

*Translation for Informational Purposes Only*

**ANNUAL REPORT OF THE BOARD OF DIRECTORS OF  
CORPORACIÓN INMOBILIARIA VESTA, S.A.B. DE C.V.**

**FISCAL YEAR 2017**

Based on article 28 section of the Security Market Law and the article 172 section b) of the General Corporations Law, the board of directors of Corporación Inmobiliaria Vesta, S.A.B. de C.V. (the "Company"), hereby submits to the General Shareholders' Meeting of the Company the following:

**ANNUAL REPORT**

**I. Report of the Corporate Practices Committee.**

As Exhibit "1" of this document, is the report submitted by the corporate practices committee of the Company, in terms of the article 43 section I of the Securities Market Law, in connection with the fiscal year from January 1<sup>st</sup>, through December 31<sup>st</sup>, 2017.

In this regard, the Board of Directors of the Company hereby confirms it has reviewed the foregoing report and agrees to it; therefore, recommends the shareholders to approve it.

**II. Report of the Audit Committee.**

As Exhibit "2" of this document, is the report submitted by the audit committee of the Company in terms of article 43 section II of the Securities Market Law, in connection with the fiscal year from January 1<sup>st</sup>, through December 31<sup>st</sup>, 2017.

In this regard, the Board of Directors of the Company hereby confirms it has reviewed the foregoing report and agrees to it; therefore, recommends the shareholders to approve it.

**III. Opinion with respect to the Report of the Chief Executive Officer**

As Exhibit "3" of this document, is the report submitted by the Chief Executive Officer of the Company, in terms of the article 44 of the Security Market Law, as well as a copy of the report of the external auditor of the Company regarding the audit to the financial statements of the Company and its subsidiaries prepared in connection with the fiscal year from January 1<sup>st</sup>, through December 31<sup>st</sup>, 2017.

In that regard, after completing its review, the board of directors opines that the report of the Chief Executive Officer: (i) meets the requirements of the Securities Market Law, especially with article 42 section II e), (ii) confirms the application of internal controls related to information and record of transactions by the Company and its subsidiaries, (iii) clearly express those matters related to the business of the Company, and (iv) includes the financial information that the Company and its subsidiaries must submit for the approval by the shareholders.

Likewise, and based on the report of the external auditor of the Company and the report of the Chief Executive Officer, it is hereby concluded that: (1) the policies and criteria followed by the Company are adequate and sufficient taking into account the particular circumstances of the Company, (2) said policies and criteria had been consistently applied in the information submitted by the Chief Executive Officer, and (3) the information submitted by the Chief Executive Officer reasonably reflects the financial situation and results of the Company for the fiscal year from January 1<sup>st</sup> through December 31<sup>st</sup>, 2017.

Due to the foregoing, this board approves and recommends the shareholders to approve the report of the Chief Executive Officer in terms of the document attached hereto as Exhibit "3".

IV. Report by the Investment Committee.

As Exhibit "4" of this document, is the annual activity report submitted by the investment committee of the Company, in connection with the fiscal year from January 1<sup>st</sup> through December 31<sup>st</sup>, 2017.

In this regard the board of directors has reviewed and approved said report, since the board of directors has the authority to do so.

V. Report by the Ethics Committee

As Exhibit "5" of this document, is the annual activity report submitted by the ethics committee of the Company, in connection with the fiscal year from January 1<sup>st</sup> through December 31<sup>st</sup>, 2017.

In this regard the board of directors has reviewed and approved said report, since the board of directors has the authority to do so.

VI. Report of the Environmental and Social Responsibility Committee

As Exhibit "6" of this document, is the annual activity report submitted by the environmental and social responsibility committee of the Company, in connection with the fiscal year from January 1<sup>st</sup> through December 31<sup>st</sup>, 2017.

In this regard the board of directors has reviewed and approved said report, since the board of directors has the authority to do so.

VII. Report of the Debt and Equity Committee

As Exhibit "7" of this document, is the annual activity report submitted by the debt and equity committee of the Company, in connection with the fiscal year from January 1<sup>st</sup> through December 31<sup>st</sup>, 2017.

In this regard the board of directors has reviewed and approved said report, since the board of directors has the authority to do so.

VIII. Principal Accounting and Administrative Policies and Criteria

For purposes of the provisions of section b) of the article 172 of the General Corporations Law, this board of directors represents that the principle accounting and information policies and criteria followed in the preparation of the financial information are:

a) The consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with the International Financial Reporting Standards ("IFRS") (*by its acronyms in English*).

b) The consolidated financial statements of the Company and its subsidiaries have been prepared on a historical cost basis, except for the investment in real estate and financial instruments, which are measured according to their fair market value.

c) The financial statements of the Company consolidate the entities for which the Company has the power to impose financial and operating policies.

d) All intercompany transactions are eliminated once they are financially consolidated.

e) When carrying out acquisitions, the assets and responsibilities assumed are recognized based on their fair market values, except for deferred taxes or labor liabilities.

f) The dollar of the United States of America has been established as the functional currency of the Company and its subsidiaries, except for WTN Desarrollos Inmobiliarios de México, S. de R.L. de C.V., which functional currency is the Peso. Notwithstanding the above, the accounting records are kept in Pesos. The differences on monetary assets are recognized in profit or loss in the period in which they occur.

g) Labor responsibilities are registered as they occur.

h) Real estate properties of the Company and its subsidiaries are destined for lease. Investments in real estate are initially considered based on their cost, and thereafter considered on their market value.

j) Leases with respect to the real estate properties of the Company and its subsidiaries are considered as operating leases; since the Company and its subsidiaries have all the benefits and risks of ownership of their property.

k) Rental income is recognized during the term of the respective lease.

l) The income taxes are recognized within the annual results of the year when incurred.

#### IX. Transactions in which the Board of Directors Intervened.

During the fiscal year from January 1<sup>st</sup> through December 31<sup>st</sup>, 2017, the board of directors attended the ordinary matters related to administration of the Company and adopted specific resolutions in connection with the following items, which do not correspond to the ordinary course of the administration of the Company:

- The approval for the execution of a loan agreement with *Metropolitan Life Insurance* (“*Metlife*”) in the amount of US\$118,000,000.00 (one hundred eighteen thousand million dollars, legal currency of the United States of America) and the incorporation of a guaranty trust agreement and the contribution of certain assets by some of the subsidiaries to the estate of said trust to serve as collateral of the loan.
- The approval for a private placement of debt instruments for US\$125 million dollars, legal currency of the United States of America, placed among a small number of investors having Citi Bank as agent of the placement.
- Approval of the share repurchase program of the Company and recommendation for the shareholders.
- Approval of an investment of up to the amount of US\$73,500,000.00 (seventy three million five hundred thousand 00/100) dollars, currency of the United States of America, for the acquisition of a portfolio with 21 industrial buildings comprising a total leasable area of 1’341,785 square feet, located at Tijuana, Baja California.
- The convenience to separate the roles of the president of the board of directors and of the Chief Executive Officer with the purpose to adopt better corporate practices.

#### X. Subsequent Events

After the close of the fiscal year from January 1<sup>st</sup> through December 31<sup>st</sup>, 2017, this board of directors, on the recommendation of the corporate practices committee, analyzed and approved the adoption of: (i) the

Company's sustainability policy; (a copy of said policy is attached as Exhibit "8"), and (ii) the succession policy for the position of Chief Executive Officer of the Company (a copy of said policy is attached as Exhibit "9").

Mexico City, February 14<sup>th</sup>, 2018

/s/

Lorenzo Manuel Berho Corona  
President of the Board of Directors of  
Corporación Inmobiliaria Vesta, S.A.B. de C.V.