

# *CORPORATE PRESENTATION*

4Q19

# vesta



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# Vesta's Snapshot



# Fully integrated industrial real estate owner, operator and developer:



- ✓ Internally managed company.
- ✓ Offers innovative and customized solutions.
- ✓ Development approach to capture specific supply chain sectors and generate higher returns.

## 184

Class A industrial properties located in Mexico's key trade corridors and manufacturing centers

29.8 million sf total GLA  
91.7% total occupancy rate  
28.8 million sf stabilized portfolio  
94.7% stabilized occupancy rate  
26.3 million sf same store portfolio  
97.9% same store occupancy rate



### *Inventory buildings*

These buildings conform to standard industry specifications and are designed to be adapted for two or more tenants

## 43.9

million sf of land reserves

with potential to develop over  
19.8 million sf of incremental GLA



### *Built-to-suit ("BTS")*

Buildings designed and built to meet the specific needs of clients.

## 175

Tenant

4.8 yrs average contract life<sup>1</sup>  
90% contracts denominated in USD<sup>2</sup>  
85% of the rental income is denominated in USD



### *Park-to-suit ("PTS")*

Custom-designed and built industrial parks that meet the specific needs of supply chains.

Note: Figures as of December 31, 2019.  
(1) In terms of occupied GLA.  
(2) Based on number of contracts.

# STRONG CORPORATE GOVERNANCE WITH BEST-IN-CLASS GOVERNANCE PRACTICES

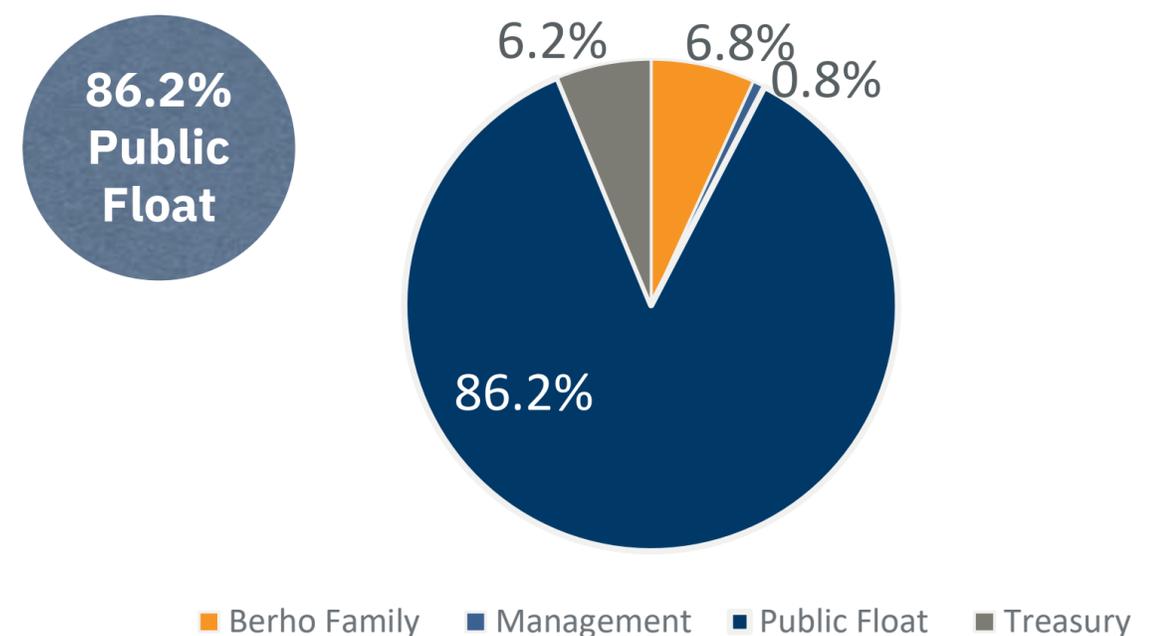


## Solid standards

- 10** Board members
- 80%** independent members
- 100%** Committees chaired by independent Board members

High governance standards since inception

## Shareholder structure<sup>1</sup>



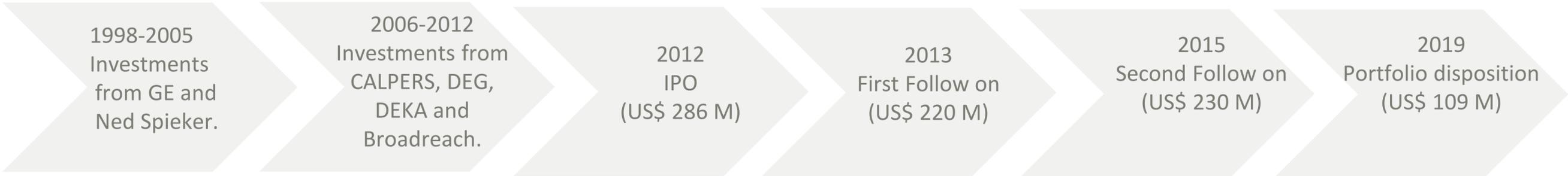
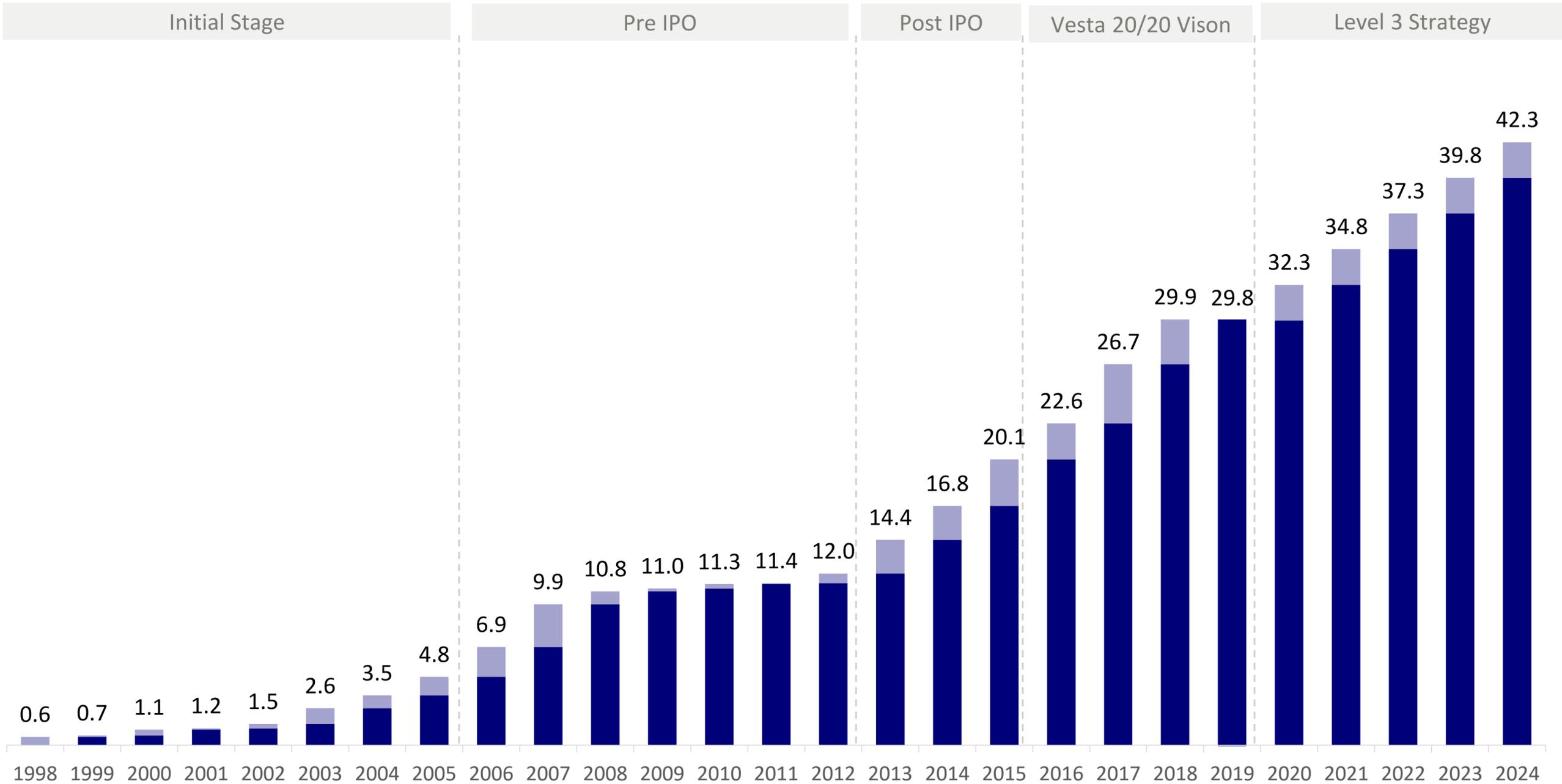
# *Highlights*

- 1 Record-high results
- 2 Resilient balance
- 3 Growth without dilution
- 4 Increasing dividends
- 5 Maximizing our stabilized portfolio
- 6 Attractive discount
- 7 Vesta Parks development strategy
- 8 Focus on ESG

# *Record-high Results*



# Strong foundation proven through key milestones that have accelerated growth

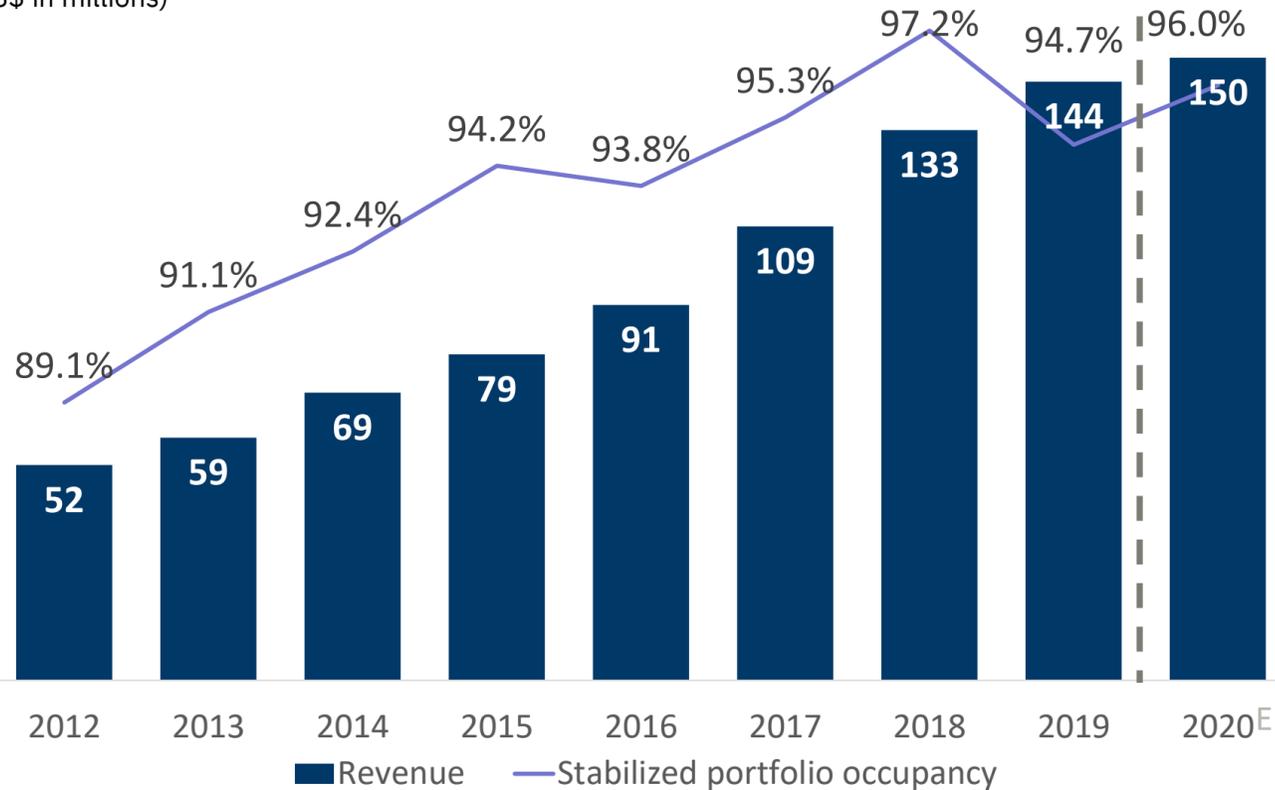


As of December 31, 2019 GLA was 29.8 million sf

# Stable and predictable cash flows and profitability

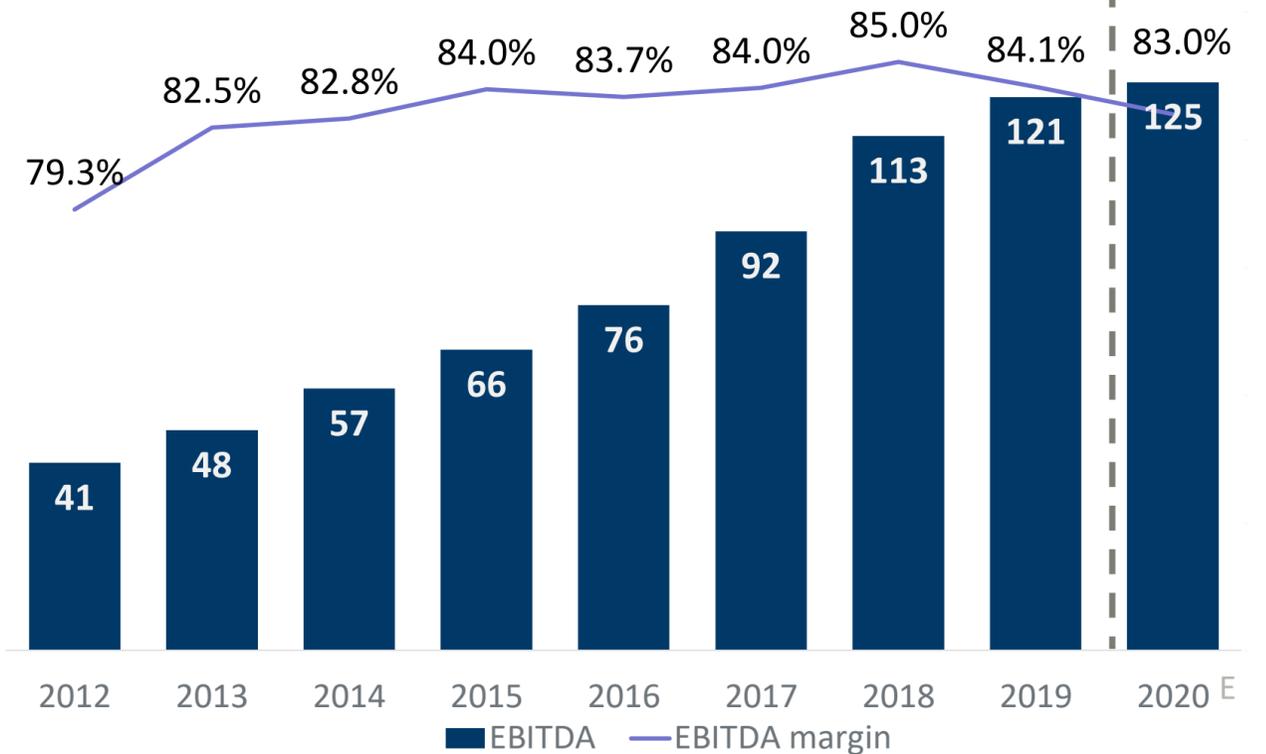
## Highly predictable rental income & stable occupancy rates

(US\$ in millions)



## Strong EBITDA growth with low margin volatility<sup>1</sup>

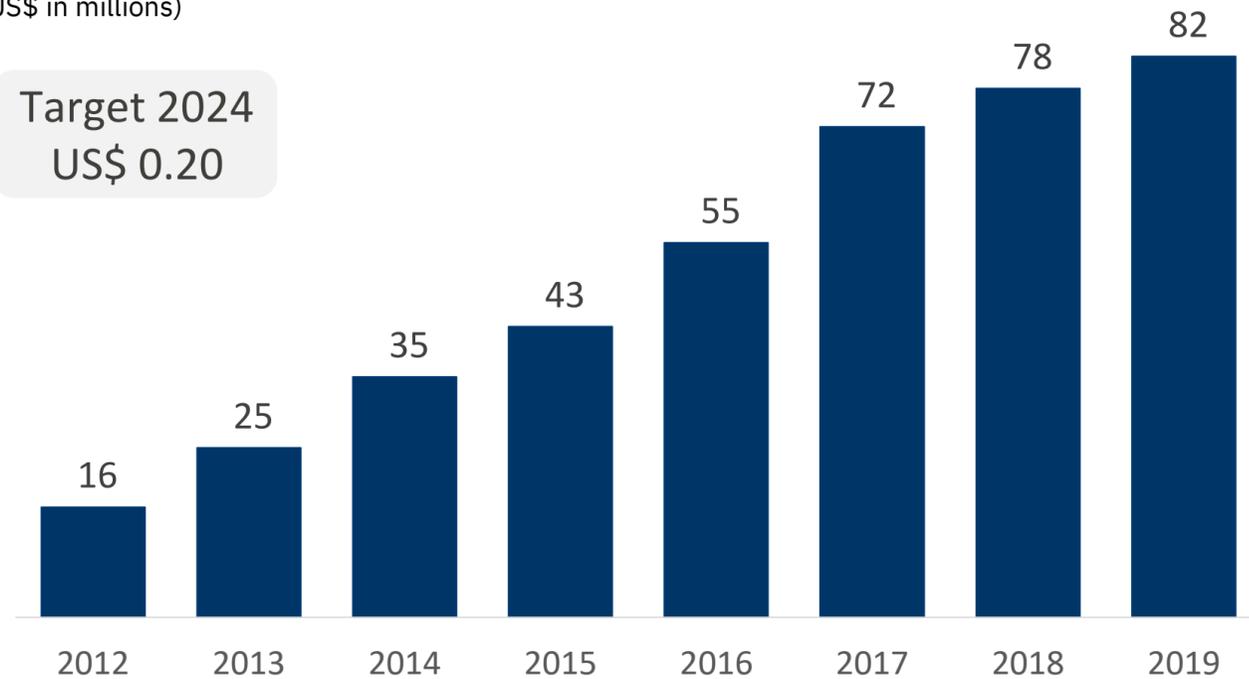
(US\$ in millions)



## Sustainable Adj FFO Growth<sup>2</sup>

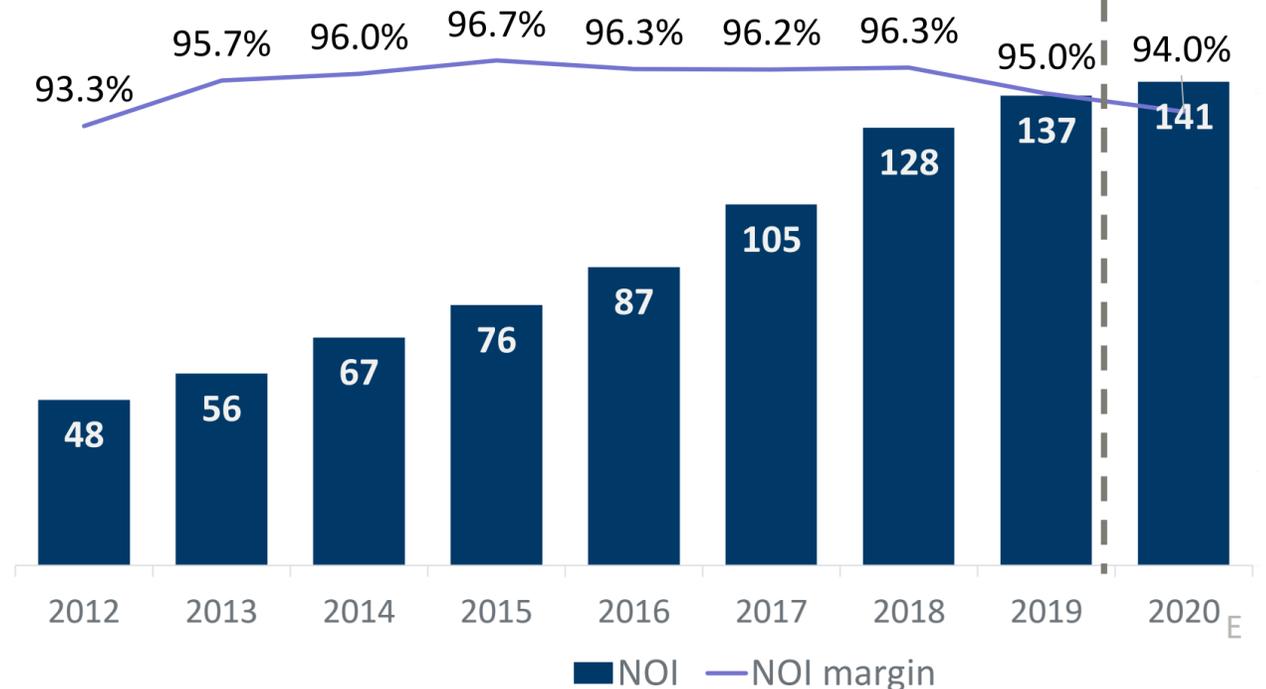
(US\$ in millions)

Target 2024  
US\$ 0.20



## Best in class NOI margin<sup>3</sup>

(US\$ in millions)



Figures as of December 31, 2019

- (1) EBITDA is defined as gross profit minus property operating costs (both for the properties that generated income during the year and for those that did not) and minus administration expenses.
- (2) AFFO is defined as EBITDA less finance costs less transaction costs on debt issuance. Expressed in pretax terms for comparative purposes.
- (3) NOI is defined as rental income minus the operating cost for the investment properties that generated income
- (4) EBITDA and NOI margins base on guidance 2020

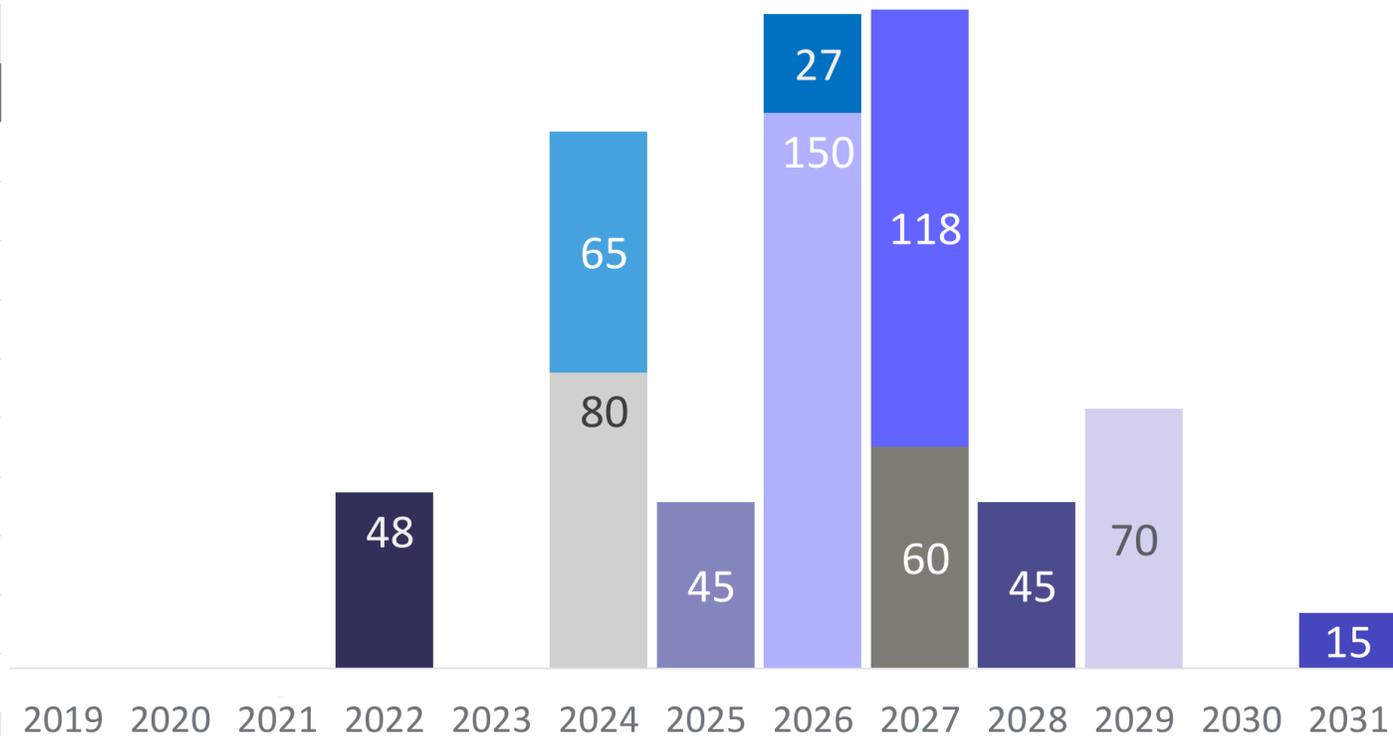
*Resilient  
balance*



# Long term debt at fixed rates with sound liquidity position...

	31/12/2019	Rate	Maturity
<b>Secured Debt</b>			
MetLife I	\$47.5	4.4%	Apr-22
MetLife II	\$150.0	4.6%	Aug-26
MetLife III	\$118.0	4.8%	Nov-27
MetLife Top Off	\$26.6	4.8%	Aug-26
<b>Total Secured Debt</b>	<b>\$342.1</b>		
<b>Unsecured Debt</b>			
2017 Private Bond			
Tranche 1	\$65.0	5.0%	Sep-24
Tranche 2	\$60.0	5.3%	Sep-27
2018 Prudential Insurance Company			
Tranche 1	\$45.0	5.5%	May-25
Tranche 2	\$45.0	5.9%	May-28
2019 Private Bond			
Tranche 1	\$70.0	5.2%	Jun-29
Tranche 2	\$15.0	5.3%	Jun-31
Syndicated Loan	\$80.0	3.5%	Jul-24
<b>Total Unsecured Debt</b>	<b>\$380.0</b>		
<b>Total Debt</b>	<b>\$722.1</b>	<b>4.8%</b>	<b>7 years</b>
Common Equity (@ MXN\$26.83/share as of 12/30 @ MXM\$19.68/Ex.Rate)	\$1,035		
<b>Total Market Capitalization</b>	<b>\$1,757</b>		
Less: Cash and Cash Equivalents	\$75		
<b>Total Enterprise Value (TEV)</b>	<b>\$1,682</b>		
LTV	34.5%		
Net Debt / Total Assets	31%		
Secured Debt / Total Assets	16%		
Unsecured Debt/Total Assets	18%		
Net Debt / EBITDA	5.3x		
Encumbered Assets	34%		

7 years average maturity & 4.8% average interest rate

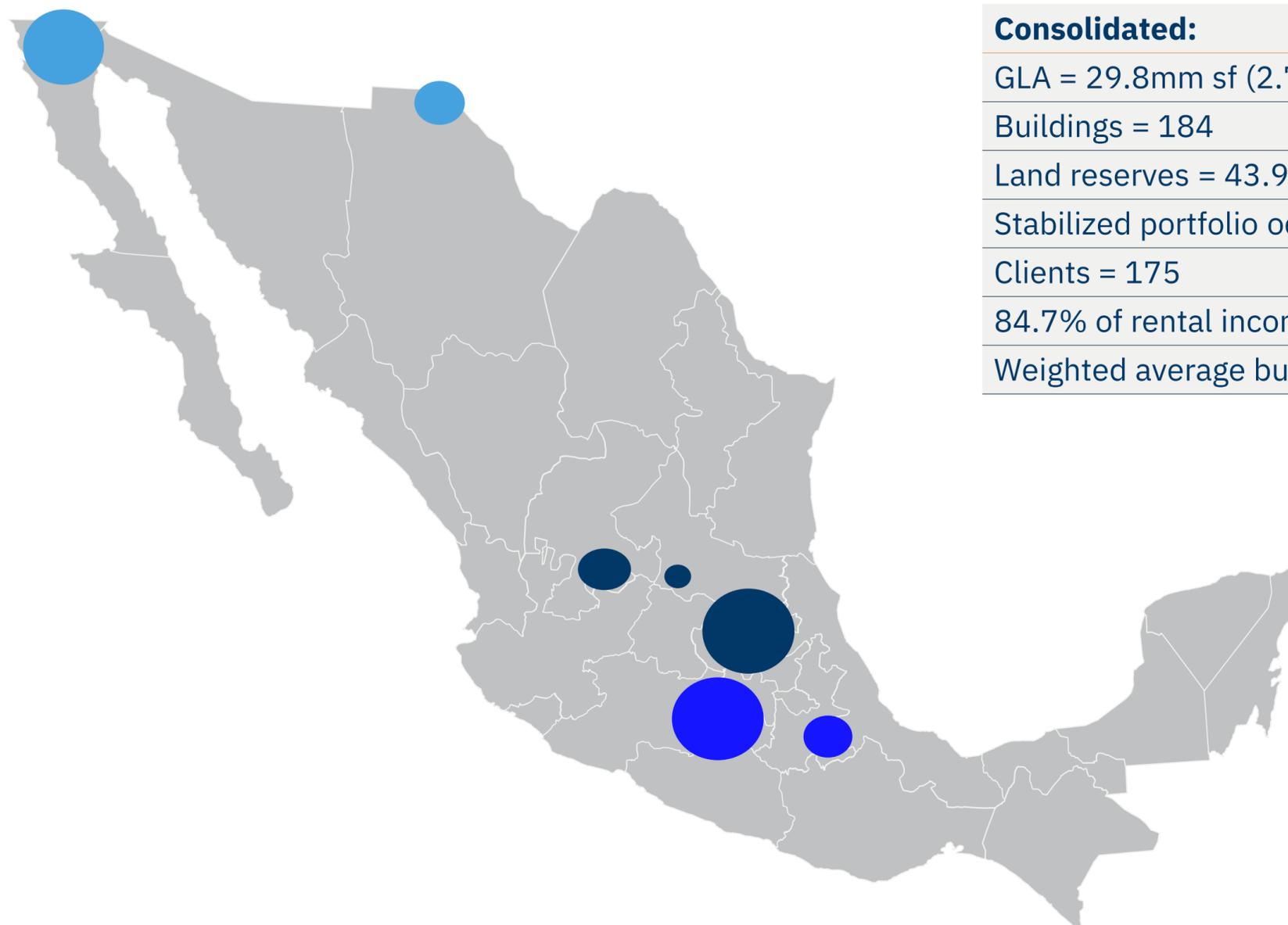


## Sound liquidity position

- ✓ **Cash reserves:**
  - US\$ 75 M as of December 31, 2019
- ✓ **Idle debt capacity:**
  - Current LTV of 35% vs 40% maximum leverage internal policy
- ✓ **Unused credit line:**
  - Revolver lines of US\$ 150 M with maturity 2022
  - The revolver line is a liquidity option we don't plan to use it to finance our projects
- ✓ **Credit rating provided by Fitch BBB-**
- ✓ **Average annual CAPEX of US\$ 120 M**

# ...one of the largest and the most modern industrial portfolios in Mexico...

(As of December 31, 2019, % of GLA)



## Consolidated:

GLA = 29.8mm sf (2.77 mm m<sup>2</sup>)

Buildings = 184

Land reserves = 43.9 mm sq.ft (4.1 mm m<sup>2</sup>)

Stabilized portfolio occupancy 4Q19 = 94.7%

Clients = 175

84.7% of rental income is denominated in USD

Weighted average building age = 8.5 years

**North 30%**

Surface area ft<sup>2</sup>: 8,852,290  
 Number of buildings: 69  
 Number of clients: 69  
 Land bank ac: 118.63

**Bajío 48%**

Surface area ft<sup>2</sup>: 14,445,698  
 Number of buildings: 83  
 Number of clients: 76  
 Land bank ac: 861.46

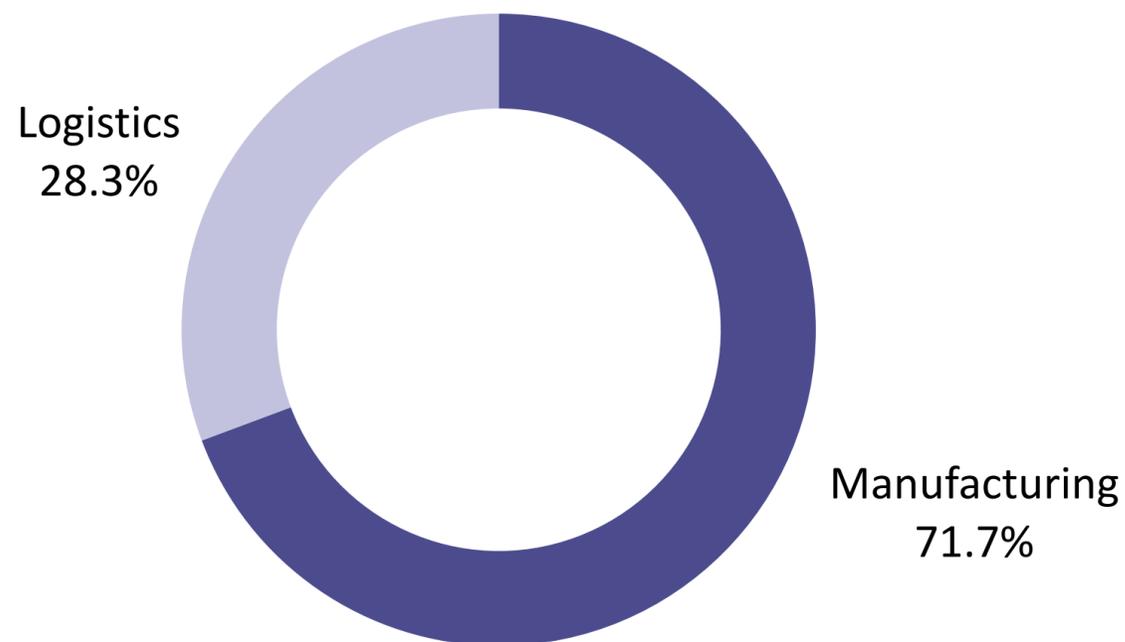
**Central 22%**

Surface area ft<sup>2</sup>: 6,494,060  
 Number of buildings: 32  
 Number of clients: 30  
 Land bank ac: 28.08

# ...strong client base diversified by industry and geography with balanced combination of growth and defensive sectors ...

## Balanced portfolio use

(% of Occupied GLA, as of December 31, 2019)



## Long-term and staggered lease maturity profile<sup>1</sup>

(% of Occupied GLA, as of December 31, 2019)



## Well diversified portfolio of tenants

Country										
Tenant										
% of GLA	6.0%	4.6%	4.1%	3.9%	3.6%	2.1%	1.8%	1.7%	1.6%	1.6%
Lease term remaining <sup>3</sup>	5	7	8	9	5	6	5	5	4	5
Credit rating	AA2	Baa3	NA	NA	A3	B3	Baa2	Ba1	Ba3	BBB-

...strong tenant credit profile...

Logistics

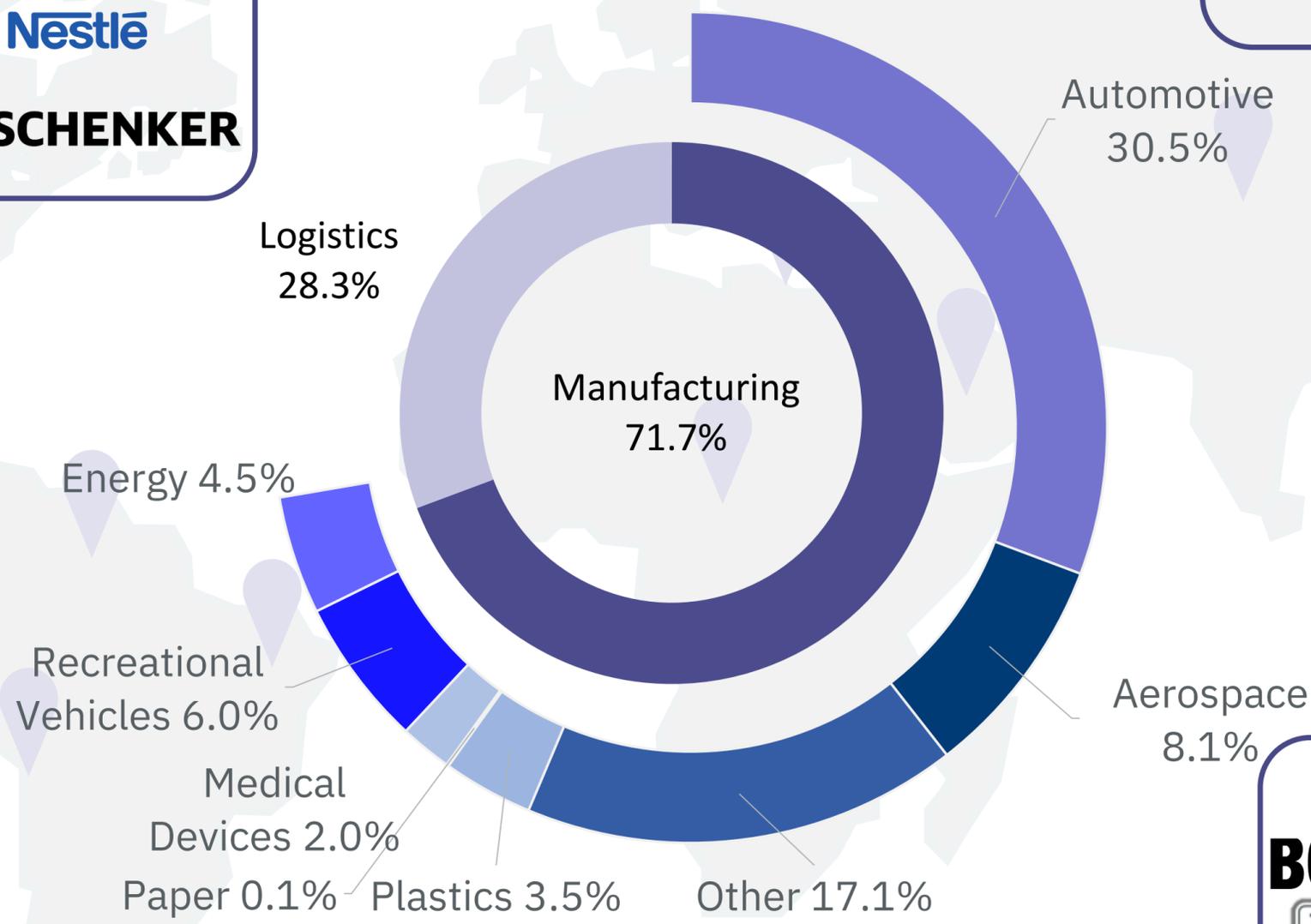


DANONE Nestlé  
OXXO DB SCHENKER

Automotive



HARMAN LEAR CORPORATION Delco Remy  
BMW Mercedes-Benz CHRYSLER



Aerospace

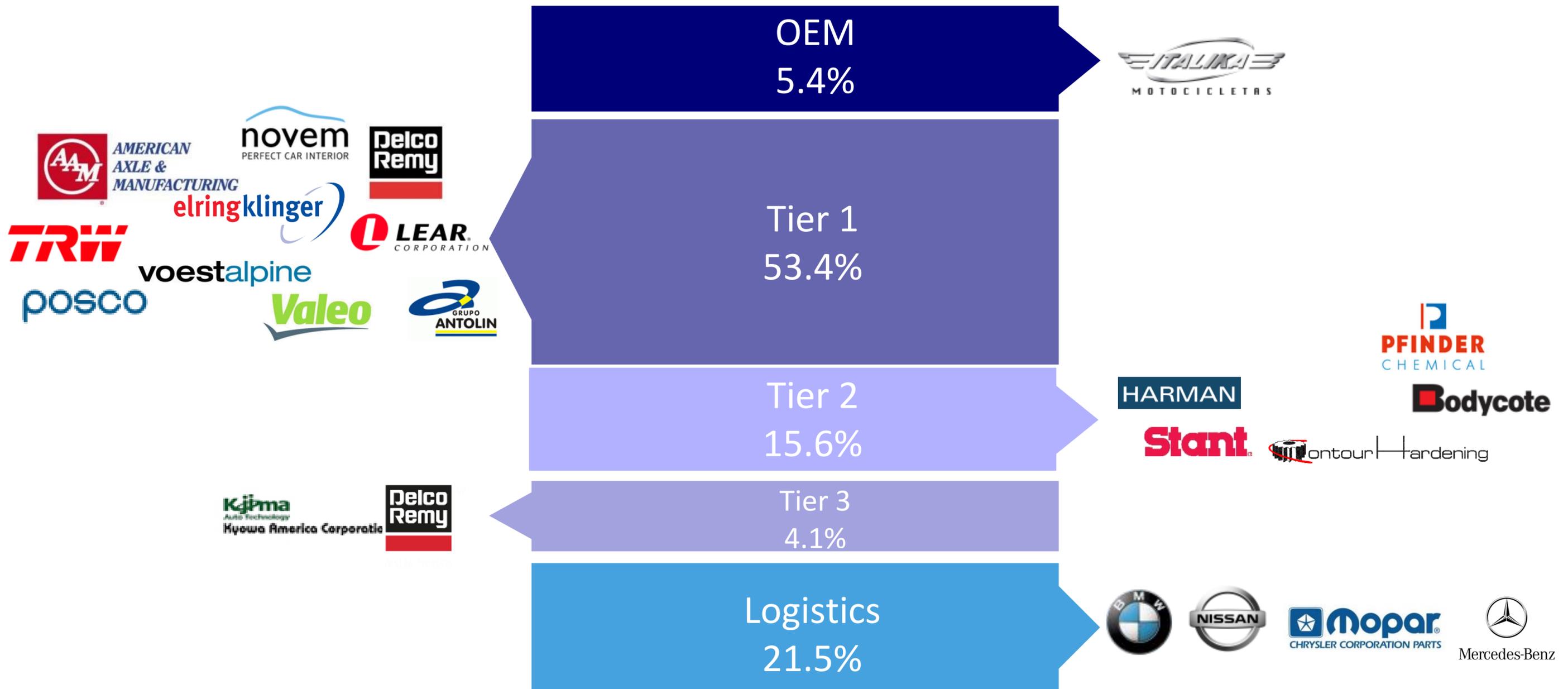


BOMBARDIER PCC  
H.E. Petsche Co. SAFRAN  
MEGGITT

\* Calculated over total occupied GLA

# ...exposure to most stable business component of automotive supply chain...

**Post-crisis outcome:** Tier 1 manufacturers have strengthened in a significant reduction of OEM suppliers driven by market consolidation where only the best and most profitable survived.



Calculated over the sum of occupied manufacturing automotive and logistics of automotive industries GLA

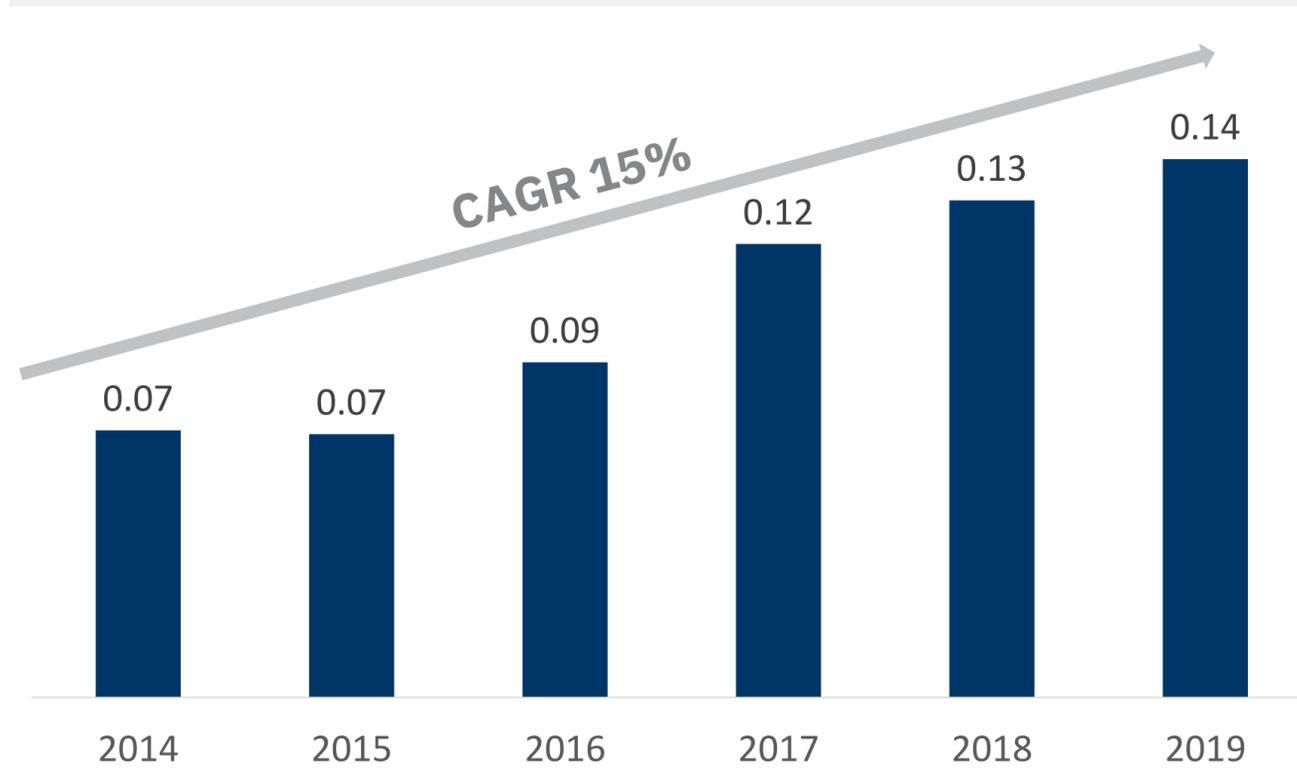
vesta

*Growth without  
dilution*

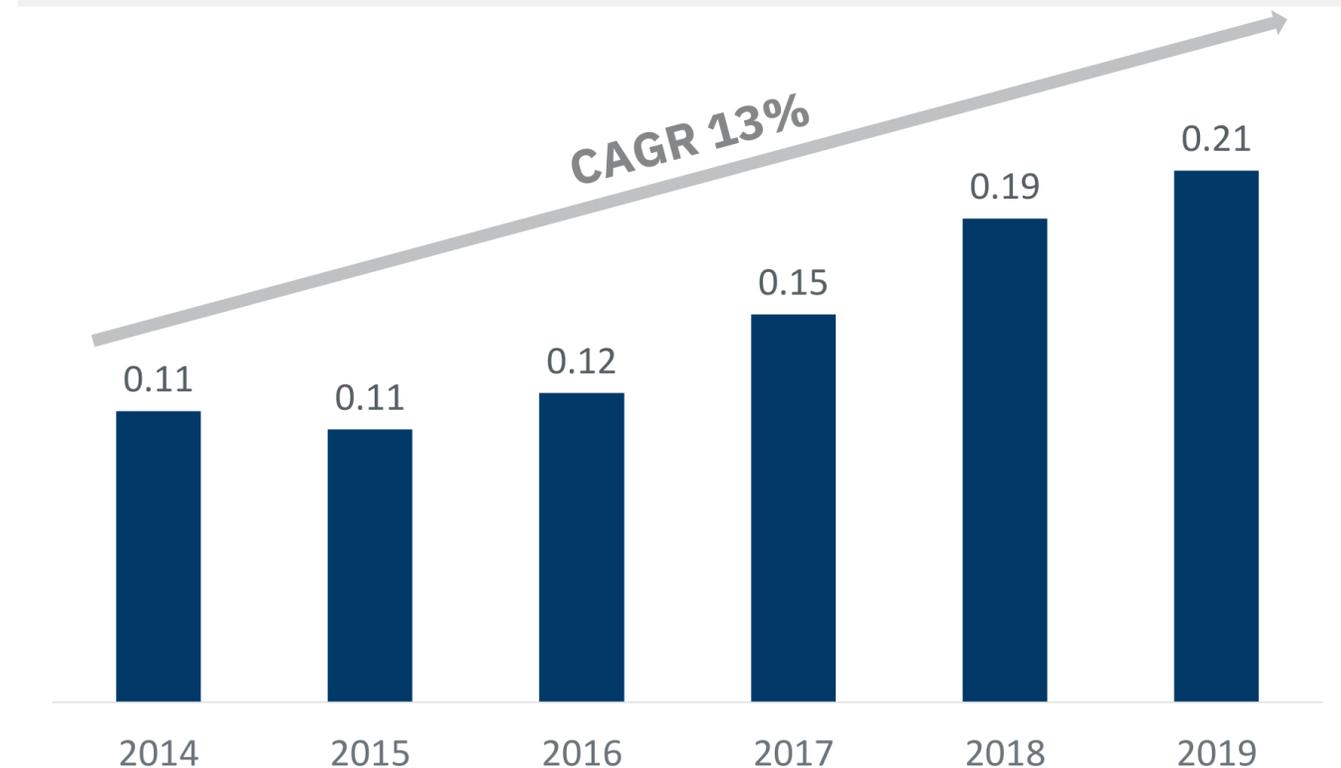


# Strong buy-back program and increasing key financial metrics

Increasing FFO per share



Increasing EBITDA per share



Lower number of shares



US\$100 M buy-back fund  
representing ~10% of the  
company

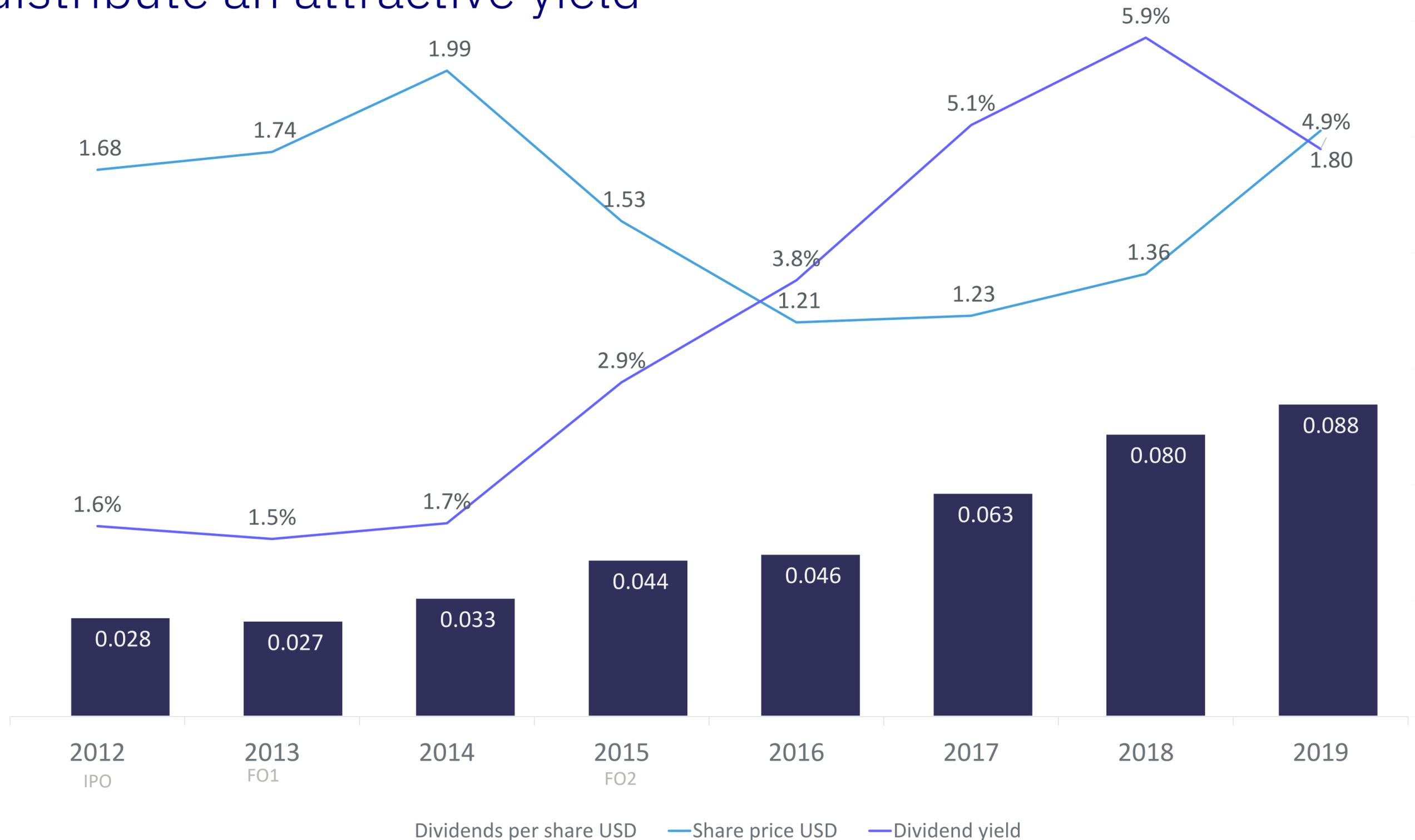
US\$70 M deployment

Attractive discount to NAV

# *Increasing dividends*



The accretive development, acquisitions, accelerated leasing activity and divesting, results in strong financial metrics to distribute an attractive yield



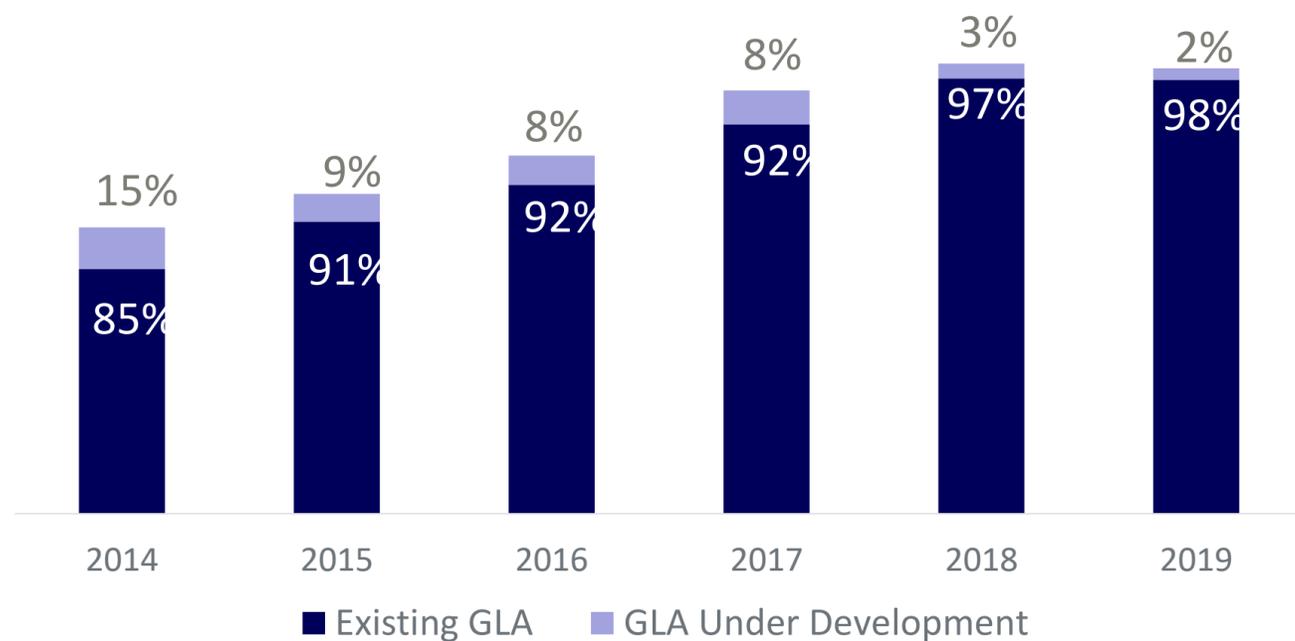
- The dividend yield for 2019 and 2020 is calculated with the share price and exchange rate as of September 30, 2019.
- The dividend yield for 2019 is calculated with the dividend declared in the shareholders meeting on March 2019

*Maximizing our  
stabilized portfolio*

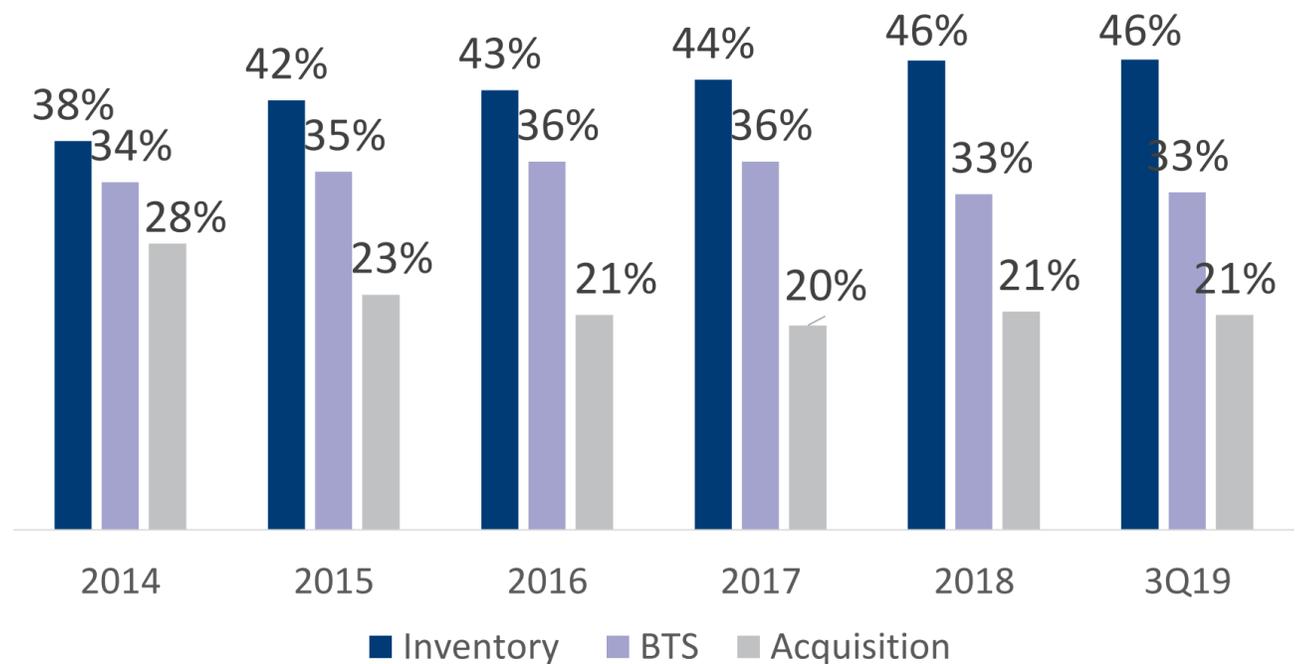


The development of our portfolio tends to decrease as our stabilized GLA increases while development costs remain flat

GLA under construction



Our growth comes from different types of buildings



Project	GLA	Total Investment	Delivery date	Cap Rate	Type
Q1	143,602	\$1,896	abr-20	11.2%	Inventory
Q4	78,382	\$1,035	abr-20	10.0%	Inventory
GDL 01	405,509	\$8,872	oct-20	10.7%	Inventory
VPP03	135,182	\$1,258	may-20	11.4%	Inventory
	<b>762,675</b>	<b>13,061</b>		<b>10.8%</b>	

\* Existing GLA is defined as vacant GLA plus stabilized GLA.

*Attractive discount*



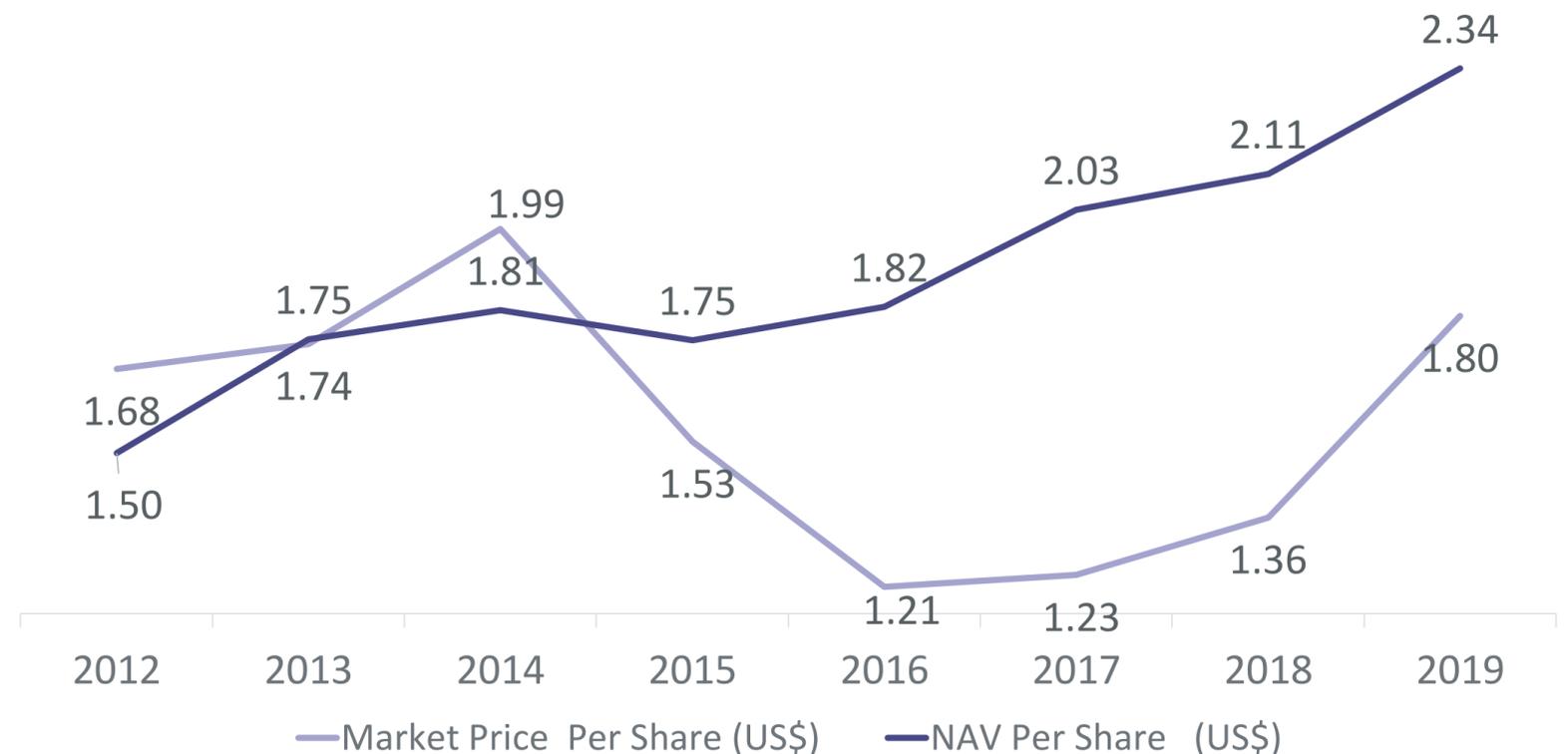
# Higher book Net Asset Value vs Market Price

<i>Figures in US\$ M</i>	2018	2019	% change
Properties	1,817	1,841	1.3%
Land	121	167	38.0%
Cash	65	75	15.4%
Debt Cash Collateral	4	4	0.0%
Net Recoverable VAT	11	2	-81.8%
<b>Assets</b>	<b>2,018</b>	<b>2,089</b>	<b>3.5%</b>
Remaining CAPEX	(53)	(19)	-64.2%
Debt	(699)	(713)	2.0%
Tenant Deposit	(13)	(13)	0.0%
<b>Liabilities</b>	<b>(765)</b>	<b>(745)</b>	<b>-2.6%</b>
<b>Net Asset Value</b>	<b>1,253</b>	<b>1,344</b>	<b>7.3%</b>

Average Discount/Premium



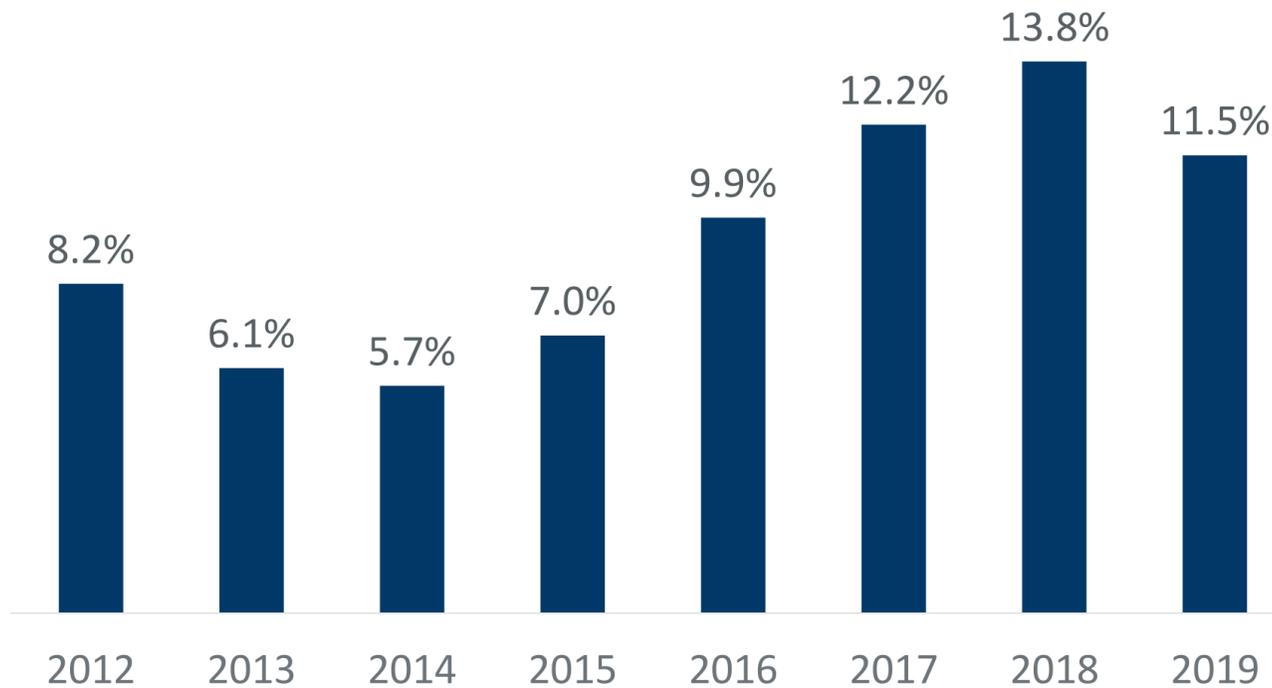
NAV vs share market price



# Stable yields through increasing price per share

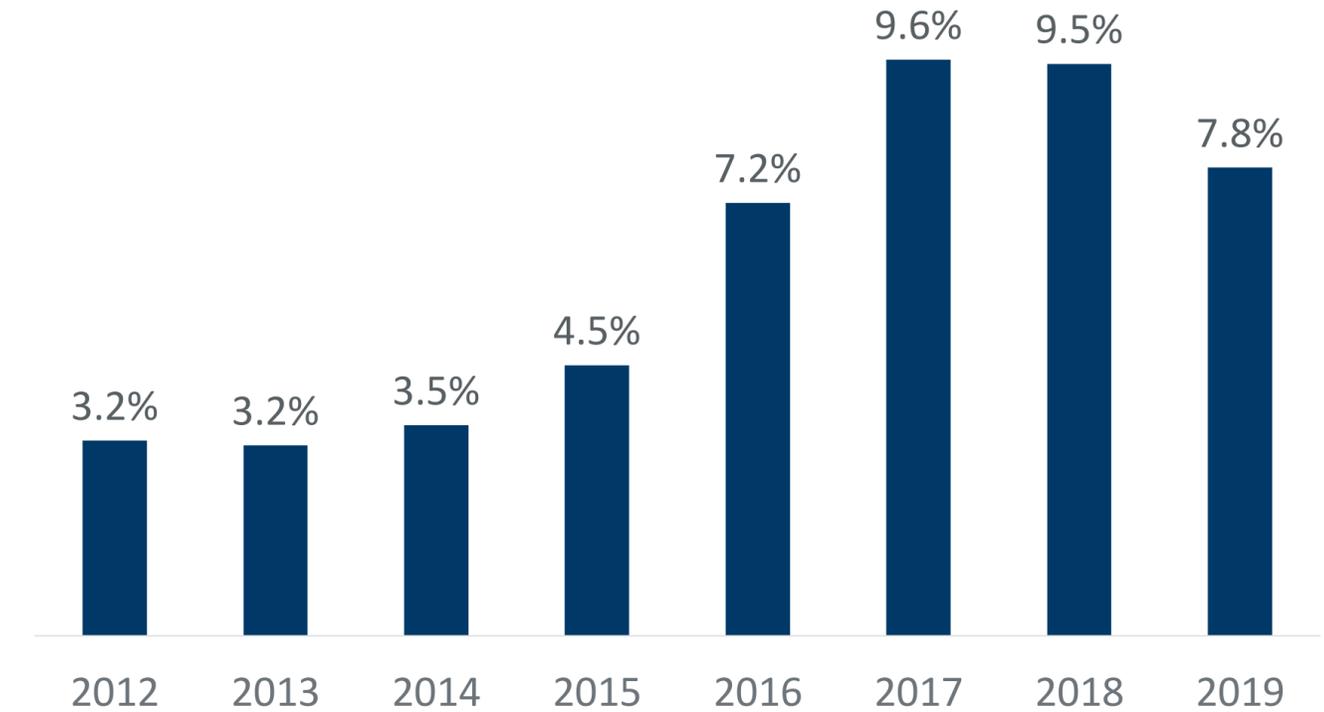
## EBITDA yield

(EBITDA per share/share price US\$)



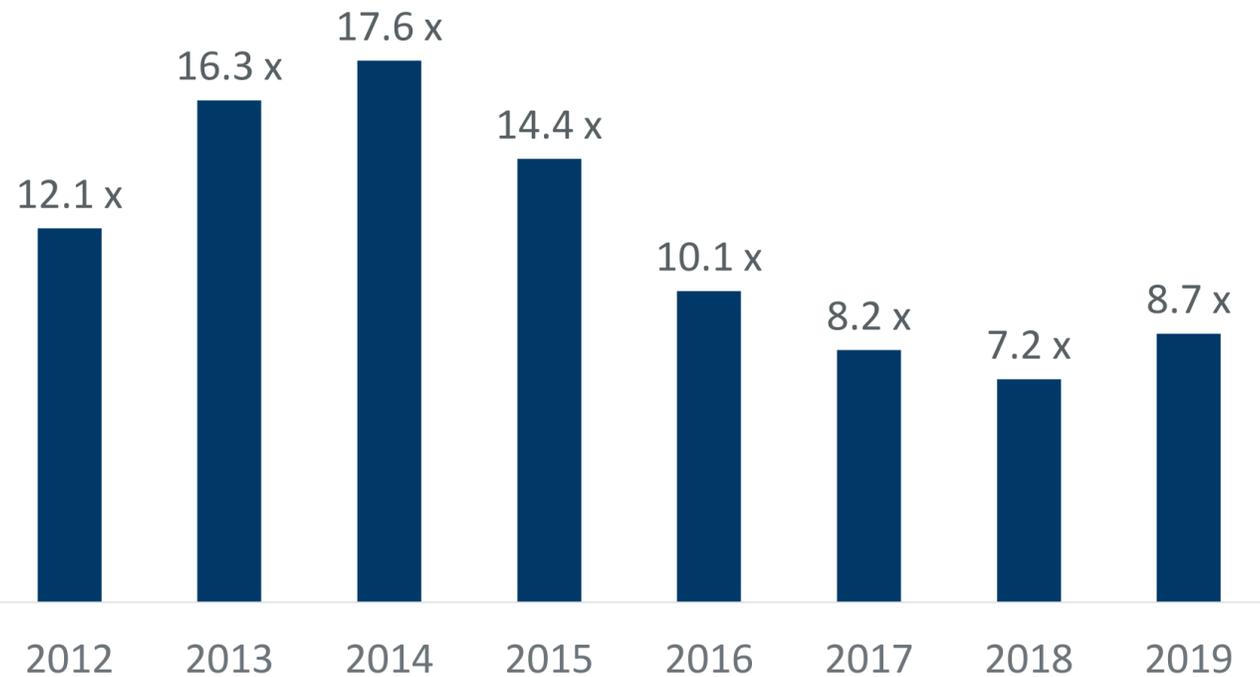
## Adjusted FFO yield

(Adjusted FFO per share/share price US\$)



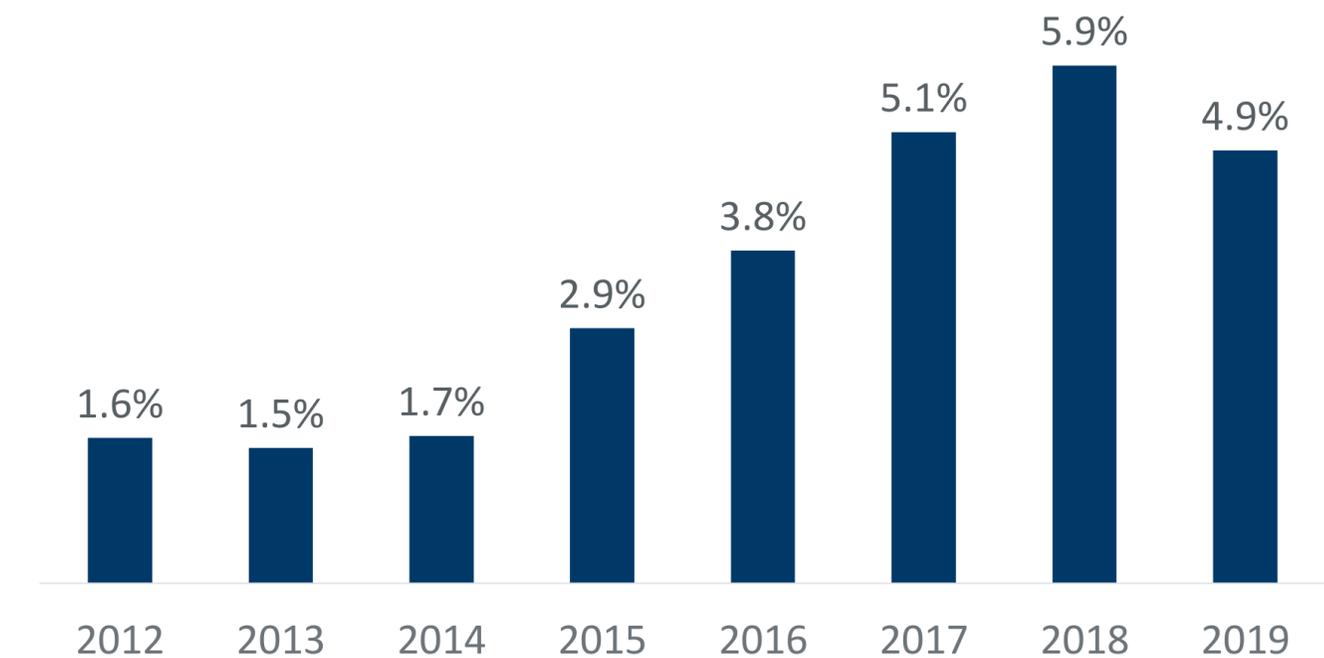
## EBITDA multiple

(Share price US\$/EBITDA per share)



## Dividend yield

(Dividend per share/share price US\$)



# *Vesta Parks Growth Strategy*



# Continued Organic Growth through **VESTA** PARK development Strategy

- ✓ **VESTA** PARK is a sustainable gated industrial park with state-of-the-art class A buildings designed for advanced light manufacturing and logistics operations of world-class multinational companies
- ✓ Strategically located, with access to ports, airports, highways, borders and key cities within the country
- ✓ Parks configuration allows for the construction of inventory, turn-key and built-to-suit buildings with cutting edge standards catering to tenants needs
- ✓ Full-service facilities designed with sustainability features at the core such as energy conservation, clean energy generation, and recycling among others

North			
City	Park Name	GLA (000's sf)	Stage
TJ	Lagoeste	552	✓
TJ	Tijuana III	619	✓
TJ	VP Alamar	602	35%
CDJ	VP Juarez Sur	720	66%
MTY	VP Guadalupe	450	0%
<b>Total GLA</b>		<b>2,943</b>	

Bajío			
City	Park Name	GLA (000's sf)	Stage
AGS	Douki Seisan Park	2,143	✓
QRO	Aerospace Park	2,163	✓
AGS	VP Aguascalientes	2,953	38%
GDL	VP Guadalajara	1,702	0%
QRO	VP Queretaro	4,000	12%
SMA	VP San Miguel A.	2,773	71%
GUA	VP Guanajuato	1,692	75%
SLP	VP San Luis Potosi	2,000	37%
<b>Total GLA</b>		<b>19,425</b>	

Central			
City	Park Name	GLA (000's sf)	Stage
TOL	Toluca I	1,000	✓
TOL	Toluca II	1,432	✓
TOL	Coecillo	660	✓
TLX	Tlaxcala	667	70%
PUE	VP Puebla	1,137	75%
<b>Total GLA</b>		<b>4,896</b>	



# Focus on ESG



# Focus on sustainability

ESG for Vesta is...

"To contribute to the competitiveness of our clients and well being of society while minimizing the environmental impact of our developments"



**EXPANSION**



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\*In 2017 and 2018 we developed an environmental assessment to identifying our best practices, opportunities for improvement and risks, and to standardizing our environmental practices. This will enable us to establish initiatives for achieving savings and improvement, thus allowing us to lower operating costs.

# ESG

## Environment

7.8% of our GLA has Leed Certification. We have a Sustainable Construction Manual, that defines 5 key aspects:

- SUSTAINABLE SITES
- WATER EFFICIENCY
- ENERGY AND ATMOSPHERE
- MATERIALS AND RESOURCES
- INTERIOR ENVIRONMENTAL QUALITY

## Our Consumption

0.72 kWh per m<sup>2</sup>, considering 1,233,983 kWh of total energy consumption and 18,466,457 square feet of the total area to be reported, of our offices and common areas.

137,952 m<sup>3</sup> of water in our offices and the parks' common areas.

## Our Emissions

- SCOPE 1: Derived from diesel fuel use totaled 48 tons of CO<sub>2</sub>e.
- SCOPE 2: Derived from electric energy consumption for our operations totaled 669,697 tons of CO<sub>2</sub>e.
- SCOPE 3: Derived from our tenants energy consumption for their operations totaled 4,095,232.68 tons of CO<sub>2</sub>e.



# ESG

## Social Investment

100% of the regions with at least 1 social project.

17 social investment projects

10 states

3 lines of action:

EDUCATION

INCLUSION

COMMUNITY DEVELOPMENT

2019 BENEFICIARIES:

1,944 CHILDREN

137 TEACHERS

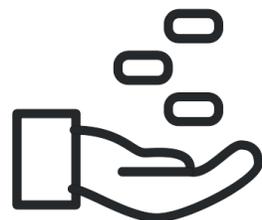
236 ENTREPRENEURS

500 MEMBERS OF A COMMUNITY

201 YOUNG PEOPLE

239 INDIRECT BENEFICIARIES

We invested US\$269,086 in ESG practices.



## Collaboration

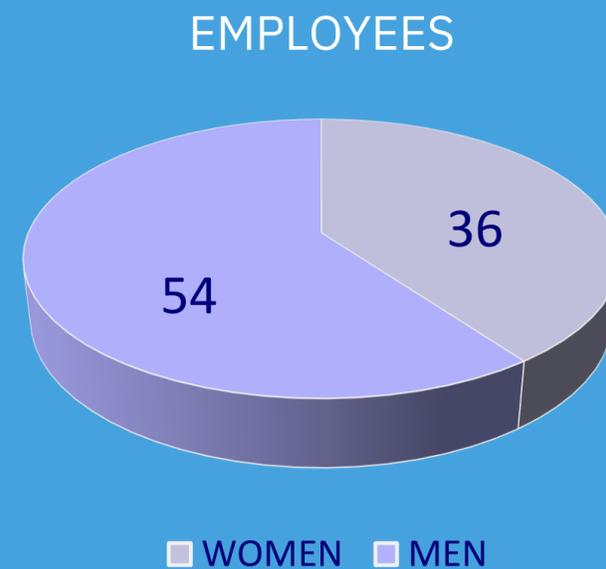
36 hours of training per employee.

+400 VOLUNTEERS

Well Building Standard Certification.

Health and Well Being Programs and Incentives for employees.

Turn over rate 13.5%



# ESG

## Governance

- 10 Members (Board of Directors) who guarantee the best corporate governance practices in Vesta.
- 6 Operating Committees that support our Board with their responsibilities.
- The document that expresses our ethical commitment and serves as our guide to regulate the conduct of every-one who works in or with is the Vesta Code of Ethic.
- We developed an Engagement Program with our Stakeholders; based on our Materiality Analysis.

## Integrity...

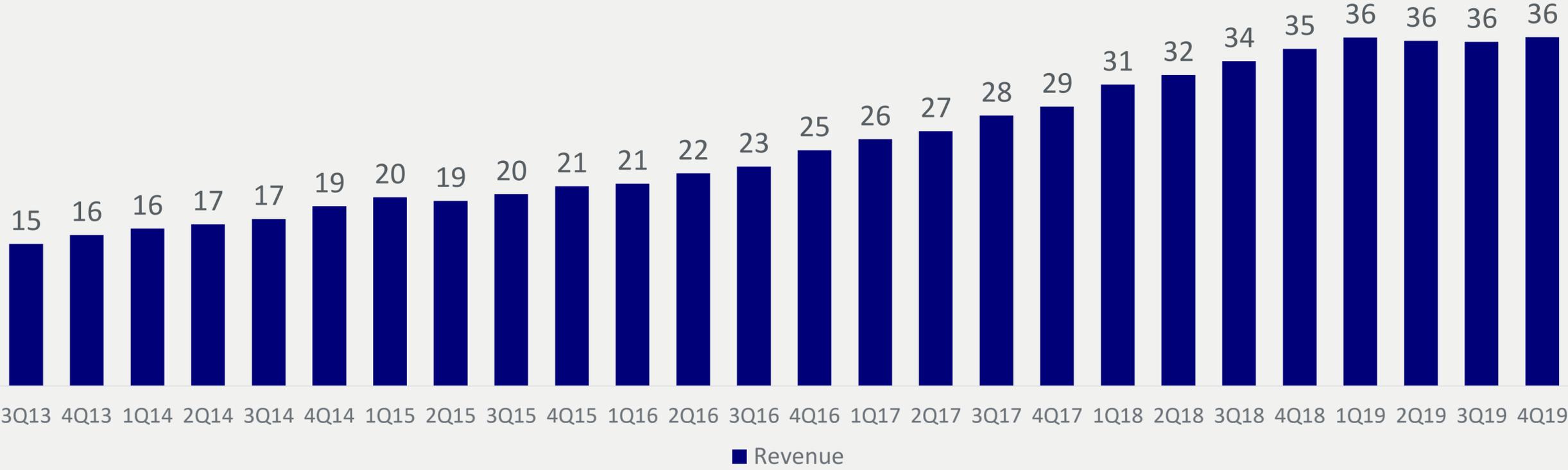
At Vesta, integrity refers to behaving in an honest and responsible way, with respect and discipline; it means being congruent between what we say and what we do.



*Appendix*

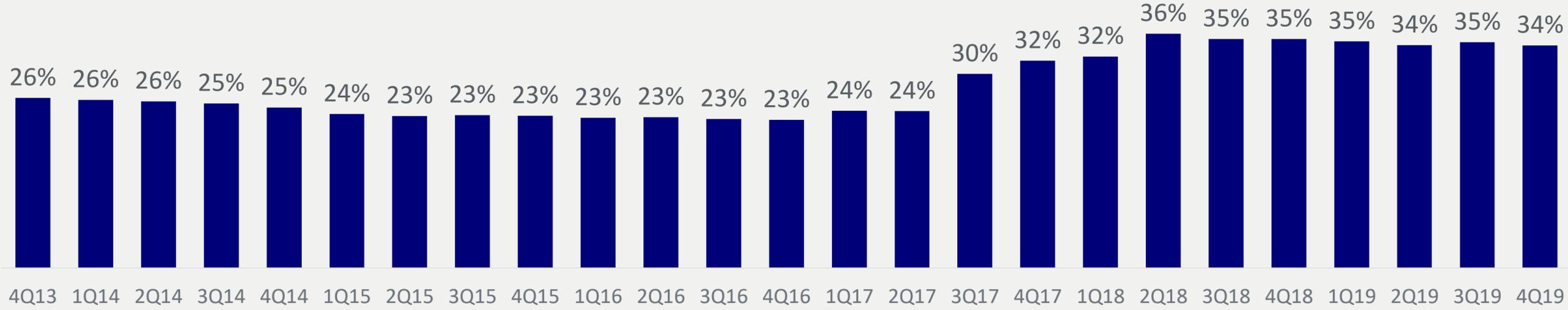


# Historical Results

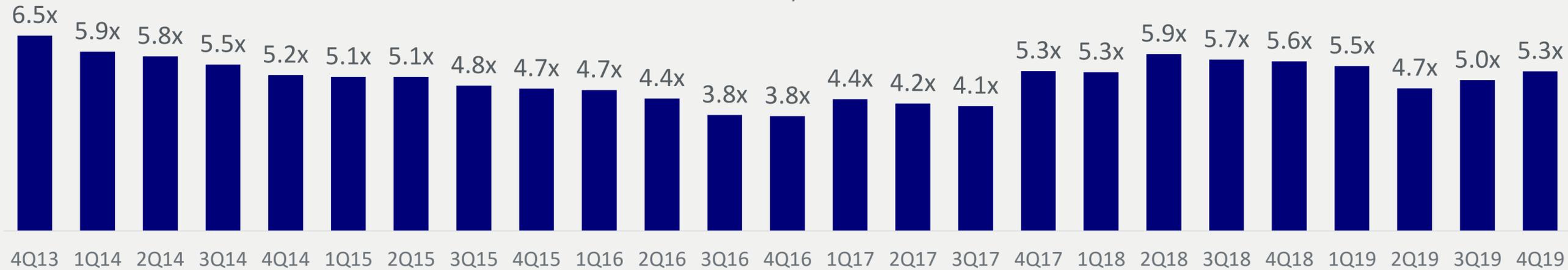


# Historical Results

LTV

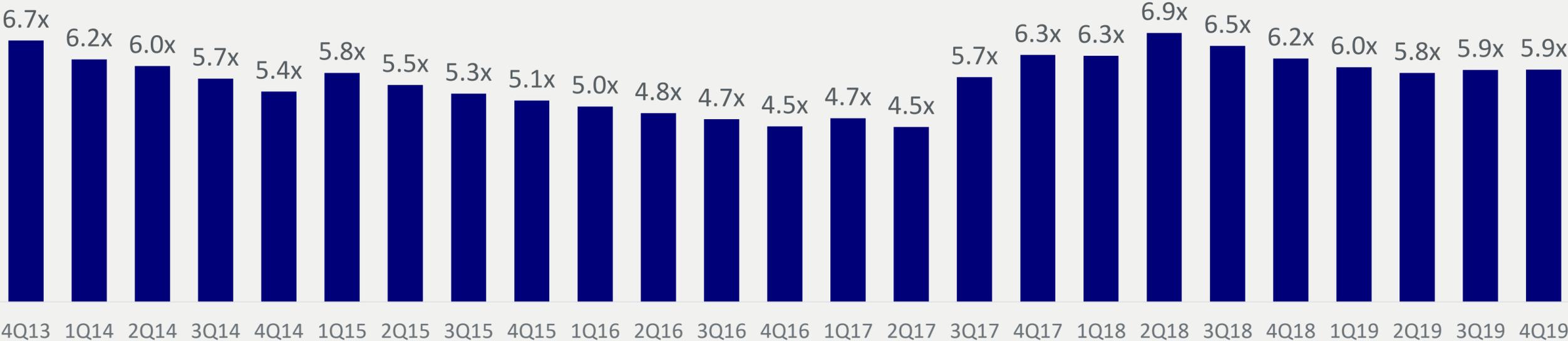


Net Debt / EBITDA

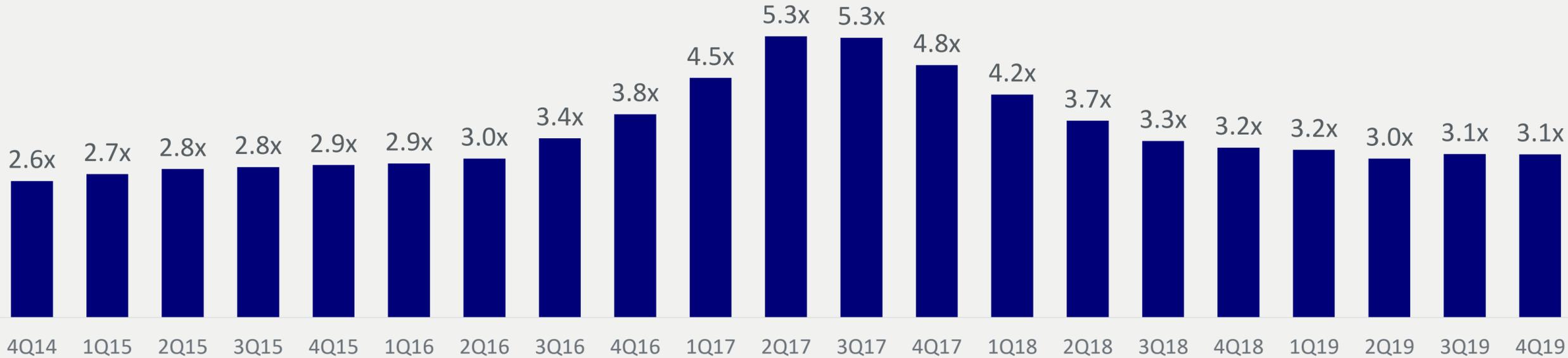


# Historical Results

Debt/EBITDA



EBITDA/Interest Expense



# Case Studies

**Querétaro Aerospace Park**

**Construction start 2006**

**GLA 2.18 million sf**

**13 buildings**



# Case Studies

**Douki Seisan Park**  
**Construction start 2013**  
**GLA 2.13 million sf**  
**8 buildings**



# Case Studies

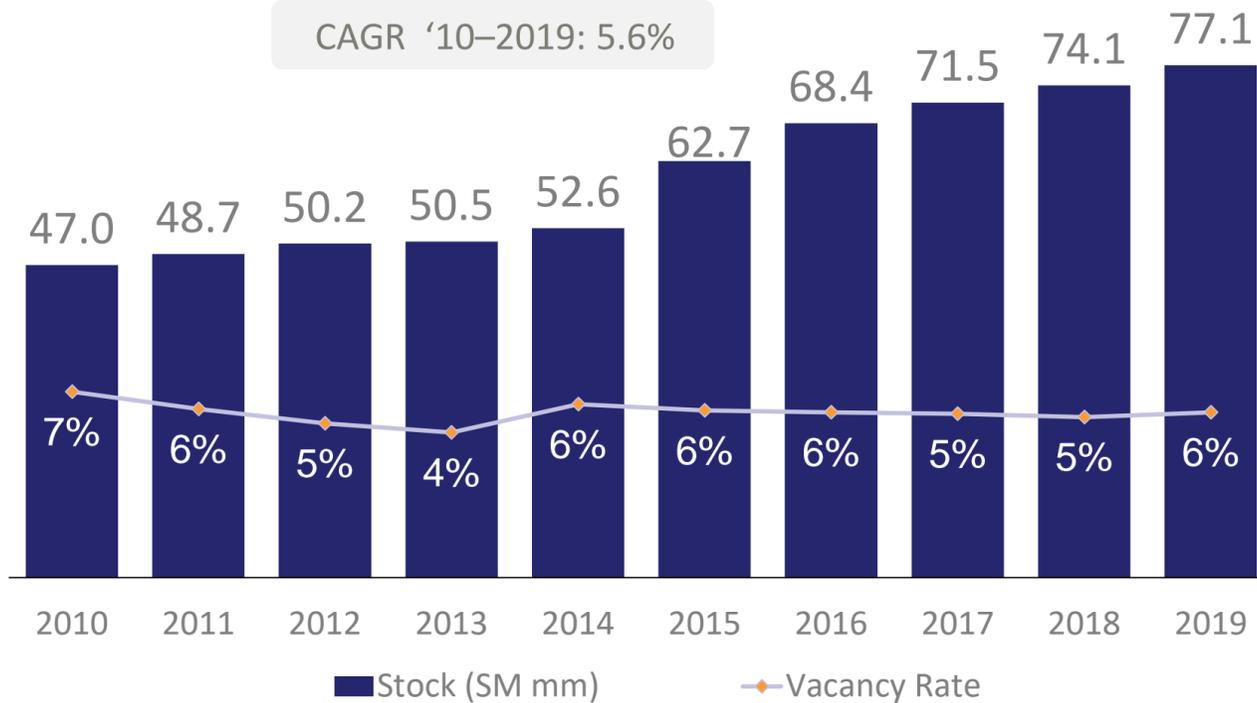
**Vesta Park Toluca II**  
**Construction start 2013**  
**GLA 1.47 million sf**  
**6 buildings**



# Positive industry trends driving growth

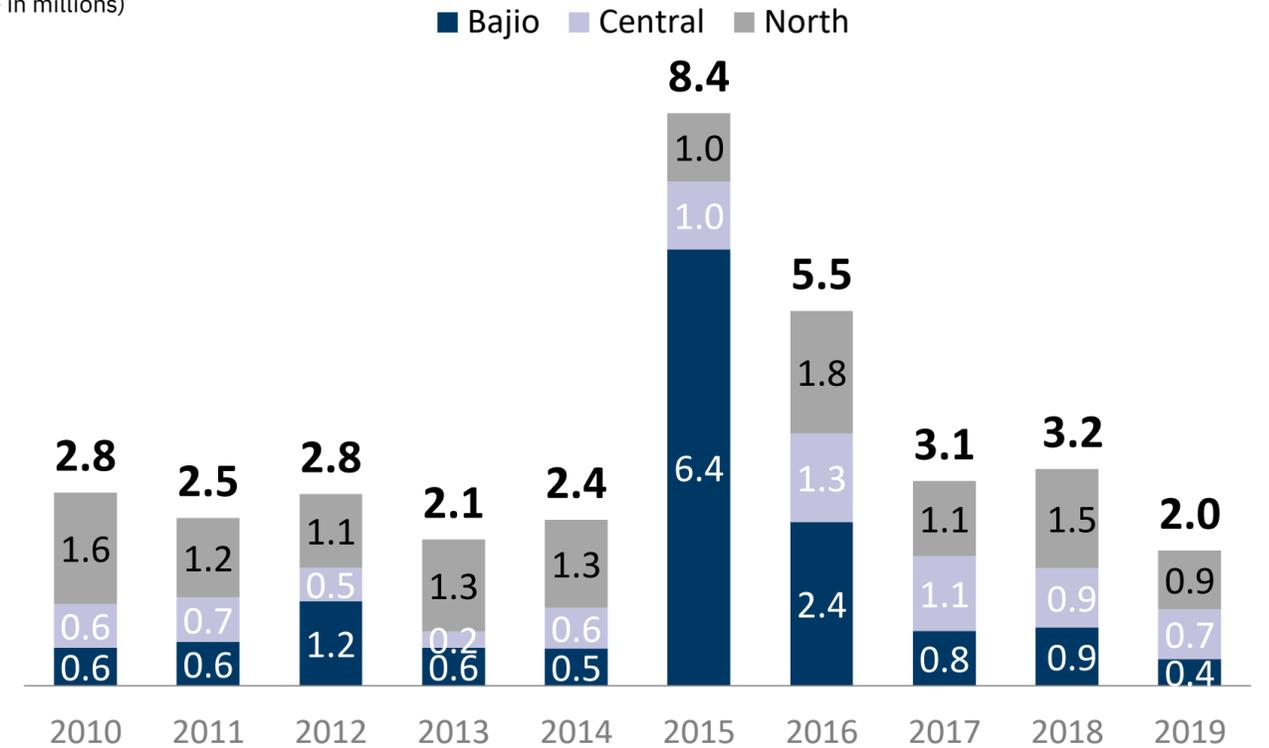
## Industrial Real Estate Inventory

(m<sup>2</sup> in millions)



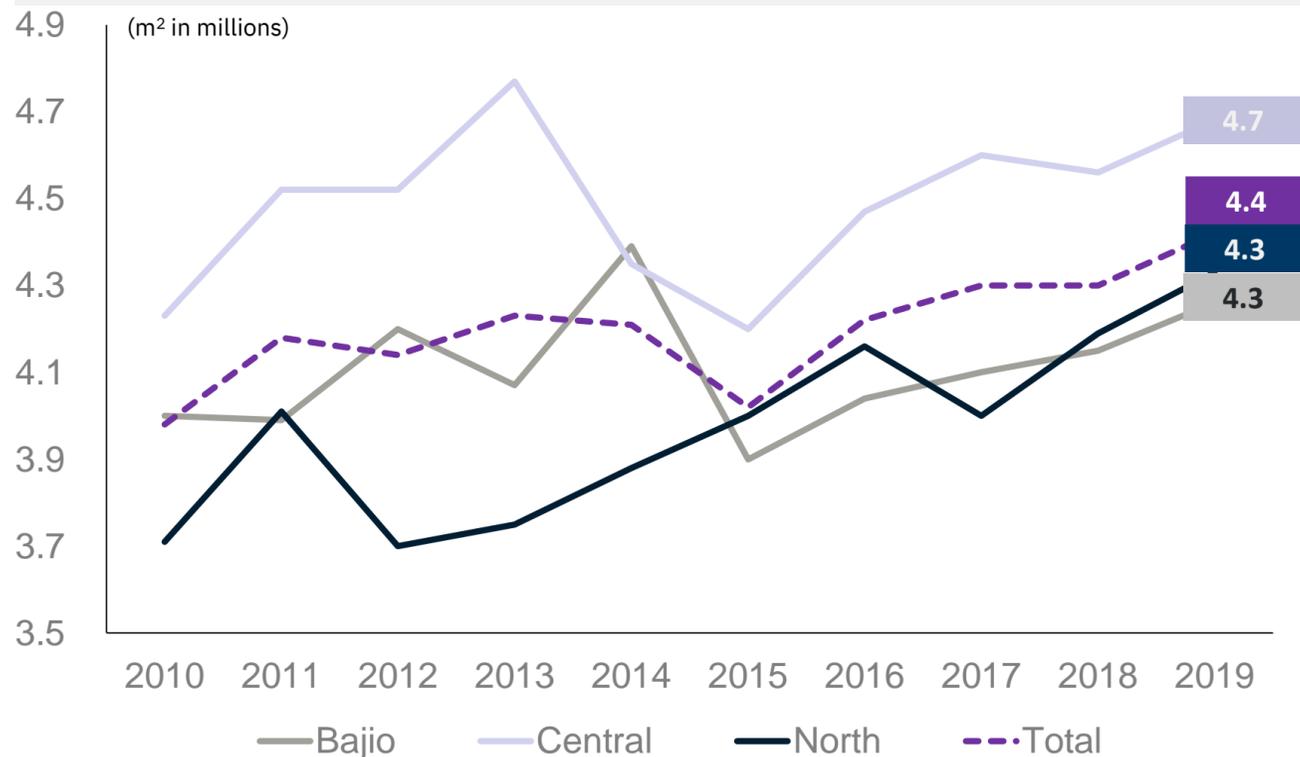
## Industrial market absorption<sup>1</sup>

(m<sup>2</sup> in millions)



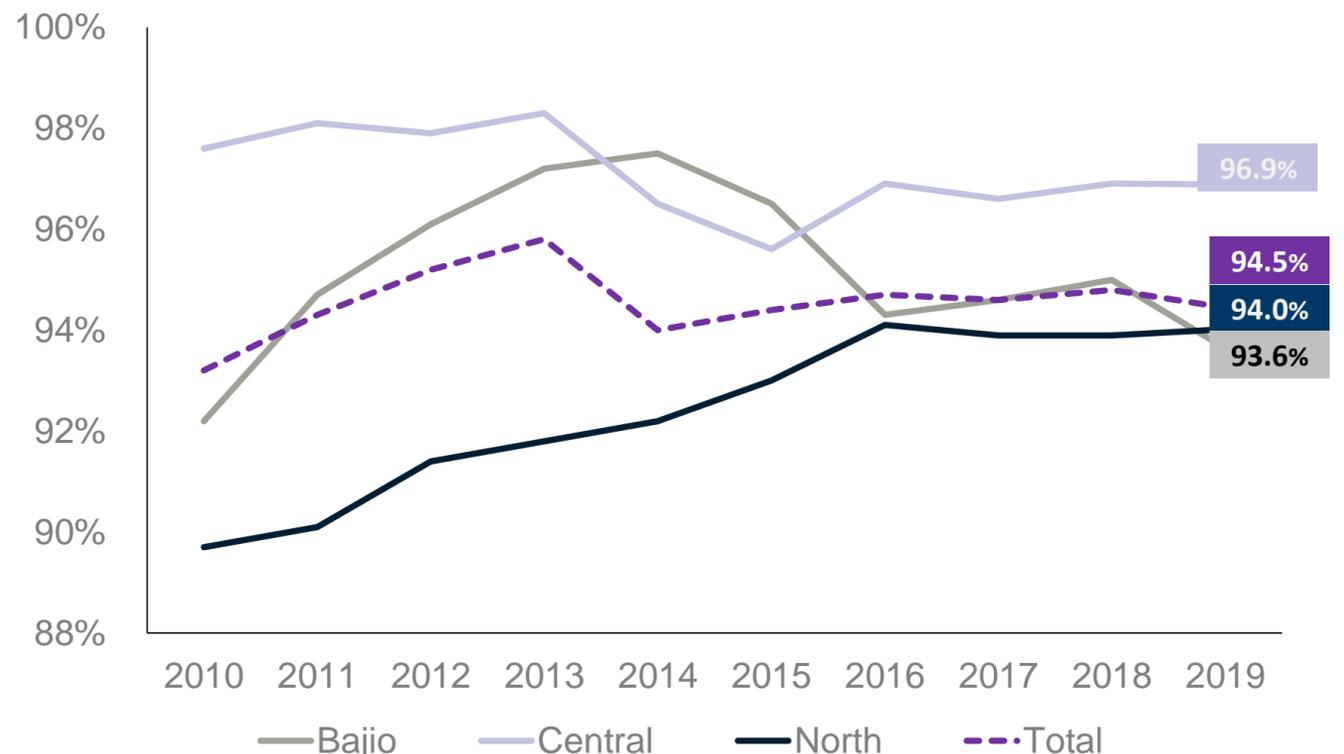
## Average industrial monthly rent

(m<sup>2</sup> in millions)



## Industrial occupancy rate

100%



# High occupancy and growing new deliveries

(4Q'19)

2019	Stock	Availability	Net Absorption	Vacancy Rate	Average Rent
	(m <sup>2</sup> )	(m <sup>2</sup> )	YTD (m <sup>2</sup> )	%	USD/m <sup>2</sup> /month
Aguascalientes	2,260,000	46,330	54,570	2.1%	4.0
Guadalajara	4,260,000	169,122	148,360	4.0%	4.6
Guanajuato	5,840,000	505,160	79,510	8.7%	4.2
Querétaro	5,580,000	407,898	102,900	7.3%	4.3
San Luis Potosí	3,260,000	218,420	3,451	6.7%	4.3
<b>Bajío Region</b>	<b>21,200,000</b>	<b>1,346,930</b>	<b>388,791</b>	<b>6.4%</b>	<b>4.3</b>
Mexico City	8,570,000	353,084	671,460	4.1%	5.8
Puebla	2,634,967	61,395	27,748	2.3%	3.6
Toluca	3,254,989	36,130	33,654	1.1%	4.6
<b>Central Region</b>	<b>14,459,956</b>	<b>450,609</b>	<b>732,862</b>	<b>3.1%</b>	<b>4.7</b>
Chihuahua	2,159,678	99,129	18,594	4.6%	4.2
Ciudad Juárez	6,260,000	451,972	169,035	7.2%	4.3
Matamoros	1,670,122	97,201	13,935	5.8%	4.3
Mexicali	2,256,000	90,240	127,454	4.0%	4.3
Monterrey	11,420,000	992,398	205,665	8.7%	4.1
Nogales	1,170,000	36,036	10,906	3.1%	5.3
Nuevo Laredo	970,947	73,889	5,154	7.6%	3.6
Reynosa	3,180,000	192,390	36,189	6.1%	3.9
Saltillo - Ramos A.	4,670,000	214,353	26,801	4.6%	4.0
Tijuana	7,140,000	205,632	247,410	2.9%	5.4
<b>North Region</b>	<b>40,896,747</b>	<b>2,453,240</b>	<b>861,143</b>	<b>6.0%</b>	<b>4.3</b>
<b>TOTAL MEXICO</b>	<b>76,556,703</b>	<b>4,250,779</b>	<b>1,982,796</b>	<b>5.6%</b>	<b>4.4</b>

# Why Mexico?

- In 2016 Mexico was the sixteenth largest recipient of Foreign Direct Investment globally with more than US\$27,400 million.
- Stable macroeconomic environment
- Legal certainty to investment
- Qualified human capital
- 1 of every 7 manufacturing exports from Latin America originated in Mexico
- Public debt in Mexico is one of the lowest in the world
- PricewaterhouseCoopers and The Economist Intelligence Unit place Mexico among the top 10 economies globally by 2050.
- 32 Agreements for the Promotion and Reciprocal Protection of Investments (APRPIs)
- 12 Free Trade Agreements with 46 countries
- Each year more than 140 thousand engineers graduate from Mexican universities

- ✓ 76 open airports (12 national 64 international)
- ✓ 117 maritime ports
- ✓ 27 thousand kilometers of railways
- ✓ 370 thousand kilometers of roads

**1st WORLD SILVER  
PRODUCER**

**10th WORLD COPPER  
PRODUCER**

**10th WORLD OIL  
PRODUCER**

# Recognized quality of Mexico's automotive manufacturing has enabled OEMs to choose Mexico as a unique manufacturing platform



# Industry trends

## 4.0 Industrial Revolution

- Ability to anticipate client demand
- New paradigm known as the 4th Industrial Revolution
- Convergence of technologies
  - Ubiquitous and mobile internet
  - More powerful and cheaper sensors
  - Artificial intelligence
  - Machine learning
- Rapid evolution towards new ways of producing – Smart Factories
- Vesta will continue supporting leading-edge technology that meets both clients and supply chains' logistical and communication needs



## 4.0 and Mexico

- Mexico is a world-class Manufacturing Hub, exporting more than one billion dollars per day
- 50% of these exports are manufactured products, from this large portion are highly sophisticated technologies
- 80% of high-tech exports in Latin America are produced in Mexico, exporting even more than Canada.

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*Thank you!*

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