

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

Condensed Consolidated Interim Statements of Financial Position

As of March 31, 2015 and December 31, 2014

(In US dollars)

Assets	Notes	31/03/2015 (Unaudited)	31/12/2014
Current assets:			
Cash and cash equivalents	4	\$ 43,578,620	\$ 10,674,770
Financial assets held for trading	5	292,775,670	95,025,988
Recoverable taxes	6	30,138,337	27,712,294
Operating lease receivables	7	4,619,383	7,505,226
Prepaid expenses		<u>1,361,473</u>	<u>447,152</u>
Total current assets		372,473,483	141,365,430
Non-current assets:			
Investment property	8	1,110,894,243	1,101,352,822
Office furniture – Net		403,927	421,340
Guarantee deposits made		<u>3,254,344</u>	<u>2,883,972</u>
Total non-current assets		<u>1,114,552,514</u>	<u>1,104,658,134</u>
Total assets		<u>\$ 1,487,025,997</u>	<u>\$ 1,246,023,564</u>
Liabilities and stockholders' equity			
Current liabilities:			
Current portion of long-term debt	9	\$ 8,776,048	\$ 8,629,108
Accrued interest		2,325,003	3,068,412
Accounts payable		584,123	14,222,235
Taxes payable, mainly income taxes		462,101	1,274,395
Accrued expenses		1,699,566	1,636,361
Dividends payable		<u>22,321,140</u>	<u>-</u>
Total current liabilities		36,167,981	28,830,511
Non-current liabilities:			
Long-term debt	9	342,183,076	298,109,960
Guarantee deposits received		6,288,053	5,706,109
Deferred income taxes	13.2	<u>113,877,992</u>	<u>115,641,120</u>
Total non-current liabilities		<u>462,349,121</u>	<u>419,457,189</u>
Total liabilities		<u>498,517,102</u>	<u>448,287,700</u>
Litigation and other contingencies	15		
Stockholders' equity:			
Capital stock	10	456,117,849	370,368,712
Additional paid-in capital		350,179,575	211,869,157
Retained earnings		186,349,545	211,640,460
Share-based payments reserve		652,371	323,764
Foreign currency translation		<u>(4,790,445)</u>	<u>3,533,771</u>
Total stockholders' equity		<u>988,508,895</u>	<u>797,735,864</u>
Total liabilities and stockholders' equity		<u>\$ 1,487,025,997</u>	<u>\$ 1,246,023,564</u>

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 three months ended March 31, 2015 and 2014
(In US dollars)

	Notes	31/03/2015	31/03/2014
Revenues:			
Rental income		\$ 19,644,146	\$ 16,390,453
Property operating costs:			
Related to properties that generate rental income	12.1	(617,863)	(644,935)
Related to properties that did not generate rental income	12.1	<u>(232,241)</u>	<u>(194,690)</u>
Gross profit		18,794,042	15,550,828
Administration expenses	12.2	(2,469,560)	(1,817,763)
Depreciation		(2,304)	(19,832)
Other Income and Expenses:			
Interest income		1,372,268	1,827,972
Other income (expense)		60,601	(43,416)
Interest expense		(5,514,734)	(5,532,700)
Exchange (loss) gain		(11,470,314)	506,231
Gain on revaluation of investment property		<u>300,360</u>	<u>1,105,409</u>
Total other income and expenses		(15,251,819)	(2,136,504)
Profit before income taxes		1,070,359	11,576,729
Income tax expense	13.1	<u>(4,040,134)</u>	<u>(922,450)</u>
(Loss) profit for the period		<u>(2,969,775)</u>	<u>10,654,279</u>
Other comprehensive loss:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
- Exchange differences on translating other functional currency operations		<u>(8,324,216)</u>	<u>(1,224,817)</u>
Total comprehensive (loss) income for the year		<u>\$ (11,293,991)</u>	<u>\$ 9,429,462</u>
Basic and diluted (loss) earnings per share	11	\$ (0.005)	\$ 0.02

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 March 31, 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	-	-	(16,846,566)	-	-	(16,846,566)
Comprehensive income	<u>-</u>	<u>-</u>	<u>10,654,279</u>	<u>-</u>	<u>(1,224,817)</u>	<u>9,429,462</u>
Balances as of March 31, 2014	<u>\$ 370,368,712</u>	<u>\$ 211,869,157</u>	<u>\$ 198,072,741</u>	<u>\$ -</u>	<u>\$ 1,857,692</u>	<u>\$ 782,168,302</u>
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	-	-	-	328,607	-	328,607
Dividends declared	-	-	(22,321,140)	-	-	(22,321,140)
Comprehensive income	<u>-</u>	<u>-</u>	<u>(2,969,775)</u>	<u>-</u>	<u>(8,324,216)</u>	<u>(11,293,991)</u>
Balances as of March 31, 2015	<u>\$ 456,117,849</u>	<u>\$ 350,179,575</u>	<u>\$ 186,349,545</u>	<u>\$ 652,371</u>	<u>\$ (4,790,445)</u>	<u>\$ 988,508,895</u>

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 three months ended March 31, 2015 and 2014
(In US dollars)

	Three months ended 31/03/2015	Three months ended 31/03/2014
Cash flows from operating activities:		
Profit before income taxes	\$ 1,070,359	\$ 11,576,729
Adjustments:		
Depreciation	2,304	19,832
(Gain) on revaluation of investment property	(300,360)	(1,105,409)
Effect of foreign exchange rates	3,146,098	(1,323,060)
Gain on sale of investment properties	-	(278,757)
Interest income	(1,372,268)	(1,827,972)
Interest expense	5,514,734	6,023,557
Expense recognized in respect of share-based payments	328,607	-
Working capital adjustments:		
(Increase) decrease in:		
Operating lease receivables – Net	2,885,843	2,811,080
Recoverable taxes	(5,797,828)	(3,284,421)
Prepaid expenses	(914,321)	(975,834)
Guarantee deposits made	(370,372)	281,557
Increase (decrease) in:		
Accounts payable	411,818	(9,961)
Guarantee deposits received	581,944	296,075
Accrued expenses	63,205	(728,691)
Income taxes paid	(697,866)	(1,897,319)
Net cash generated by operating activities	<u>4,551,897</u>	<u>9,577,406</u>
Cash flows from investing activities:		
Purchases of investment property	(30,789,575)	(29,670,040)
Acquisition of office furniture	-	(120,363)
Financial assets held for trading	(197,749,682)	29,797,464
Proceeds from sale of investment property	(194,855)	4,196,957
Interest received	1,372,268	1,827,972
Net cash used in investing activities	<u>(227,361,844)</u>	<u>6,031,990</u>
Cash flows from financing activities:		
Proceeds from equity issuance	221,513,650	-
Interest paid	(6,258,143)	(6,780,826)
Repayments of borrowings	(2,333,835)	(5,297,677)
Borrowings	46,553,891	-
Net cash generated by financing activities	<u>259,475,563</u>	<u>(12,078,503)</u>
Effects of exchange rates changes on cash	<u>(3,761,766)</u>	<u>98,242</u>
Net increase in cash and cash equivalents	32,903,850	3,629,135
Cash and cash equivalents at the beginning of year	<u>10,674,770</u>	<u>8,297,797</u>
Cash and cash equivalents at the end of year	<u>\$ 43,578,620</u>	<u>\$ 11,926,932</u>

See accompanying notes to condensed consolidated interim financial statements.

Notes to Unaudited Condensed Consolidated Interim Financial Statements unaudited

For the three months ended March 31, 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.

In January 28, 2015, the Entity issued a total of 124,274,111 shares, including the overallotment option, through a follow-on public offering of shares in the Mexican Stock Exchange and through a private offering of shares in international markets under the Rule 144A of the United States of America and Regulation S under the Securities Act of 1933. The offering price was 27 Mexican pesos per share and the net proceeds of this offering 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 March 31, 2015 and for the three months ended March 31, 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 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 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 an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

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

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

Subsidiary/entity	Ownership percentage		Activity
	31/12/2015	31/12/2014	
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 Bajío, 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 Instruments ²
IFRS 15	Revenue from Contracts with Customers ¹

- 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:

	31/03/2015 (Unaudited)	31/12/2014
Cash and bank balances	\$ 38,653,290	\$ 6,848,378
Restricted cash	<u>4,925,330</u>	<u>3,826,392</u>
	<u>\$ 43,578,620</u>	<u>\$ 10,674,770</u>

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

5. Financial assets held for trading

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

6. Recoverable taxes

	31/03/2015 (Unaudited)	31/12/2014
Recoverable value-added tax (“VAT”)	\$ 23,760,760	\$ 22,043,687
Recoverable income taxes	6,285,834	5,602,192
Other receivables	<u>91,743</u>	<u>66,415</u>
	<u>\$ 30,138,337</u>	<u>\$ 27,712,294</u>

7. Operating lease receivables

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

	31/03/2015 (Unaudited)	31/12/2014
0-30 days	\$ 3,883,318	\$ 6,392,749
30-60 days	556,609	861,273
60-90 days	1,994	87,726
Over 90 days	<u>177,462</u>	<u>163,478</u>
Total	<u>\$ 4,619,383</u>	<u>\$ 7,505,226</u>

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, 84% and 85% of all operating lease receivables are current at March 31, 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 12% and 11% of all operating lease receivables at March 31, 2015 and December 31, 2014, respectively. Operating lease receivables outstanding for more than 60 and less than 90 days represent 0% and 1% of all operating lease receivable at March 31, 2015 and December 31, 2014. Accounts receivable outstanding greater than 90 days represent 2% as of December 31, 2014.

7.2 Movement in the allowance for doubtful accounts receivable

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

7.3 Client concentration risk

As of March 31, 2015 and December 31, 2014, one of the Entity's client accounts for 58% or \$2,703,866 and 74% or \$5,646,339, respectively, of the operating lease receivables balance. The same client accounted for 14% and 17% of the total rental income of Entity for the years ended March 31, 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 to 15 years, with options to extend the term up to a total term of 20 years. Rents are customarily payable on a monthly basis, and are adjusted annually according to applicable inflation indices (US and Mexican inflation indices). Security deposits are typically equal to one or two months' rent. Obtaining property insurance (third party liability) and operating maintenance are obligations of the tenants. All lease agreements include a rescission clause that entitles the Entity to collect all unpaid rents during the remaining term of the lease agreement in the event that the client defaults in its rental payments, vacates the properties, terminates the lease agreement or enters into bankruptcy or insolvency proceedings. All lease agreements are classified as operating leases and do not include purchase options, except for two lease agreements which contain a purchase option at market conditions at the end of the lease term.

7.5 Non-cancellable operating lease receivables

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

	31/03/2015
Not later than 1 year	\$ 49,906,640
Later than 1 year and not later than 3 years	91,177,667
Later than 3 year and not later than 5 years	90,021,723
Later than 5 years	<u>98,377,510</u>
	<u>\$ 329,483,540</u>

8. **Investment property**

The Entity uses external appraisers in order to determine the fair value for all of its investment properties. The independent appraisers, who hold recognized and relevant professional qualifications and have vast experience in the types of investment properties, owned by the Entity, use valuation techniques such as the discounted cash flows approach, replacement cost approach and income cap rate approach. The techniques used include assumptions, the majority of which are not directly observable in the market, to estimate the fair value of the Entity's investment property such as discount rates, long-term NOI, inflation rates, absorption periods and market rents.

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

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

Property	Fair value hierarchy	Valuation techniques	Significant unobservable inputs	Value/range	Relationship of unobservable inputs to fair value
Buildings and land	Level 3	Discounted cash flows	Discount rate	9.75%	The higher the discount rate, the lower the fair value.
			Long-term NOI	Based on contractual rent and then on market related rents	The higher the NOI, the higher the fair value.
			Inflation rates	Mexico: 3.5% U.S.: 2.3%	The higher the inflation rate, the higher the fair value.
			Absorption period	From 3 to 9 months	The shorter the absorption period, the higher the fair value.
			Market related rents	Depending on the park/state	The higher the market rent the higher the fair value
			Exchange rate	14.40 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 \$248,206	The higher the price, the higher the fair value.

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

	31/03/2015 (Unaudited)	31/12/2014
Buildings and land	\$ 1,085,523,983	\$ 1,092,424,983
Advances for acquisition of land	-	395,921
Land reserves	<u>66,472,000</u>	<u>64,740,000</u>
	1,151,995,983	1,157,560,904
Less: Cost to complete construction in-progress	<u>(41,101,740)</u>	<u>(56,208,082)</u>
Balance at end of year	<u>\$ 1,110,894,243</u>	<u>\$ 1,101,352,822</u>

The reconciliation of investment property is as follows:

	31/03/2015 (Unaudited)	31/12/2014
Balance at beginning of year	\$ 1,101,352,822	\$ 951,884,585
Additions	16,934,501	123,431,195
Investment properties sold	-	(3,918,200)
Foreign currency translation effect	(7,693,439)	-
Gain on revaluation of investment property	<u>300,359</u>	<u>29,955,242</u>
Balance at end of year	<u>\$ 1,110,894,243</u>	<u>\$ 1,101,352,822</u>

A total of \$14,049,930 additions to investment property related to a land reserves that were acquired during 2014 were paid during the three months ended March 31, 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 three months ended March, 2014.

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

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

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

As of March, 2015 and December 31, 2014, the Entity's investment properties have a gross leasable area (unaudited) of 17,573,213 square feet (or 1,632,605 square meters) and 16,791,931 square feet (or 1,560,021 square meters), respectively and they were 87% and 87% occupied by tenants, respectively. As of March 31, 2015 and December 31, 2014, investment properties with a gross leasable area of 1,027,262 square feet (or 95,636 square meters) and 1,960,548 square feet (or 182,141 square meters), respectively, were under construction, representing an additional 5.84% 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	31/03/2015	31/12/2014
September 2003	\$ 7,637,927	7.17%	\$ 11,736	August 2016	\$ 5,099,518	\$ 5,134,727
April 2005	2,000,000	7.17%	3,281	August 2016	1,423,635	1,433,480
August 2005	6,300,000	7.17%	10,441	August 2016	4,534,724	4,566,048
August 2005	14,500,000	7.17%	24,146	August 2016	10,472,064	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	8,033,288	8,079,295
July 2006	50,000,000	7.17%	99,961	August 2016	48,187,934	48,487,816
July 2006	12,000,000	7.17%	23,991	August 2016	10,833,397	10,905,370
September 2006	10,800,000	7.17%	19,948	August 2016	9,147,519	9,207,363
October 2006	8,300,000	7.17%	15,330	August 2016	7,030,038	7,076,029
November 2006	12,200,000	7.17%	17,717	August 2016	8,171,037	8,224,187
November 2006	28,091,497	7.17%	25,234	August 2016	11,578,217	11,653,920
May 2007	6,540,004	7.17%	12,182	August 2016	5,588,958	5,625,506
September 2007	8,204,039	7.17%	15,359	August 2016	7,048,055	7,094,132
April 2008	32,811,066	6.47%	73,846	August 2016	28,197,691	29,193,227
April 2008	867,704	6.47%	3,756	August 2016	2,217,424	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%	11,936	August 2016	4,683,264	4,719,073
August 2008	6,286,453	6.47%	14,187	August 2016	5,565,931	5,608,491
April 2009	19,912,680	7.17%	36,436	August 2016	16,506,525	16,615,833
December 2009	30,000,000	7.17%	56,729	August 2016	24,699,927	24,870,114
July 2012	19,768,365	7.17%	39,521	August 2016	17,146,413	17,264,976
July 2012	27,960,333	7.17%	55,899	August 2016	24,913,271	25,080,968
July 2012	5,000,000	6.15%	13,145	August 2016	4,486,675	4,526,111
March 2013	5,918,171	5.80%	15,008	August 2016	5,392,160	5,438,091
					304,405,233	306,739,068
Less: Current portion					(8,776,048)	(8,629,108)
Long-term debt with GERE					295,629,185	\$ 298,109,960
Long-term debt with MetLife	47,500,000	4.35%		April 2022	47,500,000	-
Less: direct issuance cost					(946,109)	-
Net long-term debt with MetLife					46,553,891	-
Total long-term debt					\$ 342,183,076	\$ 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 March 2017	\$ 295,629,185
As of March 2018	-
As of March 2019	317,797
As of March 2020	766,102
Thereafter	46,416,101
Les: direct issuance cost	<u>(946,109)</u>
Total long-term debt	<u>\$ 342,183,076</u>

10. Capital stock

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

	<u>2015</u>		<u>2014</u>	
	Number of shares	Amount	Number of shares	Amount
Fixed capital				
Series A	5,000	\$ 3,696	5,000	\$ 3,696
Variable capital				
Series B	<u>631,721,123</u>	<u>456,114,153</u>	<u>507,447,012</u>	<u>370,365,016</u>
Total	<u>631,726,123</u>	<u>\$ 456,117,849</u>	<u>507,452,012</u>	<u>\$ 370,368,712</u>

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.

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			(8,486,350)
Income taxes related to direct equity issuance costs	-	-	<u>2,545,905</u>
Balance as of March 31, 2015	<u>631,726,123</u>	<u>\$ 456,117,849</u>	<u>\$ 350,179,575</u>

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. As of March 31, 2015 such dividend has not been paid and according to the related resolution it will be paid before April 30, 2015.

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:

	<u>Three months ended as of March 31, 2015</u>		
	Earnings	Weighted-average number of shares	Dollars per share
Loss for the year	<u>\$ (2,969,775)</u>	<u>595,421,327</u>	<u>\$ (0.005)</u>
	<u>Three months ended as of March 31, 2014</u>		
	Earnings	Weighted-average number of shares	Dollars per share
Profit for the year	<u>\$ 10,654,279</u>	<u>507,452,012</u>	<u>\$ 0.02</u>

12. Property operating costs and administration expenses

12.1 Property operating costs consist of the following:

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

	Three Months ended 31/03/2015	Three Months ended 31/03/2014
Real estate tax	\$ 252,362	\$ 228,846
Insurance	85,452	73,033
Maintenance	85,007	96,488
Other property related expenses	<u>195,042</u>	<u>246,568</u>
	<u>617,863</u>	<u>644,935</u>

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

	Three Months ended 31/03/2015	Three Months ended 31/03/2014
Real estate tax	\$ 87,193	\$ 56,029
Insurance	11,937	7,016
Maintenance	9,400	6,058
Other property related expenses	<u>123,711</u>	<u>125,587</u>
	<u>232,241</u>	<u>194,690</u>
Total property operating costs	<u>\$ 850,104</u>	<u>\$ 839,625</u>

12.2. Administration expenses consist of the following:

	Three Months ended 31/03/2015	Three Months ended 31/03/2014
Marketing expenses	\$ 1,420	\$ 7,618
Auditing, legal and consulting expenses	298,411	117,156
Property appraisal and other fees	78,139	69,837
Direct employee benefits and other benefits	2,045,588	1,567,965
Equity trading related costs	45,027	54,125
Other	<u>975</u>	<u>1,062</u>
	<u>\$ 2,469,560</u>	<u>\$ 1,817,763</u>

13. Income taxes

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

ISR -The rate was 30% in 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.

13.1 Income taxes are as follows:

	Three Months ended 31/03/2015	Three Months ended 31/03/2014
ISR expense:		
Current	\$ 3,257,356	\$ 2,046,501
Deferred	<u>782,778</u>	<u>(1,124,051)</u>
Total income taxes	<u>\$ 4,040,134</u>	<u>\$ 922,450</u>

13.2 The main items originating the deferred ISR liability are:

	31/03/2015	31/12/2014
Deferred ISR liability:		
Investment property	(128,010,099)	(124,338,843)
Effects of tax loss carry forwards	13,177,518	7,670,338
Other Provisions and prepaid expenses	<u>954,589</u>	<u>1,027,385</u>
Deferred income taxes - Net	<u>\$ (113,877,992)</u>	<u>\$ (115,641,120)</u>

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

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

	31/03/2015	31/12/2014
Deferred tax liability at the beginning of the period	\$ (115,641,120)	\$ (91,518,603)
– Movement included in profit or loss	(782,778)	1,124,051
– Movement included in equity	<u>2,545,906</u>	-
Deferred tax liability at the end of the year	<u>\$ (113,877,992)</u>	<u>\$ (90,394,552)</u>

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 March 31, 2015 and expiration dates are:

Year of Expiration	Tax Loss Carryforwards
2020	\$ 2,077,599
2022	230,825
2023	10,580,464
2024	12,067,120
2025	<u>18,969,052</u>
	<u>\$ 43,925,060</u>

14. Share-based payments

14.1 Employee share option plan of the Entity

Details of the employee share option plan of the Entity

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

The share-based payments expense for the three months ended March 31, 2015 related to the awards granted was \$ 328,607. Cumulative compensation expense in respect of this plan as of March 31, 2015 is \$ 652,371. Compensation expense related to this plan will continue to be accrued through the periods until the last of the three tranches is settled in February 2018.

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

Fair value of share awards granted in the year

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

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 April 20, 2015 the issuance of the accompanying unaudited condensed consolidated interim financial statements was authorized by Mr. Juan Sottit, the Entity's Chief Financial Officer and consequently do not reflect events after this date.

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