.

6. Recoverable taxes

	30/06/2014 (Unaudited)	31/12/2013
Recoverable value-added tax ("VAT")	$ 17,515,863	$ 14,899,233
Recoverable taxes other than VAT	1,819,357	1,647,042
	$ 19,335,220	$ 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:

	30/06/2014 (Unaudited)	31/12/2013
0-30 days	$ 6,626,345	$ 6,580,998
30-60 days	153,372	103,202
60-90 days	25,227	22,559
Over 90 days	8,430	-
Total	$ 6,813,374	$ 6,706,759

7.2 Client concentration risk

As of June 30, 2014, one of the Entity's tenants accounts for 90% or $6,101,795 of the total operating lease receivable balance. The same tenant accounted for $5,991,674 or 89% of the total balance of the operating lease receivables as of December 31, 2013, under the lease agreement entered with such tenant lease payments are invoiced every six months in arrears in June and December and they are payable in the first half of the following month after issuing the invoice.

7.3 Non-cancellable operating lease receivables

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

	30/06/2014
Not later than 1 year	$ 70,629,698
Later than 1 year and not later than 3 years	122,117,261
Later than 3 year and not later than 5 years	115,421,411
Later than 5 years	118,579,372
	$ 426,747,742

8. Investment property

The Entity uses external appraisers in order to determine the fair value for all of its investment properties. The independent appraisers, which hold recognized and relevant professional qualifications and have vast experience in the types of investment properties, owned by the Entity, use valuation techniques such as the discounted cash flows approach, market 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 properties such as discount rates, capitalization rates and occupancy rates.

The values determined by the external appraisers are recognized as the fair value of the Entity's investment property at the end of each reporting period. On an annual basis, the appraisers use a discounted cash flow approach to determine the fair value of land and buildings and a market approach to determine the fair value of land reserves.

As of June 30, 2014 and 2013, the Entity obtained an updated valuation for its investment properties from the external appraiser. Using the appraisal obtained as of December 31, 2013 y 2012, respectively, underlying data and significant assumptions included therein were analyzed and updated for significant changes that occurred during the three months ended June 30, 2014 and 2013.

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.: 2.2%	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.
Land reserves	Level 3	Market value	Price per acre	Weighted average price per acre $313,127	The higher the price, the higher the fair value.

Gains or losses arising from changes in the fair values are included in the consolidated statements of comprehensive income in the period in which they arise.

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

	30/06/2014 (Unaudited)	31/12/2013
Buildings and land	$ 971,053,606	$ 928,935,606
Land reserves	58,762,000	57,990,000
	1,029,815,606	986,925,606
Less:		
Cost to complete construction in-progress	(20,831,734)	(35,041,021)
Balance at end of period	$ 1,008,983,872	$ 951,884,585

The reconciliation of investment property is as follows:

	30/06/2014 (Unaudited)	31/12/2013
Balance at beginning of period	$ 951,884,585	$ 744,761,666
Additions	46,866,454	112,068,673
Disposals	(3,918,200)	-
Gain on revaluation of investment property	14,151,033	95,054,246
Balance at end of period	$ 1,008,983,872	$ 951,884,585

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

As of June 30, 2014 and December 31, 2013, the Entity's investment properties have a gross leasable area of the 15,294,073 square feet (1,420,866 square meters) and 14,378,670 square feet (1,335,822 square meters), respectively and they were 91% and 91%, respectively, occupied by tenants. As of June 30, 2014 and December 31, 2013, investment properties with a gross leasable area of 606,290 square feet (or 56,326 square meters) and 2,060,958 square feet (or 191,469 square meters), respectively equivalent to 3.96% and 14.33%, respectively, of the Entity's total leasable area were under construction.

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	30/06/2014	31/12/2013
September 2003	7,637,927	7.17%	$ 10,883	August 2016	$ 5,203439	$ 5,268,740
April 2005	2,000,000	7.17%	3,043	August 2016	1,452,691	1,470,949
August 2005	6,300,000	7.17%	9,682	August 2016	4,627,176	4,685,269
August 2005	14,500,000	7.17%	22,391	August 2016	10,685,868	10,820,214
November 2005	32,000,000	7.17%	252,787*	August 2016	22,081,961	22,336,748
March 2006	15,000,000	7.17%	23,494	August 2016	8,227,629	11,434,933
July 2006	50,000,000	7.17%	92,695	August 2016	49,073,049	49,629,220
July 2006	12,000,000	7.17%	22,247	August 2016	11,045,825	11,179,306
September 2006	10,800,000	7.17%	18,498	August 2016	9,324,150	9,435,138
October 2006	8,300,000	7.17%	14,216	August 2016	7,165,782	7,251,078
November 2006	12,200,000	7.17%	37,075	August 2016	8,369,206	8,591,656
November 2006	28,091,497	7.17%	23,400	August 2016	11,801,659	11,942,061
May 2007	6,540,004	7.17%	11,297	August 2016	5,696,830	5,764,612
September 2007	8,204,039	7.17%	14,243	August 2016	7,184,053	7,269,509
April 2008	32,811,066	6.47%	73,846	August 2016	29,636,302	30,055,305
April 2008	867,704	6.47%	3,511	August 2016	1,507,219	1,528,529
April 2008*	7,339,899	6.62%	171,138*	August 2016	12,280,717	12,451,855
August 2008	3,372,467	6.47%	11,158	August 2016	4,790,690	4,858,416
August 2008	6,286,453	6.47%	13,262	August 2016	5,693,610	5,774,105
April 2009	19,912,680	7.17%	33,788	August 2016	16,829,153	17,031,879
December 2009	30,000,000	7.17%	52,605	August 2016	25,202,240	25,517,873
July 2012	19,768,365	7.17%	36,649	August 2016	17,496,359	17,716,254
July 2012	27,960,333	7.17%	51,836	August 2016	25,408,234	25,719,248
July 2012	5,000,000	6.15%	12,363	August 2016	4,604,198	4,678,376
March 2013	5,918,171	5.80%	15,008	August 2016	5,528,141	5,616,473
					310,916,181	318,027,746
Less: Current portion					(8,396,282)	(8,222,341)
					$ 302,519,899	$ 309,805,405

* These notes payable have semi-annual payments.

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 June 30, 2014 and as of December 31, 2013.

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 deposits assets in the statement of financial position.

Scheduled maturities and periodic amortization of long-term debt as of June 30, 2014 are as follows:

As of June 30, 2015	$ 8,396,282
From 1 July 2015 to June 30, 2016	9,561,080
From July 1, 2016	292,958,819
	$ 310,916,181

10. Capital stock

10.1 Capital stock as of June 30, 2014 and December 31, 2013 is as follows:

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

Stockholders' equity, except restated paid-in capital and tax retained earnings will be subject to income tax 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 received during July 2013 and were $193,468,687 (net of direct issuance costs of $4,474,060, net of tax) of 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 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 approximately $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:

	Six months ended as of 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

	Six months ended as of June 30, 2013		
	Earnings	Weighted-average number of shares	Dollars per share
Consolidated profit for the period	$ 29,160,569	396,060,953	$ 0.07

12. Property operating costs and administration expenses

12.1 Direct property operating costs from investment properties that generated rental income during the period:

	Six months ended 30/06/2014	Six months ended 30/06/2013	Three months ended 30/06/2014	Three months ended 30/06/2013
Real estate tax	$ 455,316	$ 438,451	$ 226,470	$ 218,718
Insurance	160,346	140,979	87,312	71,008
Maintenance	198,102	227,872	101,615	125,358
Other property related expenses	552,936	492,404	320,049	216,260
	$ 1,366,700	$ 1,299,706	$ 735,446	$ 631,344

12.1.1 Direct property operating costs from investment property that did not generate rental income during the period:

	Six months ended 30/06/2014	Six months ended 30/06/2013	Three months ended 30/06/2014	Three months ended 30/06/2013
Real estate tax	$ 112,318	$ 127,353	$ 56,289	$ 63,422
Insurance	15,673	13,943	8,658	7,023
Maintenance	12,051	22,537	5,992	12,397
Other property related expenses	220,675	177,562	81,750	92,135
	$ 360,717	$ 341,395	$ 152,689	$ 174,977
Total	$ 1,727,417	$ 1,641,101	$ 888,135	$ 806,320

12.2. Administration expenses consist of the following:

	Six months ended 30/06/2014	Six months ended 30/06/2013	Three months ended 30/06/2014	Three months ended 30/06/2013
Employee direct benefits and office expenses	$ 3,344,430	$ 1,957,590	$ 1,966,445	$ 824,361
Auditing and legal expenses	298,037	310,009	181,431	191,048
Investment property valuation related expenses	140,912	142,646	71,079	80,588
Equity trading related expenses	131,419	66,554	77,495	10,824
Marketing expenses	17,827	15,815	10,230	11,738
Other	1,071	2,296	-	503
	$ 3,933,696	$ 2,494,910	$ 2,306,680	$ 1,119,062

13. Income taxes

The Entity is subject to ISR and through December 31, 2013, to ISR and IETU.

ISR –The rate was 30% in 2013 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%.

The effective ISR rates are 24% and 25% for the three months ended June 30, 2014 and 2013, 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 30/06/2014	Six months ended 30/06/2013	Three months ended 30/06/2014	Three months ended 30/06/2013
ISR expense (benefit):				
Current	$ 3,642,740	$ -	$ 1,596,239	$ -
Expired ISR credit on dividends		295,074		148,630
Deferred	4,403,797	9,232,903	5,527,851	8,516,934
Total income taxes	$ 8,046,537	$ 9,527,977	$ 7,124,090	$ 8,665,564

13.2 The main items originating the deferred ISR liability are:

	30/06/2014 (Unaudited)	31/12/2013
Deferred ISR asset (liability):		
Investment property	$ (111,508,855)	$ (107,817,334)
Effect of tax loss carry forwards	15,007,058	15,398,333
Other	579,396	900,398
Deferred income taxes – Net	$ (95,922,401)	$ (91,518,603)

13.3 The benefits of restated tax loss carryforwards for which the deferred ISR asset has been recognized can be recovered subject to certain conditions. Restated amounts as of June 30, 2014 and expiration dates are:

Year of Expiration	**Tax Loss Carry forwards**
2018	$ 9,705,565
2020	2,334,563
2021	16,620,651
2022	9,358,177
2023	11,092,036
2024	912,536
	$ 50,023,528

14. Litigation and other contingencies

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.

15. Unaudited condensed consolidated interim financial statements issuance authorization

On July 22, 2014, 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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