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

Condensed Consolidated Interim Statements of Financial Position

As of June 30, 2018 and December 31, 2017
(In US dollars)

Assets	Notes	30/06/2018 (Unaudited)	31/12/2017
Current assets:			
Cash, cash equivalents and restricted cash	4	$ 100,597,507	$ 91,001,709
Financial assets held for trading	4	694,714	677,828
Recoverable taxes	6	31,923,015	26,678,697
Operating lease receivables	7	6,920,095	5,221,517
Prepaid expenses		1,371,183	369,675
Total current assets		141,506,514	123,949,426
Non-current assets:			
Investment property	8	1,794,980,014	1,701,006,371
Office furniture – Net		2,069,536	1,868,778
Derivative financial instruments	15.5	3,775,721	827,251
Guarantee deposits made and restricted cash		4,309,663	4,440,163
Total non-current assets		1,805,134,934	1,708,142,563
Total assets		$ 1,946,641,448	$ 1,832,091,989

Liabilities and stockholders' equity

	Notes	30/06/2018 (Unaudited)	31/12/2017
Current liabilities:			
Accrued interest		$ 4,499,987	$ 3,772,187
Accounts payable and client advances		1,455,794	4,082,166
Taxes payable, mainly income taxes		291,130	344,599
Accrued expenses		1,752,291	3,821,201
Total current liabilities		7,999,202	12,020,153
Non-current liabilities:			
Long-term debt	9	699,226,316	581,994,879
Guarantee deposits received		12,556,446	11,539,472
Deferred income taxes	13.2	212,130,042	204,205,361
Total non-current liabilities		923,912,804	797,739,712
Total liabilities		931,912,006	809,759,865
Litigation and other contingencies	16		
Stockholders' equity:			
Capital stock	10.1	438,364,578	439,843,107
Additional paid-in capital		325,153,497	327,270,539
Retained earnings		288,658,568	288,671,405
Share-based payments reserve		3,495,114	3,300,560
Foreign currency translation		(43,585,320)	(37,332,563)
Valuation of derivative financial instruments	15.5	2,643,005	579,076
Total stockholders' equity		1,014,729,442	1,022,332,124
Total liabilities and stockholders' equity		$ 1,946,641,448	$ 1,832,091,989

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 Comprehensive Income

For the six and three months ended June 30, 2018 and 2017

(In US dollars)

	Notes	Six Month ended 30/06/2018	Six Month ended 30/06/2017	Three Months ended 30/06/2018	Three Months ended 30/06/2017
Revenues:					
Rental income		$ 63,747,371	$ 52,231,473	$ 32,376,467	$ 26,534,040
Property operating costs:					
Related to properties that generate rental income	12.1	(1,943,684)	(1,877,987)	(1,070,539)	(965,922)
Related to properties that do not generate rental income	12.1	(465,456)	(307,781)	(304,046)	(145,995)
Gross profit		61,338,231	50,045,705	31,001,882	25,422,123
Administration expenses	12.1	(7,688,957)	(6,231,642)	(3,756,368)	(2,939,769)
Depreciation		(227,676)	(173,359)	(117,851)	(87,751)
Other Income and Expenses:					
Interest income		34,013	19,839	18,459	6,703
Other income and expenses net		467,711	480,005	(38,488)	343,058
Transaction costs on debt issuance		(139,062)	-	(11,933)	-
Interest expense		(15,706,392)	(7,870,022)	(8,326,731)	(3,951,049)
Exchange (loss) gain		(1,024,367)	10,211,743	(4,909,978)	3,673,957
Gain (loss) on revaluation of investment property		31,532,301	53,152,090	24,274,773	(11,101,582)
Total other income and expenses		15,164,204	55,993,655	11,006,102	(11,028,913)
Profit before income taxes		68,585,802	99,634,359	38,133,765	11,365,690
Income tax (expense) benefit	13.1	(20,700,658)	1,336,967	(26,219,344)	7,643,233
Profit for the period		47,885,144	100,971,326	11,914,421	19,008,923
Other comprehensive loss:					
Items that may be reclassified subsequently to profit or loss:					
- Fair value gains from derivative financial instruments		2,063,929	-	547,756	-
- Exchange differences on translating other functional currency operations		(6,252,758)	(4,815,119)	(5,175,227)	(831,961)
Total comprehensive income for the period		$ 43,696,315	$ 96,156,207	$ 7,286,948	$ 18,176,962
Basic and diluted earnings per share	11	$ 0.080	$ 0.165	$ 0.020	$ 0.031

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 six months ended June 20, 2018 and 2017

(In US dollars)

	Capital stock	Additional paid-in capital	Retained earnings	Share-Based payments reserve	Foreign currency translation	Valuation of Derivate Financial Investment	Total stockholders' equity
Balances as of January 1, 2017	$ 450,880,150	$ 343,037,228	$ 201,751,251	$ 1,973,372	$ (38,257,102)	$ -	$ 959,384,899
Vested shares in respect of share-based payments	58,201	91,769	-	(149,970)	-	-	-
Share-based payments	-	-	-	656,989	-	-	656,989
Dividends declared	-	-	(39,110,027)	-	-	-	(39,110,027)
Repurchase of shares	(5,556,282)	(7,817,729)	-	-	-	-	(13,374,011)
Comprehensive income	-	-	100,971,326	-	(4,815,119)	-	96,156,207
Balances as of June 31, 2017	445,382,069	335,311,268	263,612,550	2,480,391	(43,072,221)	-	1,003,714,507
Balances as of January 1, 2018	439,843,107	327,270,539	288,671,405	3,300,560	(37,332,563)	579,076	1,022,332,124
Dividends declared	-	-	(47,897,981)	-	-	-	(47,897,981)
Vested shares	297,786	479,413	-	(777,199)	-	-	-
Share-based payments	-	-	-	971,753	-	-	971,753
Repurchase of shares	(1,776,315)	(2,596,455)	-	-	-	-	(4,372,770)
Comprehensive income	-	-	47,885,144	-	(6,252,757)	2,063,929	43,696,316
Balances as of June 31, 2018	$ 438,364,578	$ 325,153,497	$ 288,658,568	$ 3,495,114	$ (43,585,320)	$ 2,643,005	$ 1,014,729,442

See accompanying notes to condensed consolidated interim financial statements.

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

Unaudited Condensed Consolidated Interim Statements of Cash Flows

For the six months ended June 30, 2018 and 2017
(In US dollars)

	30/06/2018	30/06/2017
Cash flows from operating activities:		
Profit before income taxes	$ 68,585,802	$ 99,634,358
Adjustments:		
Depreciation	227,676	173,359
Gain on revaluation of investment property	(31,532,301)	(53,152,090)
Effect of foreign exchange rates	1,024,367	(10,211,742)
Loss on furniture disposal		23,195
Interest income	(34,013)	(19,839)
Interest expense	15,706,392	7,870,022
Expense recognized in respect of share-based payments	971,753	656,989
Working capital adjustments:		
(Increase) decrease in:		
Operating lease receivables – Net	(1,698,578)	2,010,187
Recoverable taxes	(14,441,583)	(8,906,776)
Prepaid expenses	(1,001,508)	(1,745,546)
Increase (decrease) in:		
Accounts payable	(2,626,372)	81,608
Guarantee deposits received	-	869,839
Accrued expenses	(2,068,910)	649,058
Income taxes paid	(1,890,974)	(644,118)
Net cash generated by operating activities	31,221,751	37,288,504
Cash flows from investing activities:		
Purchases of investment property	(71,193,830)	(44,539,702)
Acquisition of office furniture	(428,434)	(40,813)
Financial assets held for trading	(16,886)	10,098,174
Interest received	34,013	19,839
Net cash used in investing activities	(71,605,137)	(34,462,502)
Cash flows from financing activities:		
Dividends paid	(47,897,981)	(39,110,027)
Repurchase of treasury shares	(4,372,770)	(13,374,011)
Interest paid	(14,978,592)	(7,089,176)
Guarantee deposits made	-	84,093
Cost of borrowings	631,437	-
Guarantee deposits granted	130,500	-
Guarantee deposits collected	1,016,974	-
Borrowings	116,600,000	35,000,000
Net cash used in financing activities	51,129,568	(24,489,121)
Effects of exchange rates changes on cash	(1,150,384)	(9,466,213)
Net increase (decrease) in cash, cash equivalents and restricted cash	9,595,798	(31,129,332)
Cash, cash equivalents and restricted cash at the beginning of the period	91,737,021	51,456,063
Cash, cash equivalents and restricted cash at the end of the period	$ 101,332,819	$ 20,326,731

See accompanying notes to condensed consolidated interim financial statements.

Notes to Unaudited Condensed Consolidated Interim Financial Statements unaudited

For the six months ended June 30, 2018 and 2017
(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 Paseo de los Tamarindos 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.

On April 21, 2017, the Entity renewed, in advance, the Nestle and Nestle related Cereal Partners Worldwide lease agreements for a combined leasable area of 1,713,600 square feet. The leases were extended for 7 and 8 years, beginning on January 1, 2017 to December 31, 2023 and December 31, 2024, respectively. The lease agreements will remain indexed to Mexican investment units (UDIS for its acronym in Spanish) having monthly rent increases according to the increase in the value of UDIS. The new lease conditions had an impact on the value of the Entity's investment properties as they are valued at their fair value using the income approach as described in Note 8 which was recognized in the current period.

On September 22, 2017, the Entity entered into an agreement for the issuance and sale of Series A Senior Notes of $65,000,000 due on September 22, 2024, and Series B Senior Notes of $60,000,000 due on September 22, 2027. Each Series A Note and Series B Note will bear interest on the unpaid balance at the rates of 5.03% and 5.31%, respectively, per annum payable semiannually on September 22 and March 22 of each year.

On November 1, 2017, the Entity entered into a loan agreement with Metropolitan Life Insurance Company for $118,000,000 due on December 1, 2027. This loan bears monthly interest at a rate of 4.75%.

On May 31, 2018 the Entity entered into an agreement for the issuance and sale of Series A Senior Notes of $45,000,000 due on May 31, 2025, and Series B Senior Notes of $45,000,000 due on May 31, 2028. Each Series A Note and Series B Note will bear interest on the unpaid balance at the rates of 5.50% and 5.85%, respectively.

2. Significant accounting policies

2.1 Basis of preparation

The accompanying 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 Standard ("IFRS") 2, *Share-based Payments*.

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

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

2.2 Interim financial condensed statements

The accompanying condensed consolidated interim financial statements as of June 30, 2018 and for the three months ended June 30, 2018 and 2017 have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, and 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 annual consolidated financial statements of the Entity and their respective notes for the year ended December 31, 2017.

The accounting policies and methods of computation are consistent with the audited consolidated financial statements for the year ended December 31, 2017, except for the 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.

	Ownership percentage		
	30/06/2018		
Subsidiary/entity	**(Unaudited)**	**31/12/2017**	**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. (1)	99.99%	99.99%	Holds investment properties
CIV Infraestructura, S. de R. L. de C. V.	(1)	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

(1) On April 27th, 2018, the board of directors of the Entity, unanimously approved the merger of Aerospace Projects, S. de R.L. of C.V., with CIV Infraestructura, S. de R. L. de C. V., as a merged company.

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[1]
IFRS 15	Revenue from Contracts with Customers[1]
IFRS 16	Leases[2]
Amendments to IFRS 2	Classification and measurement of share-based payments[1]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2019, 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 2014 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.

Key requirements of IFRS 9:

- All recognized financial assets that are within the scope of IFRS 9 Financial Instruments are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognized by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognized in profit or loss.

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

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

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

The application of these amendments had no material effect on the Entity's consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 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.

In April 2016, the IASB issued Clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Entity recognizes revenue from rental income, from lease contracts, which are not within the scope of IFRS 15. Additionally, revenues from non-lease components are not considered material to the Entity's consolidated financial information. The application of these amendments had no material effect on the Entity's consolidated financial statements.

IFRS 16, Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 was issued in January 2016 and will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. "Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting and is replaced by a model where a right-of –use asset and a corresponding liability have to recognized for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payment as well as the impact of lease modifications, among the others. Furthermore, the classification of cash flows will also affected as operating lease payments under IAS 17 are presented as operating cash flows, whereas under the IFRS 16 model, the lease payments will be split into a principal and interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

However, a lessee may elect to account for lease payments as an expense on a straight-line basis over the lease term for leases with a lease term of 12 months or less and containing no purchase options (this election is made by class of underlying asset); and leases where the underlying asset has a low value when new, such as personal computers or small items of office furniture (this election can be made on a lease-by-lease basis).

IFRS 16 establishes different transitional provisions, including retrospective application or the modified retrospective application where the comparative period is not restated.

The Entity is in the process of determining the potential impacts that will derive from the adoption of this standard in its consolidated financial statements, although by the nature of its operations it would not expect significant impacts.

Amendments to IFRS 2 Classification and Measurement Share-based Payment transactions

The amendments clarify the following:

1. In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments.

2. Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority, i.e. the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

3. A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows:

    (i) The original liability is derecognised;

    (ii) The equity-settled share-based payment is recognised at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and

    (iii) Any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should be recognised in profit or loss immediately.

The amendments are effective for annual reporting periods beginning on or after 1 January 2018 with earlier application permitted. Specific transition provisions apply. The directors of the Entity do not anticipate that the application of the amendments in the future will have a significant impact on the Entity's consolidated financial statements as the Entity does not have any cash-settled share-based payment arrangements or any withholding tax arrangements with tax authorities in relation to share-based payments.

4. Cash, cash equivalents and restricted cash

For purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks, including restricted cash. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statements of financial position as follows:

	30/06/2018 (Unaudited)	31/12/2017
Cash and bank balances	$ 99,857,147	$ 90,415,448
Restricted cash	740,360	586,261
	100,597,507	91,001,709
Non-current restricted cash	735,312	735,312
Total	$ 101,332,819	$ 91,737,021

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 expected to be 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; they are classified as level 1 in the IFRS fair value hierarchy.

6. Recoverable taxes

	30/06/2018 (Unaudited)	31/12/2017
Recoverable value-added tax (“VAT”)	$ 11,734,682	$ 15,100,478
Recoverable income taxes	20,061,350	11,145,715
Other receivables	126,983	432,504
	$ 31,923,015	$ 26,678,697

7. Operating lease receivables

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

	30/06/2018 (Unaudited)	31/12/2017
0-30 days	$ 6,185,352	$ 4,508,045
30-60 days	255,246	223,456
60-90 days	178,785	229,591
Over 90 days	300,712	260,425
Total	$ 6,920,095	$ 5,221,517

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, 89% and 86% of all operating lease receivables are current as of June 30, 2018 and December 31, 2017, 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 4% and 4% of all operating lease receivables as of June 30, 2018 and December 31, 2017, respectively. Operating lease receivables outstanding for more than 60 and less than 90 days represent 3% and 4% of all operating lease receivable as of June 30, 2018 and December 31, 2017. Operating lease receivable outstanding greater than 90 days represent 4% and 5% of all operating lease receivable as of June 30, 2018 and December 31, 2017.

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. The balance as of June 30, 2018 and December 31, 2017 are $305,725 (unaudited) and $283,538, respectively.

7.3 Client concentration risk

As of June 30, 2018 and December 31, 2017, one of the Entity's client accounts for 30% or $2,122,754 (Unaudited) and 40% or $2,093,433, respectively, of the operating lease receivables balance. The same client accounted for 6% and 8% (Unaudited) of the total rental income of Entity for the six month periods ended June 30, 2018 and 2017, respectively. No other client accounted for more than 10% of the total rental income of the Entity for the Six months ended June 30, 2018 and 2017.

7.4 Leasing agreements

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

7.5 Non-cancellable operating lease receivables

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

	30/06/2018 (Unaudited)	31/12/2017
Not later than 1 year	$ 153,785,524	$ 155,696,225
Later than 1 year and not later than 3 years	276,262,881	283,657,472
Later than 3 year and not later than 5 years	318,764,936	345,303,613
Later than 5 years	176,651,847	177,311,050
	$ 925,465,188	$ 961,968,360

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 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 (Unaudited)	Relationship of unobservable inputs to fair value
Buildings and land	Level 3	Discounted cash flows	Discount rate	Q2 2018: 9.35% Dec 2017: 9.75%	The higher the discount rate, the lower the fair value.
			Exit cap rate	Q2 2018: 8.75% Dec 2017: 9.00%	The higher the exit cap 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: 4.1% in 2018 and 4.20% in 2017 U.S.: 2.1% in 2018 and 2.5% in 2017	The higher the inflation rate, the higher the fair value.
			Absorption period	From 3 to 9 months	The shorter the absorption period, the higher the fair value.
			Market related rents	Depending on the park/state	The higher the market rent, the higher the fair value
			Exchange rate - Mexican pesos per $1	Q2 2018: 20.50 Dec 2017: 18.80	The higher the exchange rate, the lower the fair value
Land reserves	Level 3	Market value	Price per acre	Weighted average price per acre $125,146	The higher the price, the higher the fair value.

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

	30/06/2018 (Unaudited)	31/12/2017
Buildings and land	$ 1,773,577,000	$ 1,679,059,000
Land improvements	23,867,408	18,815,371
Land reserves	83,772,000	87,631,000
	1,881,216,408	1,785,505,371
Less: Cost to complete construction in-progress	(86,236,394)	(84,499,000)
Balance at end of year	$ 1,794,980,014	$ 1,701,006,371

The reconciliation of investment property is as follows:

	30/06/2018 (Unaudited)	31/12/2017
Balance at beginning of year	$ 1,701,006,371	$ 1,415,714,762
Additions	71,193,829	195,132,819
Foreign currency translation effect	(8,752,487)	6,100,685
Gain on revaluation of investment property	31,532,301	84,058,105
Balance at end of year	$ 1,794,980,014	$ 1,701,006,371

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, S. de R. L. de C. V. (PAE), 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 PAE 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 40 years as of December 31, 2017.

PAE 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 41 years as of June 30, 2018). With respect to such rights, all construction, addition and improvements made by PAE to the contributed land (including without limitation, the industrial facilities) will revert in favor of the Government of the State of Queretaro at the end of the term of the trust, for zero consideration.

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

As of June 30, 2018 and December 31, 2017, the Entity's investment properties have a gross leasable area (unaudited) of 28,476,879 square feet (or 2,645,589 square meters) and 26,721,171 square feet (or 2,482,478 square meters), respectively and they were 91.3% and 92.3% occupied by tenants, respectively. As of June 30, 2018 and December 31, 2017, investment properties with a gross leasable area of 1,808,276 square feet (or 167,994 square meters) and 2,330,549 square feet (or 216,515 square meters), respectively, were under construction, representing an additional 6.3% and 8.7% of the Entity's total leasable area.

9. Long-term debt

On September 22, 2017, the Entity entered into an agreement for an issuance and sale Series A Senior Notes of $65,000,000 due on September 22, 2024, and Series B Senior Notes of $60,000,000 due on September 22, 2027. Each Series A Note and Series B Note will bear interest on the unpaid balance of such Series A Note and Series B Note at the rates of 5.03% and 5.31%, respectively, per annum payable semiannually on the September 22 and March 22 of each year.

On November 1, 2017, the Entity entered into a loan agreement with Metropolitan Life Insurance Company for $118,000,000 due on December 1, 2027. This loan bears monthly interest at a rate of 4.75%.

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 December 31, 2017 and 2016 has not been utilized. On July 27, 2016, the Entity entered into a 10-year loan agreement with Metropolitan Life Insurance Company ("MetLife") 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:

Loan	Amount	Annual interest rate	Monthly amortization	Maturity	31/03/2018 (Unaudited)	31/12/2017
Syndicated Loan	$150,000,000	Variable rate plus margin (1)	(1)	July 2021	$ 150,000,000	$ 150,000,000
MetLife 10-year	150,000,000	4.55%	(2)	August 2026	150,000,000	150,000,000
MetLife 7-year	47,500,000	4.35%	(3)	April 2022	47,500,000	47,500,000
Series A Senior Note	65,000,000	5.03%	(5)	September 2024	65,000,000	65,000,000
Series A Senior Note	45,000,000	5.50%	(5)	May 2025	45,000,000	-
Series B Senior Note	60,000,000	5.31%	(5)	September 2027	60,000,000	60,000,000
Series B Senior Note	45,000,000	5.85%	(5)	May 2028	45,000,000	-
MetLife 7-year	118,000,000	4.75%	(4)	December 2027	118,000,000	118,000,000
MetLife 8-year	26,600,000	4.75%	(2)	August 2028	26,600,000	-
					707,100,000	590,500,000
Less: direct issuance cost					(7,873,684)	(8,505,121)
Total long-term debt					$ 699,226,316	$ 581,994,879

(1) Five-year 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 basis points; if leverage ratio is higher than 40% the margin would increase to 225 basis points. 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) 10-year loan agreement with MetLife, interest on this loan is paid on a monthly basis and calculated using an annual fixed rate of 4.55%. Principal amortization will commence on September 1, 2023.This loan is guaranteed with 48 of the Entity's properties. On March 2018, an additional credit line was contracted for 26,600,000, which expires on August 1, 2026 using an annual rate of 4.75%.

(3) On March 9, 2015, the Entity entered into a 7-year loan with MetLife, interest on this loan is paid on a monthly basis and calculated using an annual rate of 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.

(4) On November 1, 2017, the Entity entered into a 10-year loan agreement with Metlife, interest on this loan is paid on a monthly basis and calculated using an annual rate of 4.75%. The loan bears monthly interest only for 60 months and thereafter monthly amortizations of principal and interest until it matures on December 1, 2027. The loan is secured by 21 of the Entity's investment properties.

(5) Series A Senior Notes and Series B Senior Notes are not secured by investment properties of the Entity. The interest on these notes are paid on a monthly basis and calculated using an annual rates established in the table above.

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 credit agreement as of June 30, 2018 (Unaudited) and December 31, 2017.

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 June 2019	$ 503,356
As of June 2020	774,651
As of June 2021	815,195
As of June 2022	2,879,958
Thereafter	702,126,840
Less: direct issuance cost	(7,873,684)
Total long-term debt	$ 699,226,316

10. Capital stock

10.1 Capital stock as of June 30, 2018 and December 31, 2017 is as follows:

	2018 (unaudited)		2017	
	Number of shares	Amount	Number of shares	Amount
Fixed capital				
Series A	5,000	$ 3,696	5,000	$ 3,696
Variable capital				
Series B	597,333,360	438,360,882	600,262,338	439,839,411
Total	597,338,360	$ 438,364,578	600,267,388	$ 439,843,107

Stockholders' equity, except restated paid-in capital and tax retained earnings will be subject to ISR payable by the Entity at the rate in effect upon distribution. Any tax paid on such distribution may be credited against annual and estimated income taxes of the year in which the tax on dividends is paid and the following two fiscal years. As of June 30, 2018, and December 31, 2017 there were a total of 24,445,761 (Unaudited) and 20,948,945 shares in treasury which were repurchased respectively.

10.2 Fully paid ordinary shares

	Number of shares	Amount	Additional paid-in capital
Balance as of January 1, 2017	621,097,663	$ 450,880,150	$ 343,037,228
Vested shares	118,670	58,201	91,769
Repurchase of shares	(20,948,945)	(11,095,244)	(15,858,458)
Balance as of December 31, 2017	600,267,388	439,843,107	327,270,539
Vested shares	567,788	297,786	479,413
Repurchase of shares (Unaudited))	(3,496,816)	(1,776,315)	(2,596,455)
Balance as of June 30, 2018 (unaudited)	597,338,360	$ 438,364,578	$ 325,153,497

10.3 Dividend payments

Pursuant to a resolution of the general ordinary stockholders meeting on March 21, 2018 and March 2, 2017, the Entity declared a dividend of approximately $0.079 per share, for a total dividend of $47,897,981 (Unaudited) and $0.064 per share, for a total dividend of $39,110,027 respectively. The dividend was paid on April 13, 2018 and March 30, 2017 in cash.

11. Earnings per share

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

	Six months ended as of June 30, 2018 (Unaudited)		
	Earnings	Weighted-average number of shares	Dollars per share
Profit for the period	$ 47,885,144	598,700,587	$ 0.080

	Six months ended as of June 30, 2017 (Unaudited)		
	Earnings	Weighted-average number of shares	Dollars per share
Profit for the period	$ 100,971,326	613,142,144	$ 0.165

	Three months ended as of June 30, 2018 (Unaudited)		
	Earnings	Weighted-average number of shares	Dollars per share
Profit for the period	$ 11,914,421	598,700,587	$ 0.020

	Three months ended as of June 30, 2017 (Unaudited)		
	Earnings	Weighted-average number of shares	Dollars per share
Profit for the period	$ 19,008,923	612,120,607	$ 0.031

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:

	Six Months ended 30/06/2018 (Unaudited)	Six Months ended 30/06/2017 (Unaudited)	Three Months ended 30/06/2018 (Unaudited)	Three Months ended 30/06/2017 (Unaudited)
Real estate tax	$ 636,304	$ 648,326	$ 293,267	$ 373,964
Insurance	174,476	151,476	92,911	81,754
Maintenance	405,786	297,533	217,234	176,415
Structural maintenance accrual	119,423	80,507	59,019	26,528
Other property related expenses	607,696	700,145	408,107	307,261
	$ 1,943,684	$ 1,877,987	$ 1,070,539	$ 965,922

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

	Six Months ended 30/06/2018 (Unaudited)	Six Months ended 30/06/2017 (Unaudited)	Three Months ended 30/06/2018 (Unaudited)	Three Months ended 30/06/2017 (Unaudited)
Real estate tax	$ 164,801	$ 97,536	$ 116,779	$ 41,071
Insurance	27,453	16,190	22,115	5,959
Maintenance	43,226	32,812	23,646	13,701
Other property related expenses	229,976	161,242	141,506	82,264
	465,456	307,780	304,046	145,995
Total property operating	$ 2,409,140	$ 2,185,767	$ 1,374,585	$ 1,111,917

12.1.3 Administration expenses consist of the following:

	Six Months ended 30/06/2018 (Unaudited)	Six Months ended 30/06/2017 (Unaudited)	Three Months ended 31/03/2018 (Unaudited)	Three Months ended 31/03/2017 (Unaudited)
Marketing expenses	$ 717,121	$ 689,368	$ 325,452	$ 323,157
Auditing, legal and consulting expenses	744,643	578,447	472,145	360,314
Property appraisal and other fees	213,664	173,133	124,489	87,189
Direct employee benefits and other benefits	4,278,890	3,289,556	1,950,972	1,465,686
Other administrative expenses	711,135	761,060	379,800	331,359
Equity trading related costs	51,751	83,090	21,527	50,355
	6,717,204	5,574,653	3,274,385	2,618,060
Long-term incentive – Note 15	971,753	656,989	481,983	321,709
	$ 7,688,957	$ 6,231,642	$ 3,756,368	$ 2,939,769

13. Income taxes

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

13.1 Income taxes are as follows:

	Six Months ended 30/06/2018 (Unaudited)	Six Months ended 30/06/2017 (Unaudited)	Three Months ended 30/06/2018 (Unaudited)	Three Months ended 30/06/2017 (Unaudited)
ISR expense:				
Current	$ 11,034,769	$ 17,620,201	$ 298,048	$ 8,874,237
Deferred	9,665,887	(18,957,168)	25,920,936	(16,517,472)
Total benefit (income) taxes	$ 20,700,658	$ 1,336,977	$ 26,219,344	$ 7,643,233

13.2 The main items originating the deferred ISR liability are:

	30/06/2018 (Unaudited)	31/12/2017
Deferred ISR liability:		
Investment properties	$ (217,107,592)	$ (207,074,235)
Effects of tax loss carryforwards	7,774,552	4,097,337
Other provisions and prepaid expenses	(2,797,002)	(1,228,463)
Deferred income taxes – Net	$ (212,130,042)	$ (204,205,361)

To determine deferred ISR, the Entity applied the applicable tax rates to temporary differences based on their estimated reversal dates. The effective rate differs from the statutory rate mainly due to the impact of the appreciation of the Peso during the period as compared to the dollar which had an impact on the tax basis of the Entity's assets which for tax purposes are peso denominated.

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

	30/06/2018 (Unaudited)	31/12/2017
Deferred tax liability at the beginning of the period	$ (204,205,361)	$ (185,733,064)
Movement included in profit or loss	(9,665,889)	(16,393,916)
Movement included in other comprehensive income	1,741,208	(2,078,381)
Deferred tax liability at the end of the period	$ (212,130,042)	$ (204,205,361)

14. Transactions and balances with related parties

14.1 Compensation of key management personnel

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

	Six Months ended 30/06/2018 (Unaudited)	Six Months ended 30/06/2017 (Unaudited)	Three Months ended 30/06/2018 (Unaudited)	Six Months ended 30/06/2017 (Unaudited)
Short-term benefits	$ 2,457,901	$ 2,625,834	$ 1,197,752	$ 787,905
Share-based compensation expense	971,753	656,989	481,983	321,709
	$ 3,429,654	$ 3,282,823	$ 1,679,735	$ 1,109,614

15. Share-based payments

15.1 Details of the share-based plans 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. The shares granted each year will vest over the three years following the grant date.

   The total number of shares to be granted during the six year period is 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 and the shares 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.

   The total number of shares to be granted in each of the six years ranges from 695,215 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 compared to other publicly traded entities in each year.

   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 may 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.

15.2 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, 2017, the shares granted were 637,000. This 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.

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.

15.3 Compensation expense recognized

The long-term incentive expense for the six and three months ended June 30, 2018 and 2017 was as follows:

	Six Months ended 30/06/2018 (Unaudited)	Six Months ended 30/06/2017 (Unaudited)	Three Months ended 31/03/2018 (Unaudited)	Three Months ended 31/03/2017 (Unaudited)
Vesta 20-20 Incentive Plan	$ 971,753	$ 641,670	$ 481,983	$ 317,273
2014 Incentive Plan	-	15,319	-	4,436
Total long-term incentive expense	$ 971,753	$ 656,989	$ 481,983	$ 321,709

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

15.4 Share awards outstanding at the end of the year

As of June 30, 2018 and December 31, 2017, there are 2,480,090 (Unaudited) and 970,988 shares outstanding with a weighted average remaining contractual life of 17 months.

15.5 Interest rate risk management

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

Interest rate swap contracts

Under interest rate swap contracts, the Entity agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Entity to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt and the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the reporting period.

The following table detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding at the end of the reporting period.

Cash flow hedges

	Contracted fixed interest rate 2018	Notional principal value 2018	Fair value assets (liabilities) 2018
Outstanding received floating pay fixed contracts (Unaudited)	1.944	$ 150,000,000	$ 3,775,721

	Contracted fixed interest rate 2017	Notional principal value 2017	Fair value assets (liabilities) 2017
Outstanding received floating pay fixed contracts	1.944	$ 150,000,000	$ 827,251

16. 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 41 and 35 years, respectively.

17. Unaudited condensed consolidated interim financial statements issuance authorization

On July 23, 2018 the issuance of the accompanying unaudited condensed consolidated interim financial statements was authorized the Board of Directors and consequently do not reflect events after this date.

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