

# Corporación Inmobiliaria Vesta, S.A.B. de C.V.



## General Ordinary Shareholders Meeting

Mexico City, March 23<sup>rd</sup>, 2021



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## AGENDA

- I. Presentation, discussion, modification or in its case, approval of the annual report by the chief executive officer prepared pursuant to Article 172 of the General Corporations Law and 44, section XI of the Securities Market Law, for the fiscal year from January 1<sup>st</sup> to December 31<sup>st</sup>, 2020.
- II. Presentation, discussion, modification or in its case, approval of the annual report of the Board of Directors referred to in paragraph e) of section IV of article 28 of the Securities Market Law and section B) of the article 172 of the General Corporations Law for the fiscal year from January 1<sup>st</sup> to December 31<sup>st</sup>, 2020.
- III. Presentation, discussion, modification or in its case, approval of the annual reports by the audit committee, corporate practices committee, investment committee, ethics committee, debt and equity committee, and social and environmental responsibility committee, for the fiscal year between January 1<sup>st</sup> to December 31<sup>st</sup>, 2020.
- IV. Report on the fulfillment of tax obligations by the Company and its subsidiaries within the fiscal year from January 1<sup>st</sup> to December 31<sup>st</sup>, 2020.



## AGENDA

- V. Presentation, discussion, modification, or in its case, approval of the audited and consolidated financial statements of the Company and its subsidiaries prepared for the fiscal year from January 1<sup>st</sup> to December 31<sup>st</sup>, 2020, including the report by the external auditor of the Company.
- VI. Presentation, discussion, and in its case, approval of the declaration and payment of a cash dividend, considering the current dividend policy and the recommendation of the Board of Directors.
- VII. Presentation, discussion, and in its case, approval of the new dividend policy for the Company according to that resolved by the shareholders meeting on April 4<sup>th</sup>, 2016.
- VIII. Presentation, discussion, and resolution about the execution of the shares repurchase program of the Company for the fiscal year 2020.
- IX. Presentation, discussion, and resolution about shares repurchase program of the Company, for the fiscal year 2021 and the revolving amount to be used for such purposes.



## AGENDA

- X. Appointment, or in its case, ratification of the members comprising the Board of Directors of the Company and of the Presidents of the audit and corporate practices committees, as well as, the compensations payable to the members of the Board of Directors and the committees of the Company for the fiscal year 2021.
- XI. Proposal, discussion and resolution to increase the borrowing limit of the Company, which includes incurring debts, in one or more operations, for the financing of the growth program called “Level 3 Strategy”, either through obtaining financing of banking institutions, private institutions, the public investor, or in general from any person, through the execution of credit agreements, issuance of debt instruments, however they are named and governed by the legislation of any jurisdiction, with or without real or personal guarantees, provided that said instruments may be placed in Mexico, privately or through the Bolsa Mexicana de Valores, S.A.B. de C.V., and/or any other authorized stock exchange, and/or in the United States of America and/or in other foreign markets, under the applicable legislation in the corresponding market.
- X. Appointment of special delegates Ordinary General Meeting of Shareholders.





- I. Presentation, discussion, modification or in its case, approval of the annual report by the chief executive officer prepared pursuant to Article 172 of the General Corporations Law and 44, section XI of the Securities Market Law, for the fiscal year from January 1<sup>st</sup> to December 31<sup>st</sup>, 2020.

- 1) *For CEO's Report . See Appendix 1*
- 2) *For the report on the operation of the shares' repurchase program. See Item VIII*
- 3) *For the audited and consolidated financial statements. See Appendix 2.*

II. Presentation, discussion, modification or in its case, approval of the annual report of the Board of Directors referred to in paragraph e) of section IV of article 28 of the Securities Market Law and section B) of the article 172 of the General Corporations Law for the fiscal year from January 1<sup>st</sup> to December 31<sup>st</sup>, 2020.

- 1) *For the report by the Board of Directors. See Appendix 3*
- 2) *For the audited and consolidated financial statements. See Appendix 2.*
- 3) *For the reports by the committees of the Company. See Appendixes 4 to 9.*
- 4) *For the CEO's report. See Appendix 1.*



- III. Presentation, discussion, modification or in its case, approval of the annual reports by the audit committee, corporate practices committee, investment committee, ethics committee, debt and equity committee, and social and environmental responsibility committee, for the fiscal year between January 1<sup>st</sup> to December 31<sup>st</sup>, 2020.

*For the reports by the committees of the Company. See Appendixes 4 to 9*



- IV. Report on the fulfillment of tax obligations by the Company and its subsidiaries within the fiscal year from January 1<sup>st</sup> to December 31<sup>st</sup>, 2020.



It is hereby informed that as of the date hereof Corporación Inmobiliaria Vesta, S.A.B. de C.V. and its subsidiaries, have timely and duly filed every one of their tax returns, have complied with their respective tax obligations, as direct taxpayer and as withholder, and have done each and all payments for taxes and contributions which they are obliged to do under applicable law.

As of the date hereof there is no legal or administrative proceeding opened by any tax authority against Corporación Inmobiliaria Vesta, S.A.B. de C.V. or against any of its subsidiaries, by reason of any breach to any tax obligation.

Mexico City, February 22<sup>nd</sup>, 2021



Juan Felipe Sottit Achutegui  
CFO



- V. Presentation, discussion, modification, or in its case, approval of the audited and consolidated financial statements of the Company and its subsidiaries prepared for the fiscal year from January 1<sup>st</sup> to December 31<sup>st</sup>, 2020, including the report by the external auditor of the Company.

*For the audited and consolidated financial statements. See Appendix 2.*



- VI. Presentation, discussion, and in its case, approval of the declaration and payment of a cash dividend, considering the current dividend policy and the recommendation of the Board of Directors.



## Dividend Proposal

All Figures are in USD\$	2019	2020	2021
	(2018 Results)	(2019 Results)	(2020 Results)
<b>Dividend Calculation</b>			
Plus (Loss) / Minus (Profit)	128,043,600	185,199,467	127,504,556
Depreciation	573,177	1,494,778	1,477,413
Foreign Exchange Loss (Profit)	719,007	(2,156,930)	171,566
Non cash Share Compensation Plan 20	1,942,810	2,788,939	3,678,097
Loss (Gain) on revaluation	(52,822,802)	(86,062,112)	(45,370,264)
Gain in sell properties		(17,920,717)	-
Non Cash Adjustments	(49,587,808)	(101,856,042)	(40,043,188)
Available Cash	78,455,792	83,343,425	87,461,368
Principal Repayment	(4,516,248)	(794,905)	(1,264,015)
Taxes Paid	(412,853)	(1,458,209)	(3,516,026)
Maintenance, Broker Reserve	(2,000,000)	(3,750,000)	(3,000,000)
Cash Adjustment	(6,929,101)	(6,003,114)	(7,780,041)
Distributable Profit	71,526,691	77,340,311	79,681,327
<b>Dividend Recommendation</b>	<b>52,214,000</b>	<b>54,138,218</b>	<b>55,776,929</b>
Dividend Ratio	73.0%	70.0%	70.0%
Dividends per Share (US\$/Share)	0.0883	0.0944	0.0989
	10.6%	6.9%	4.7%
Outstanding Shares	591,414,572	573,454,947	564,214,434



VII. Presentation, discussion, and in its case, approval of the new dividend policy for the Company according to that resolved by the shareholders meeting on April 4<sup>th</sup>, 2016.



*The dividend policy for the following fiscal years up to 2026 will consist in the distribution of up to 75% of “Distributable Profit” on a yearly basis, starting with the results from The fiscal year of 2021 (payable on 2022). A portion of the dividend amount so determined may be paid in cash and the balance, if the shareholder’s meeting approves so, in the form of a share repurchase program, which shall operate under the terms and conditions to be established by the board of directors within the range and amounts set by the shareholder’s meeting.*

*All dividends declared according to this policy, must be declared in dollars, but will be payable in pesos at the exchange rate published by the Banco de Mexico on the day before the respective payment date.*

*After year 2026, the board of directors shall, taking into account the financial condition of the Company, as well as the course of the business of the Company, recommend, from time to time, a new dividend policy to the shareholders of the Company.*

*For the purposes of this policy, “Distributable Profit” means the Profit (Loss) before income tax for the year, adjusted due to non-cash items and Budgeted Capital Expenditures. That is the Profit (Loss) before income tax of the year, adjusted by adding or subtracting, as the case may be, Depreciation, Exchange Gain (Loss), Gain (Loss) on revaluation of Investment, Other non-cash Gains (Losses), Repayment of Borrowings, Current Income Tax Paid, and subtracting Budgeted Capital Expenditures for the following year such as tenant’s improvements, maintenance and leasing and renewal broker’s commissions.*



VIII. Presentation, discussion, and resolution about the execution of the shares repurchase program of the Company for the fiscal year 2020.



### Historical Activity of Share Repurchase Fund

Period	# of Shares	Avg. Price	Pesos	Dollar
4Q2016	10,603,349	23.5226	249,418,322	12,136,303
2016	10,603,349	23.5226	249,418,322	12,136,303
1Q2017	8,889,012	23.5248	209,112,498	10,180,160
2Q2017	1,998,800	26.0831	52,134,861	2,786,848
3Q2017	2,861,295	25.7783	73,759,193	4,134,266
4Q2017	9,825,620	23.9800	235,618,754	9,676,238
2017 Shares sold	(2,237,949)	23.9178	(53,526,823)	
2017	21,336,778	24.2351	517,098,484	26,777,511
1Q2018	1,561,484	24.1731	37,745,848	1,972,896
2Q2018	2,228,986	25.3992	56,614,396	(996,153)
3Q2018	-	-	-	-
4Q2018	5,030,062	24.9196	125,347,152	6,190,530
2018	8,820,532	24.9086	219,707,396	7,167,272
1Q2019	1,514,681	25.6904	38,912,836	2,043,985
2Q2019	13,135,796	28.6338	376,127,439	14,315,834
3Q2019	4,285,548	28.8745	123,743,230	6,348,976
4Q2019	-	-	-	-
2019	18,936,025	28.4528	538,783,505	22,708,794
1Q2020	11,385,356	28.8633	328,619,323	9,377,230
2Q2020	185,758	27.3392	5,078,484	209,118
3Q2020	-	-	-	-
4Q2020	-	-	-	-
2020	11,571,114	28.8389	333,697,807	9,586,348
LTI Grant 2015-2020	(11,117,873)		(275,014,894)	
Total	60,149,925	26.3291	1,583,690,620	78,376,228
Cancelled Shares	(25,269,045)	14/05/2019		

Balance of Repurchase Prg by Year				
Year	# of Shares	% of Oust.	Cummulative	Out. Shares
2016	10,603,349	1.7%	1.7%	631,726,123
2017	21,336,778	3.4%	5.1%	621,122,774
2018	8,820,532	1.4%	6.5%	599,785,996
2019	18,936,025	3.0%	9.4%	590,965,464
2020	11,571,114	1.8%	11.3%	572,029,439
	71,267,798	11.3%		560,458,325

IX. Presentation, discussion, and resolution about shares repurchase program of the Company, for the fiscal year 2021 and the revolving amount to be used for such purposes.



## 2020 Balance of Share Repurchase Program

Available Authorization (US\$) \$ 75,000,000

Period	# of Shares	Avg. Price	Pesos	Dollar
1Q2020	7,319,202	28.8633	223,997,457	9,377,230
2Q2020	185,758	27.3392	5,078,484	209,118
3Q2020	-	-	-	-
4Q2020	-	-	-	-
2020	7,504,960	28.8256	229,075,941	9,586,348

LTI Transfers during 2020	(4,066,154)	(104,621,865)	(5,258,435)
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Net	3,438,806	124,454,076	4,327,913
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**Outstanding Balance** **\$ 70,672,087**



- It is hereby recommended to the shareholders of the Company:  
(i) to ratify the existing shares repurchase program, (ii) authorize the Company to continue using the balance of the existing reserve, which as of the date hereof amounts US\$70,672,087.00 dollars, as revolving amount to be used for said shares repurchase program.
- In connection with the foregoing, the management confirms that said amount does not exceed the net profits of the Company, including retained earnings of previous years.
- The repurchase program will continue operating according to the existing rules approved by the board of directors, until the board of directors' updates or confirms said rules during its next meeting.



X. Appointment, or in its case, ratification of the members comprising the Board of Directors of the Company and of the Presidents of the audit and corporate practices committees, as well as, the compensations payable to the members of the Board of Directors and the committees of the Company for the fiscal year 2021.

*For the CV of the proposed members to the board of directors. See Appendix 10.*





## INTEGRATION OF THE BOARD OF DIRECTORS DURING 2020

Proprietary	Character	Alternate	Character	Position
<b>Lorenzo Manuel Berho Corona</b>	Patrimonial	<b>Lorenzo Dominique Berho Carranza</b>	Patrimonial	President
<b>Stephen B. Williams</b>	Independent	<b>Douglas M. Arthur</b>	Independent	Member
<b>Jose Manuel Dominguez Díaz Ceballos</b>	Independent	<b>José Humberto López Niederer</b>	Independent	Member
<b>Craig Wieland</b>	Independent	<b>Enrique Carlos Lorente Ludlow</b>	Independent	Member
<b>Thomas J. McDonald</b>	Patrimonial	<b>Daniela Berho Carranza</b>	Patrimonial	Member
<b>Luis Javier Solloa Hernández</b>	Independent	<b>Viviana Belaunzarán Barrera</b>	Independent	Member
<b>John Andrew Foster</b>	Independent	<b>José Antonio Pujals Fuentes</b>	Independent	Member
<b>Oscar Francisco Cazares Elias</b>	Independent	<b>Rocío Ruiz Chávez</b>	Independent	Member
<b>Francisco Uranga Thomas</b>	Independent	<b>Jorge Alberto de Jesús Delgado Herrera</b>	Independent	Member
<b>Luis de la Calle Pardo</b>	Independent	<b>Francisco Javier Mancera de Arrigunaga</b>	Independent	Member
<b>Alejandro Pucheu Romero</b>	Not Member	<b>Navil Rosario Marín Escamilla</b>	Not Member	Secretary



## PROPOSED INTEGRATION OF THE BOARD OF DIRECTORS FOR 2021

Proprietary	Character	Alternate	Character	Position
Lorenzo Manuel Berho Corona	Patrimonial	Lorenzo Dominique Berho Carranza	Patrimonial	President
Stephen B. Williams	Independent	Jorge Alberto de Jesús Delgado Herrera	Independent	Member
Jose Manuel Dominguez Díaz Ceballos	Independent	José Guillermo Zozaya Délano	Independent	Member
Craig Wieland	Independent	Enrique Carlos Lorente Ludlow	Independent	Member
Elizabeth Bell	Patrimonial	Daniela Berho Carranza	Patrimonial	Member
Luis Javier Solloa Hernández	Independent	Viviana Belaunzarán Barrera	Independent	Member
John Andrew Foster	Independent	José Antonio Pujals Fuentes	Independent	Member
Oscar Francisco Cazares Elias	Independent	Rocío Ruiz Chávez	Independent	Member
Douglas M. Arthur	Independent	Elías Laniado Laborin	Patrimonial	Member
Luis de la Calle Pardo	Independent	Francisco Javier Mancera De Arrigunaga	Independent	Member
Alejandro Pucheu Romero	Not Member	Navil Rosario Marin Escamilla	Not Member	Secretary



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***PROPOSED INTEGRATION OF THE BOARD OF DIRECTORS FOR 2021  
(cont)***

Those board members qualified as “independent”, do not fall into any of the provisions of Sections I to V of Article 26 of the Securities Market Law.



## ***INTEGRATION OF THE AUDIT AND CORPORATE PRACTICES COMMITTEES DURING 2020***

### **Audit Committee**

Luis Javier Solloa Hernández	President
Stephen B. Williams	Member
Jose Humberto López Niederer	Member
José Manuel Domínguez Díaz Ceballos	Member
Lorenzo Manuel Berho Corona	Permanent Invitee

### **Comité de Prácticas Societarias**

Francisco Javier Mancera de Arrigunaga	President
Stephen B. Williams	Member
José Antonio Pujals Fuentes	Member
Oscar Francisco Cázares Elías	Member
Lorenzo Manuel Berho Corona	Permanent Invitee



## **PROPOSED INTEGRATION OF THE AUDIT AND CORPORATE PRACTICES COMMITTEES DURING 2021**

### **Audit Committee**

### **Comité de Prácticas Societarias**

Luis Javier Solloa Hernández	President **
Stephen B. Williams	Member
Viviana Belaunzarán Barrera	Member
José Manuel Domínguez Díaz Ceballos	Member
Lorenzo Manuel Berho Corona	Permanent Invitee

Francisco Javier Mancera de Arrigunaga	President **
Stephen B. Williams	Member
José Antonio Pujals Fuentes	Member
Oscar Francisco Cázares Elías	Member
Lorenzo Manuel Berho Corona	Permanent Invitee

*\*\* Require of the approval of the shareholders*



## ***INTEGRATION OF THE COMMITTEES FOR 2021***

### ***(FOR INFORMATIONAL PURPOSES)***

#### **Ethics Committee**

José Antonio Pujals Fuentes	President
Elías Laniado Laborin	Member
Alejandro Pucheu Romero	Member
Alfredo Paredes Calderón	Member
Lorenzo Manuel Berho Corona	Member

#### **Investment Committee**

John Andrew Foster	President
Stephen B. Williams	Member
Lorenzo Manuel Berho Corona	Member
Craig Wieland	Member
Douglas M. Arthur	Member



## ***INTEGRATION OF THE COMMITTEES FOR 2021***

### ***(FOR INFORMATIONAL PURPOSES)***

#### **Debt and Equity Committee**

José Manuel Domínguez Díaz Ceballos	President
Stephen B. Williams	Member
John Andrew Foster	Member
Lorenzo Manuel Berho Corona	Member

#### **Social and Environmental Responsibility Committee**

Jorge Alberto de Jesús Delgado Herrera	President
José Manuel Domínguez Díaz Ceballos	Member
Daniela Berho Carranza	Member
Lorenzo Manuel Berho Corona	Member



## **COMPENSATIONS FOR THE MEMBERS OF THE BOARD OF DIRECTORS AND OF THE COMMITTEE FOR 2021**

<b>Entity</b>	<b>Compensation per Meeting</b>
<b>Members of the Board of Directors</b>	US\$3,800.00
<b>Presidents of the Committees</b>	US\$4,000.00
<b>Members of the Committees</b>	US\$3,000.00

- 1. All the members of the board of directors shall have the right to receive compensation for participating in the board of directors and in the committees of the Company.**
- 2. Compensations will be added with the income tax to be withheld by the Company.**
- 3. Compensations may be paid in Pesos at the Exchange rate published by Banco de México in the payment date.**
- 4. Compensations will only be paid with respect to meetings to which the member was effectively present.**
- 5. In case that the proprietary and the alternate attend to a meeting, only the proprietary will have the right to receive compensation, unless the board of the executive chairman determines that the presence of the alternate member was required for a specific item.**
- 6. Employees of the Company participating in the board of directors and/or in the committees, will not have the right to receive compensation.**
- 7. The executive chairman of the board of directors will only receive the compensation approved by the board of directors on January 20<sup>th</sup>, 2021.**





XI. Proposal, discussion and resolution to increase the borrowing limit of the Company, which includes incurring debts, in one or more operations, for the financing of the growth program called “Level 3 Strategy”, either through obtaining financing of banking institutions, private institutions, the public investor, or in general from any person, through the execution of credit agreements, issuance of debt instruments, however they are named and governed by the legislation of any jurisdiction, with or without real or personal guarantees, provided that said instruments may be placed in Mexico, privately or through the Bolsa Mexicana de Valores, S.A.B. de C.V., and/or any other authorized stock exchange, and/or in the United States of America and/or in other foreign markets, under the applicable legislation in the corresponding market.



## ***Debt and Equity Program for Strategic Plan Level 3***

### **RATIONALE**

- ☐ *The Company has identified investment opportunities for US\$700 million for the next 5 years.*
- ☐ *The Company requires flexibility and optionality to implement the best equity and debt alternatives*

### **DEBT**

- ☐ *Requires increase the leverage capacity in US\$400 million for the next 5 years; from US\$850 to US\$1,250 million*
- ☐ *The approved increase for the debt will be implemented gradually as evaluated and approved by the corporate bodies of the Company (debt and equity committee and the board of directors) during the life of the program*
- ☐ *Debt will be approved as long as the Company keeps conservative leverage limits, always maintaining a healthy capitalization of the Company (ie. approximately 40% LTV, approximately 6 times Net Debt – EBITDA, and always considering the Company's credit rating).*
- ☐ *During the first year the incremental debt will be between US\$50 and US\$100 million to invest in new projects, which will allow to have US\$300 million available for capturing future opportunities as necessary.*



XII. Appointment of special delegates Ordinary General Meeting of Shareholders.



The persons listed below are proposed to be the special delegates of the meeting for them to acting jointly or severally, issued the certifications that related to the minutes of this meeting be necessary or convenient, as well as to, in the same manner appear before the notary public of their choice and protocolize the minutes of this meeting and to record the relevant originals at the public registry of commerce:

Lorenzo Manuel Berho Corona  
Lorenzo Dominique Berho Carranza  
Alejandro Pucheu Romero  
José Eduardo Patiño Gutiérrez  
Navil Rosario Marín Escamilla



# Appendix 1

*CEO's Report*





**ANNUAL REPORT OF THE CHIEF EXECUTIVE OFFICER (“CEO”) OF  
CORPORACIÓN INMOBILIARIA VESTA, S.A.B. DE C.V.**

**Fiscal Year 2020**

For many, 2020 is behind with a tinge of hope for the future due mainly to the rollout of the vaccine, but the persistence and depth of the pandemic are yet to be known, altering possible economic and geopolitical scenarios. There is no single future until it happens, and it is clear the world has a long way to go to fully recover from the effects of the COVID 19 pandemic.

Within the difficulties of 2020, the Company continued to carefully balance short and long-term objectives, successfully implementing our Level 3 strategic plan, with the following achievements, among others:

- We are still working on the Company’s strategy for capital recycling
- The Company’s total return of 20% and stock performance have been notable due to stock outperforming the market, doing well against its main peers;
- During the year we have signed two promises for the sale and two letters of intent for land parcels in Queretaro.
- Our development pipeline was adapted to pre-leased buildings, built-to-suit projects and tenant expansions, achieving an excellent performance in pre-leasing and renewals;
- We established our Vesta Park Guadalupe (Monterrey) and Vesta Park Guadalajara, both new markets for us;
- We incorporated more top of the line clients, reaching deals with Mercado Libre, Pepsi, Coppel and Purina, adding new clients to a more diversified portfolio, and increasing our participation in new sectors such as e-commerce;
- Our ESG program is placing ourselves on the crest of the wave of green global efforts; we were included in the S&P/BMV Total Mexico ESG Index ranking 12<sup>th</sup> among the 29 other Mexican companies from all sectors, constituents of this new globally recognized sustainability index;
- In other ESG achievements, for the second year we are part of the DJSI MILA index, with a 10 point increase position for the Company. For GRESB ranking, we achieved a 20 point significant improvement, reaching the third place among the eight industrial funds of the Continent.
- Vesta Challenge was a virtual event, with participants, donors and spectators participating online. Participant registrations and partnerships with 11 companies resulted in an additional US\$ 65,600.00 for our 2021 social investment projects;
- Other successful new virtual initiative was our Brokers Day, that became a benchmark in the category.
- Our asset & property management teams were re-structured to better approach the needs of our clients and portfolio; and
- The Company was included within the sample of the *Indice de Precios y Cotizaciones* at the *Bolsa Mexicana de Valores, S.A.B. de C.V.*

We have mitigated the dynamic and emerging risks associated with COVID-19. Some of the year actions include reducing administrative expenses, focusing on joint efforts in asset management to foster close communication with existing clients, and early establishing protocols to ensuring continuity of essential operations.



Despite of the pandemic effects in the Mexican economy, the company performed well, almost reaching all its performance targets. We will remain cautious of the national environment, as during 2021 the biggest Mexican elections so far will be held. We believe that considering what we achieved in 2020, our company stands in a good place to face what may come, with a devoted leadership based on a strong follow up of all aspects of our strategic plan, focused on motivating and keeping attention to the needs of the team, and backed up by employees with a strong sense of duty and clear objectives.

Having said that, and based on article 44 of the Securities Market Law, the undersigned as Chief Executive Officer of the Company, hereby submit the annual report in connection with the fiscal year ended on December 31<sup>st</sup>, 2020.

I. Business Strategy

The business of the Company and its subsidiaries during the fiscal year 2020, was conducted in accordance with the organizational objectives matrix established by the management to that end and according to the Level 3 Strategic Plan, obtaining the above-mentioned results.

II. Compliance with the Resolutions of the Shareholders and the Board of Directors.

In this regard, I am pleased to inform that all agreements and resolutions adopted by the shareholders and the board of directors during the fiscal year 2020 were duly completed and executed, except for those which due to their own nature require more time for completion or require of a series of actions; however, for the latter, the Company and its subsidiaries have taken appropriate actions to ensure their fulfillment.

III. Internal Controls and Audit

During this fiscal year, the internal audit department of the Company worked according to the internal audit statute approved by the Board of Directors and reviewed projects and specific areas of the Company. The findings were periodically submitted to the audit committee and the management is adopting the necessary measures to attend the findings and ensure that the internal processes of the Company are duly complied with.

Additionally, during the fiscal year 2020, the Company monitored the Company's certification ISO 9001: 2015 and worked to update these processes to get the recertification during fiscal year 2021.

IV. Information and Relevant Events

All the information and relevant events of the Company and its subsidiaries have been duly filed and reported to the corporate bodies of the Company and to the relevant authorities in terms of the applicable laws and in compliance with the requirements of the corresponding authorities.





V. Operations Related to the Repurchase of Shares

The shareholders' meeting held on March 13<sup>th</sup>, 2020, approved to maintain the shares repurchase program of the Company of 2019 and to increase the amount up to US\$75'000,000.00 or its equivalent in Pesos, legal currency of United States of México.

During the fiscal year ended on December 31<sup>st</sup>, 2020, the Company did acquire 11'571,114 shares.

Likewise, it is hereby informed that according to the resolutions adopted by shareholder's meeting held on March 13<sup>th</sup>, 2020, the Company is in the process of cancelling a total of 10'840,000 single series, nominative shares, without nominal value and representative of the variable portion of the capital stock of the Company.

As Annex "1" hereto, is a report of the transactions made under said share repurchase program.

VI. Corrective and Responsibility Actions

During the fiscal year ended on December 31<sup>st</sup>, 2020 and as of this date, the Company has applied corrective measures to its internal processes, derived from the findings of the revisions made by our internal audit department.

Notwithstanding the foregoing, none of the findings by the internal audit department had required the initiation of responsibility actions against the persons involved in the administration of the Company, since none of said findings constitutes a loss for the Company.

VII. Capital Contributions

All capital contributions by the shareholders of the Company have been duly paid, and as of this date and there are no pending contributions.

VIII. Payment of Dividends

Dividends declared by the Company from previous fiscal year had been fully paid. Dividends declared by the shareholders' meeting of March 13<sup>th</sup>, 2020 were paid in four installments, three in 2020 and the last on January 2021, in strict compliance of that resolved by the shareholders of the Company at the recommendation of the board of directors.

IX. Accounting and Information System

The accounting and reporting systems of the Company and its subsidiaries are kept in a complete and correct manner and in compliance with the "IFRS", International Financial Information Rules issued by the International Accounting Rules Bureau and other rules and legal provisions applicable to the Company.





X. Financial Information

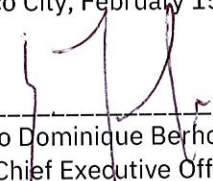
In compliance with the provisions of Article 44, section XI of the Securities Market Law and Article 172 of the General Corporations Law, it is hereby reported that the business strategy of the Company and its subsidiaries, has been at all times, within the strategic goals and objectives established by the administration at the beginning of each calendar year and according to the Level 3 Strategic Plan.

Attached hereto as Annex "2" are: (i) the audited consolidated financial statements of the Company and its subsidiaries, which reflect the true, complete and correct financial position of the Company and its subsidiaries for the fiscal year ended December 31<sup>st</sup>, 2020, (ii) the consolidated income statement of the Company and its subsidiaries for the fiscal year ended December 31<sup>st</sup>, 2020, (iii) a statement of changes in the financial position of the Company and its subsidiaries during the fiscal year ended December 31<sup>st</sup>, 2020, (iv) a statement of changes in the items comprising the Company's patrimony expressed on a consolidated basis during the fiscal year ended December 31<sup>st</sup>, 2020, (v) the notes necessary to complete and clarify the information; and (vi) the report of the external auditor of the Company with respect to its review to the consolidated financial statements of the Company and its subsidiaries prepared for the fiscal year ended December 31<sup>st</sup>, 2020, which contains a clean opinion without conditions or exceptions with respect to the above-mentioned financial statements by the external auditor of the Company.

XI. Responsibility Actions Against Third Parties

During the fiscal year ended on December 31<sup>st</sup>, 2020 none of the Company or its subsidiaries was in the need to initiate any legal proceedings against third parties due to damages caused to the Company and/or any of its subsidiaries, except for those litigation and collection procedures incurred in the ordinary course of business of the Company and its subsidiaries.

Mexico City, February 15<sup>th</sup>, 2021



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Lorenzo Dominique Berho Carranza  
Chief Executive Officer

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

## Appendix 2

*Audited and consolidated financial statements of the Company*



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

Consolidated Financial Statements  
for the Years Ended December 31,  
2020, 2019 and 2018, and  
Independent Auditors' Report  
Dated February 15, 2021



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

**Independent Auditors' Report and  
Consolidated Financial Statements for 2020,  
2019 and 2018**

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## Independent Auditors' Report to the Board of Directors and Stockholders of Corporación Inmobiliaria Vesta, S. A. B. de C. V. (in US dollars)

### **Opinion**

We have audited the consolidated financial statements of Corporación Inmobiliaria Vesta, S. A. B. de C. V. and subsidiaries (the "Entity"), which comprise the consolidated statements of financial position as of December 31, 2020, 2019 and 2018, and the consolidated statements of profit and other comprehensive income (loss), consolidated statements of changes in stockholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Entity as of December 31, 2020, 2019 and 2018 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

### **Basis for Opinion**

We conducted our audits in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Mexico, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other Matters**

The accompanying consolidated financial statements have been translated into English for the convenience of readers.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have concluded that the following Key Audit Matters should be communicated in our report.



## **Investment properties**

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise. The Entity uses external appraisers in order to determine the fair value for all of its investment properties. The independent appraisers 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 net operating income, inflation rates, absorption periods and market rents. The audit procedures performed to test investment properties were significant for our audit; for this reason, in order to test the reasonableness of the fair value of the investment properties, we involved an internal expert in valuation. As a result, our audit procedures included among others: i) testing the Entity's internal controls related to management's review of relevant assumptions used in the discounted cash flow approach, approval of construction of new investment properties as well as cash disbursements related to such construction; ii) performing detail substantive testing of the additions in investment properties made during the year; iii) performing physical inspection of some of the Entity's investment properties; iv) using the work of our internal valuation expert to test the fair value as determined by the Entity's expert of a sample of investment properties; v) performing an analytical substantive test of the fair value of the investment properties. Our procedures also included reviewing the appropriateness of the Entity's disclosures regarding the assumptions and accounting policies for the recognition of investment properties, which are included in the Note 9 to the consolidated financial statements.

## ***Information other than the Financial Statements and Auditor's Report***

Management is responsible for the other information. The other information comprises two documents, the Entity's Annual Report and the information that will be incorporated in the Annual Report which the Entity is required to prepare in accordance with Article 33 section I, subsection b) of Title Four, Chapter One, of the General Provisions Applicable to Issuers of Securities and Other Participants in the Securities Market in Mexico (the "Provisions". As of the date of our auditors' report, we have not yet obtained these documents and they will be available only after the issuance of this Audit Report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the Annual Report, we will issue the legend on the reading of the annual report, as required in Article 33, Section I, subsection b) numeral 1.2 of the Provisions.

## ***Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS, as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.



## ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

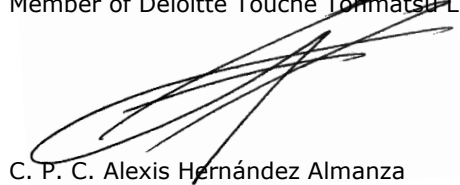
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Galaz, Yamazaki, Ruiz Urquiza, S. C.  
Member of Deloitte Touche Tohmatsu Limited



C. P. C. Alexis Hernández Almanza

February 15, 2021





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

## Consolidated Statements of Financial Position

As of December 31, 2020, 2019 and 2018

(In US dollars)

	Notes	31/12/2020	31/12/2019	31/12/2018
<b>Assets</b>				
Current assets:				
Cash, cash equivalents and restricted cash	5	\$ 120,542,142	\$ 75,063,593	\$ 64,483,395
Financial assets held for trading	6	684,936	804,967	724,399
Recoverable taxes	7	14,861,110	10,365,121	26,340,810
Operating lease receivables	8	6,360,901	8,272,093	8,130,553
Prepaid expenses		<u>420,057</u>	<u>1,267,893</u>	<u>537,428</u>
Total current assets		142,869,146	95,773,667	100,216,585
Non-current assets:				
Investment property	9	2,103,214,762	1,989,131,091	1,884,621,430
Office furniture – Net		2,854,654	3,063,650	2,490,902
Right-of-use asset	10	657,837	1,104,036	-
Derivative financial instruments	15.8	-	163,530	2,380,863
Guarantee deposits made and restricted cash		<u>4,506,526</u>	<u>4,461,865</u>	<u>4,376,105</u>
Total non-current assets		<u>2,111,233,779</u>	<u>1,997,924,172</u>	<u>1,893,869,300</u>
Total assets		<u>\$ 2,254,102,925</u>	<u>\$ 2,093,697,839</u>	<u>\$ 1,994,085,885</u>
<b>Liabilities and stockholders' equity</b>				
Current liabilities:				
Current portion of long-term debt	11	\$ 1,923,573	\$ 794,905	\$ 4,513,388
Finance leases payable - short term	10	510,417	435,177	-
Accrued interest		2,832,174	2,996,611	5,315,332
Accounts payable and client advances		1,825,850	2,539,117	2,788,387
Taxes payable, mainly income taxes		3,516,026	1,458,209	412,853
Accrued expenses		4,309,640	4,452,725	3,663,962
Dividends payable	12.4	<u>13,534,555</u>	<u>13,371,920</u>	<u>-</u>
Total current liabilities		28,452,235	26,048,664	16,693,922
Non-current liabilities:				
Long-term debt	11	837,837,479	713,632,678	695,284,034
Finance leases payable - long term	10	220,868	729,069	-
Derivative financial instruments	15.8	4,132,836	-	-
Guarantee deposits received		13,924,249	13,255,463	13,053,384
Deferred income taxes	14.3	<u>260,873,091</u>	<u>228,906,984</u>	<u>215,350,972</u>
Total non-current liabilities		<u>1,116,988,523</u>	<u>956,524,194</u>	<u>923,688,390</u>
Total liabilities		<u>\$ 1,145,440,758</u>	<u>\$ 982,572,858</u>	<u>\$ 940,382,312</u>
Litigation and other contingencies	18			



	Notes	31/12/2020	31/12/2019	31/12/2018
Stockholders' equity:				
Capital stock	12	422,437,615	426,300,951	435,613,239
Additional paid-in capital	12.3	297,064,471	303,741,438	321,021,039
Retained earnings		429,048,327	416,230,463	333,833,754
Share-based payments reserve	17	7,986,137	7,828,591	5,507,719
Foreign currency translation		(44,981,398)	(43,090,933)	(43,938,783)
Valuation of derivative financial instruments	15.8	<u>(2,892,985)</u>	<u>114,471</u>	<u>1,666,605</u>
Total stockholders' equity		<u>1,108,662,167</u>	<u>1,111,124,981</u>	<u>1,053,703,573</u>
Total liabilities and stockholders' equity		<u>\$ 2,254,102,925</u>	<u>\$ 2,093,697,839</u>	<u>\$ 1,994,085,885</u>

See accompanying notes to consolidated financial statements.



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

## Consolidated Statements of Profit and Other Comprehensive Income (Loss)

For the years ended December 31, 2020, 2019 and 2018

(In US dollars)

	Notes	31/12/2020	31/12/2019	31/12/2018
<b>Revenues:</b>				
Rental income		\$ 149,535,887	\$ 144,292,402	\$ 132,669,266
Management fees		319,446	72,677	-
<b>Property operating costs:</b>				
Related to properties that generated rental income	13.1	(8,925,518)	(7,266,490)	(4,848,618)
Related to properties that did not generate rental income	13.1	<u>(1,229,137)</u>	<u>(874,128)</u>	<u>(828,082)</u>
Gross profit		139,700,678	136,224,461	126,992,566
Administration expenses	13.2	(17,184,479)	(17,630,342)	(16,094,364)
Depreciation		(1,477,413)	(1,494,778)	(573,177)
<b>Other income and expenses:</b>				
Interest income		311,959	70,394	434,427
Other income - net		7,852	1,051,904	476,240
Transaction costs on debt issuance		-	-	(139,062)
Interest expense		(39,052,739)	(39,161,931)	(35,156,825)
Exchange gain (loss)- net		(171,566)	2,156,930	(719,007)
Gain on sale of investment property		-	17,920,717	-
Gain on revaluation of investment property	9	<u>45,370,264</u>	<u>86,062,112</u>	<u>52,822,802</u>
Total other income and expenses		6,465,770	68,100,126	17,718,575
Profit before income taxes		127,504,556	185,199,467	128,043,600
Current income tax expense	14.1	(26,150,480)	(37,670,744)	(21,892,031)
Deferred income tax	14.1	<u>(34,397,994)</u>	<u>(12,918,014)</u>	<u>(13,091,239)</u>
Total income tax expense		(60,548,474)	(50,588,758)	(34,983,270)
Profit for the year		66,956,082	134,610,709	93,060,330
Other comprehensive income (loss) - net of tax:				
<i>Items that may be reclassified subsequently to profit –</i>				
Fair value (loss) gains on derivative instruments	15.8	(3,007,456)	(1,552,134)	1,087,529
Exchange differences on translating other functional currency operations		<u>(1,890,465)</u>	<u>847,850</u>	<u>(6,606,220)</u>
Total other comprehensive income (loss)		<u>(4,897,921)</u>	<u>(704,284)</u>	<u>(5,518,691)</u>
Total comprehensive income for the year		<u>\$ 62,058,161</u>	<u>\$ 133,906,425</u>	<u>\$ 87,541,639</u>
Basic and diluted earnings per share	12.5	<u>\$ 0.117</u>	<u>\$ 0.229</u>	<u>\$ 0.155</u>

See accompanying notes to consolidated financial statements.



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

## Consolidated Statements of Changes in Stockholders' Equity

For the years ended December 31, 2020, 2019 and 2018

(In US dollars)

	Capital Stock	Additional Paid-in Capital	Retained Earnings	Share-Based Payments Reserve	Foreign Currency Translation	Valuation of Derivative financial instruments	Total Stockholders' Equity
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
Share-based payments	-	-	-	2,984,358	-	-	2,984,358
Vested shares	297,786	479,413	-	(777,199)	-	-	-
Dividends declared	-	-	(47,897,981)	-	-	-	(47,897,981)
Repurchase of shares	(4,527,654)	(6,728,913)	-	-	-	-	(11,256,567)
Comprehensive income (loss)	<u>-</u>	<u>-</u>	<u>93,060,330</u>	<u>-</u>	<u>(6,606,220)</u>	<u>1,087,529</u>	<u>87,541,639</u>
Balances as of December 31, 2018	435,613,239	321,021,039	333,833,754	5,507,719	(43,938,783)	1,666,605	1,053,703,573
Share-based payments	-	-	-	3,631,933	-	-	3,631,933
Vested shares	507,966	803,095	-	(1,311,061)	-	-	-
Dividends declared	-	-	(52,214,000)	-	-	-	(52,214,000)
Repurchase of shares	(9,820,254)	(18,082,696)	-	-	-	-	(27,902,950)
Comprehensive income (loss)	<u>-</u>	<u>-</u>	<u>134,610,709</u>	<u>-</u>	<u>847,850</u>	<u>(1,552,134)</u>	<u>133,906,425</u>
Balances as of December 31, 2019	426,300,951	303,741,438	416,230,463	7,828,591	(43,090,933)	114,471	1,111,124,981
Share-based payments	-	-	-	4,413,135	-	-	4,413,135
Vested shares	1,238,891	3,016,698	-	(4,255,589)	-	-	-
Dividends declared	-	-	(54,138,218)	-	-	-	(54,138,218)
Repurchase of shares	(5,102,227)	(9,693,665)	-	-	-	-	(14,795,892)
Comprehensive income (loss)	<u>-</u>	<u>-</u>	<u>66,956,082</u>	<u>-</u>	<u>(1,890,465)</u>	<u>(3,007,456)</u>	<u>62,058,161</u>
Balances as of December 31, 2020	<u>\$ 422,437,615</u>	<u>\$ 297,064,471</u>	<u>\$ 429,048,327</u>	<u>\$ 7,986,137</u>	<u>\$ (44,981,398)</u>	<u>\$ (2,892,985)</u>	<u>\$ 1,108,662,167</u>

See accompanying notes to consolidated financial statements.



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

## Consolidated Statements of Cash Flows

For the years ended December 31, 2020, 2019 and 2018

(In US dollars)

	31/12/2020	31/12/2019	31/12/2018
<b>Cash flows from operating activities:</b>			
Profit before income taxes	\$ 127,504,556	\$ 185,199,467	\$ 128,043,600
Adjustments:			
Depreciation	1,031,214	1,035,538	573,177
Right-of-use depreciation	446,199	459,240	-
Gain on revaluation of investment property	(45,370,264)	(86,062,112)	(52,822,802)
Unrealized effect of foreign exchange rates	171,566	(2,156,930)	719,007
Interest income	(311,959)	(70,394)	(434,427)
Interest expense	37,924,366	36,433,726	33,831,263
Amortization of debt issuance costs	1,128,373	2,728,205	1,325,562
Expense recognized in respect of share-based payments	3,678,097	2,788,939	1,942,810
Gain on sale of investment property	-	(17,920,717)	-
<b>Working capital adjustments:</b>			
(Increase) decrease in:			
Operating lease receivables - Net	1,911,192	(141,540)	(2,909,036)
Recoverable taxes	(4,495,989)	(4,558,054)	(8,943,674)
Prepaid expenses	847,836	(730,465)	(167,753)
Increase (decrease) in:			
Accounts payable and client advances	(713,267)	684,301	(2,227,350)
Accrued expenses	(143,085)	1,631,753	884,310
Income taxes paid	(24,092,663)	(16,091,645)	(12,542,218)
Net cash generated by operating activities	99,516,172	103,229,312	87,272,469
<b>Cash flows from investing activities:</b>			
Acquisition of investment property	(72,523,331)	(106,376,406)	(137,897,718)
Sale of investment property	-	109,260,000	-
Acquisition of office furniture	(822,218)	(1,608,286)	(1,195,300)
Financial assets held for trading	120,031	(80,568)	(46,571)
Interest received	311,959	70,394	434,427
Net cash (used in) generated by investing activities	(72,913,559)	1,265,134	(138,705,162)
<b>Cash flows from financing activities:</b>			
Guarantee deposits collected	668,786	202,080	1,513,911
Guarantee deposits paid	(44,661)	(85,760)	64,058
Interest paid	(37,986,844)	(38,606,429)	(32,288,118)
Loans obtained	125,000,000	225,000,000	116,600,000
Repayments of borrowings	(794,904)	(210,000,000)	(123,019)
Dividends paid	(53,975,583)	(39,444,748)	(47,897,981)
Repurchase of treasury shares	(14,795,892)	(27,902,950)	(11,256,567)
Finance leases payments	(534,920)	(545,048)	-
Debt issuance costs	-	(3,098,044)	-
Net cash generated by (used in) financing activities	17,535,982	(94,480,899)	26,612,284
Effects of exchange rates changes on cash	1,339,954	566,651	(1,697,905)
Net increase in cash, cash equivalents and restricted cash	45,478,549	10,580,198	(26,518,314)
Cash, cash equivalents and restricted cash at the beginning of year	75,798,905	65,218,707	91,737,021
Cash, cash equivalents and restricted cash at the end of year - Note 5	<u>\$ 121,277,454</u>	<u>\$ 75,798,905</u>	<u>\$ 65,218,707</u>

See accompanying notes to consolidated financial statements.



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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2020, 2019 and 2018

(In US dollars)

### 1. General information

Corporación Inmobiliaria Vesta, S. A. B. de C. V. (“Vesta” or the “Entity”) is a corporation incorporated in Mexico. The address of its registered office and principal place of business is Paseo de los Tamarindos 90, 28<sup>th</sup> 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.

#### 1.1 Significant event

As a result of the spread of the coronavirus (COVID-19) in Mexico and around the world, Vesta successfully maintained during 2020 the disciplined execution of strategies, which included rapidly adapting to the current environment and providing temporary relief to clients supported by strong relationships and its strong knowledge of the market. This allowed Vesta to quickly and timely identify emerging trends and seize new business opportunities.

As part of negotiations with clients, Vesta only granted deferral of leases payments for those tenants who met certain strict criteria, focusing that decision on long-term growth. In total, there were 43 deferral agreements that represented approximately \$5.5 million, of which 84% were recovered during the second half of the year and 16% will be recovered during 2021; agreements and payments have been fulfilled. It is important to note that, as of September 30, 2020, 95% of Vesta's tenants had reached pre-crisis operating levels and, at the end of the year, all are at normal levels.

The economic trends of the real estate market in Mexico, and specifically the industrial real estate market, were not materially affected by the pandemic. See Note 9 “Investment Properties” for further details. Finally, from an internal point of view, Vesta continued with its surveillance measures and cost reduction, review of contracts with non-essential third parties and constant monitoring of its performance.

### 2. Adoption of new and revised International Financial Reporting Standards

In the current period, the Entity has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (“IASB”) that are mandatorily effective for an accounting period that begins on or after January 1, 2020

#### *Initial impact of the application of the Interest Rate Benchmark Reform (Amendment to IFRS 9, IAS 39, and IFRS 7)*

In September 2019, the IASB issued the Interest Rate Benchmark Reform document (amendments to IFRS 9, IAS 39 and IFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for the affected hedges during the uncertainty period before the hedge of items or instruments affected by the current interest rate benchmark is modified as result of ongoing reforms of the interest rate benchmark.



These modifications are not relevant for the Entity since it applies hedge accounting to its exposure to reference interest rates. The impacts of the modifications applied to the Entity's accounting are as follows:

- The Entity has a variable rate of debt, indexed to IBOR, which hedges cash flows using interest rate swaps.
- The Entity will retain the accumulated gains or losses by reserving the hedging of cash flows designated to cash flows that are subject to the Interest Rate Benchmark Reform, even though there is some uncertainty about the Interest Rate Benchmark Reform regarding the time and quantity of the cash flow hedged items. The Entity must consider that future cash flow hedges are not expected to occur due to reasons other than those of the Interest Rate Benchmark Reform, accumulated gains or losses will be immediately reclassified to results.

The amendments also introduce a new disclosure requirement by IFRS 7 for hedging relationships that are subject to exceptions introduced by the amendment to IFRS 9.

***Initial impact of concessions applied to Lease under IFRS 16 related to the effects of COVID-19***

In May 2020, the IASB issued the amendment to IFRS 16, *COVID-19-Related Rent Concessions* that provides practical resources for rent concessions of lessee that occurred as a direct consequence of COVID-19, thus introducing a practical expedient for IFRS 16. The practical expedient allows a lessee the choice to assess whether a lease concession related to COVID-19 is a lease modification. The lessee making this choice should account for any change in lease payments resulting from the lease concession related to COVID-19 applying IFRS 16 as if the change were not a modification to the lease.

The practical expedient only applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- b) Any reduction in lease payments affects only payments due on or before June 30, 2021 (a rental concession meets this condition if it results in a reduction in payments before June 30, 2021 or increases lease payments after June 30, 2021); and
- c) There is no substantive change to other terms and conditions of the lease.

During the year, the Entity did not apply the amendments to IFRS 16 (as issued by the IASB in May 2020) in advance.

***Initial impact of the application of other new and modified IFRS that are effective for the fiscal years and reporting periods beginning on or after January 1, 2020***

In the current year, the Entity has applied a number of amendments to IFRS Standards issued by the IASB that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

***Amendments to references to the Conceptual Framework in IFRS Standards***

The Entity has adopted the amendments included in *Amendments to references to the Conceptual Framework in IFRS Standards* for the first time this year. The amendments include derivative amendments to the affected standards that now refer to the new *Conceptual Framework*. Not all amendments, however, update such pronouncements with respect to references and phrases to the *Conceptual Framework* that refer to the revised *Conceptual Framework*. Some pronouncements are only updated to indicate which version of the *Conceptual Framework* they refer to (the IASB *Conceptual Framework* adopted by the IASB in 2001, the IASB *Conceptual Framework* from 2010, or the new and revised *Conceptual Framework* from 2018) or to indicate the definitions of standards that have not been updated with the new definitions developed in the revised *Conceptual Framework*.



*Amendments to IAS 1 and IAS 8 Definition of materiality*

The standards that have had modifications are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32

The Entity has adopted the amendments to IAS 1 and IAS 8 in the year. The amendments made the definition of "material" in IAS 1 easier to understand and it is not intended to alter the underlying concept of materiality in IFRS. The concept of "obscuring" material information with immaterial information has been included as part of the new definition. The threshold of materiality influencing users has been changed from 'could influence' to 'reasonably expected to influence'. The definition of "material" in IAS 8 has been replaced by a reference to the definition in IAS 1. In addition, the IASB modified other standards and the *Conceptual Framework* to contain a definition of "material" to ensure consistency.

***New and amended IFRS Standards that are not yet effective***

As of the issue date of these consolidated financial statements, the Entity has not applied the following new and modified IFRS Standards that have been issued but are not yet effective:

Amendments to IAS 1	<i>Classification of liabilities as current or non-current</i>
Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment — Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
Annual improvements to IFRS Standards 2018-2020	<i>Amendments to IFRS 1 First-time adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases.</i>

Management do not expect that the adoption of the Standards listed above will have a material impact on the consolidated financial statements of the Entity in future periods, except as noted below:

***Amendments to IAS 1 Classification of Liabilities as Current and Non-current***

The final amendments affect only the presentation of liabilities as current and non-current in the statement of financial position, not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items.

The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period; clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months; make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Amendments to IAS 1 are applied retrospectively for annual reporting periods beginning on or after January 1, 2023. Earlier application continues to be permitted.

***Amendments to IFRS 3 - Reference to the Conceptual Framework***

The amendments update IFRS 3 so that it can refer to the 2018 Conceptual Framework rather than the 1989 Framework. They also added a requirement that, for obligations within the scope of IAS 37, a buyer applies IAS 37 to determine whether the acquisition date is a present obligation or exists as a result of a past event. For liens that are within the scope of IFRIC 21 *Liens*, the buyer applies IFRIC 21 to determine whether the obligation gives rise to a liability to pay the levy that occurred on the acquisition date.





Finally, the amendments add an explicit statement that the buyer will not recognize a contingent asset acquired from a business combination.

The amendments are effective for business combinations whose acquisition date is on or after the initial period of the first annual period beginning on or after January 1, 2022. With the option of early application if the Entity also applies all other updated references (published together with the *Conceptual Framework*) at the same time or earlier application.

#### ***Amendments to IAS 16- Property, Plant and Equipment — Proceeds before Intended Use***

The amendments prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use, for example, income while the asset is brought to the location and the necessary conditioning is made to make it operable in the manner that is intended according to management. Instead, an entity will recognize such sales proceeds and related cost in profit or loss. The Entity measures the costs of these items in accordance with IAS 2 *Inventories*.

The amendments clarify the meaning of 'testing if an asset works properly'. Now IAS 16 specifies this as an assessment in which the physical and technical performance of the asset is capable of being used in the production or supply of goods or services, for rent or other, or administrative purposes.

If it is not presented separately in the statement of comprehensive income, the financial statements must disclose the amounts of income and costs in results related to items that are not an output from the ordinary activities of the entity, in the entry line (s) in the statement of comprehensive income where income and costs are included.

The modifications are applied retrospectively, but only to the items of property, plant and equipment that are brought to the location and conditions necessary for them to be able to operate as management has planned on or after the beginning of the period in which the financial statements of the Entity are presented, in which the amendments are applied for the first time.

The Entity must recognize the cumulative effect of the initial application of the amendments as an adjustment to the balance sheet in retained earnings (or some capital component, as appropriate) at the beginning of the first period to be presented.

The modifications are effective for annual periods beginning on January 1, 2022 with the option of early application.

#### ***Amendments to IAS 37 - Onerous Contracts - Cost of Fulfilling a Contract***

The amendments specify that the 'costs of fulfilling' a contract include the 'costs directly related to the contract'. The costs that are directly related to a contract consist of the incremental costs and the costs of fulfilling a contract (example: labor or materials) and the allocation of other costs that are directly related to fulfill a contract (such as the allocation of the depreciation of property, plant and equipment items to fulfill the contract).

The amendments apply to contracts in which the Entity has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which the Entity applies the modifications for the first time. The comparatives should not be reformulated. Instead, the Entity should recognize the cumulative effect of the initial application of the amendments as an adjustment to the balance sheet in retained earnings or some other component of equity, as appropriate, by the date of initial application.

The amendments are effective for annual periods beginning on or after January 1, 2022, with the option of early application.



### ***Annual improvements to IFRS Standards 2018-2020***

The Annual improvements include the improvement to four Standards.

#### ***IFRS 1, First-time Adoption of International Financial Reporting Standards***

The amendment provides additional relief for the subsidiary for the first-time adoption after its parent with respect to accounting for accumulated translation differences. As a result of the amendments, a subsidiary uses the exception of IFRS 1: D16 (a) can now choose to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRS, if there were no adjustments for the consolidation procedures and for the effects of business combinations in which the parent acquired the subsidiary. A similar choice is available for an associate or joint venture that uses the exception in IFRS 1: D16 (a).

The amendment is effective for periods beginning on or after January 1, 2022, with the option of early adoption.

#### ***IFRS 9, Financial Instruments***

The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Amendments are applied prospectively to modifications or changes that occur on or after the date, the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after January 1, 2022, with early application.

#### ***IFRS 16, Leases***

The amendment removes the reimbursement of leasehold improvements by the lessor.

As the amendments to IFRS 16 are only with respect to an illustrative example, there is no set start date.

Management do not expect that the adoption of the aforementioned Standards will have a material impact on the Entity's consolidated financial statements in future periods.

### **3. Significant accounting policies**

#### **a. *Statement of compliance***

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

#### **b. *Basis of preparation***

The consolidated 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 consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of 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 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 fair value measurements are those derived from inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

iii. Going concern

The consolidated financial statements have been prepared by Management assuming that the Entity will continue to operate as a going concern.

During the first months of 2020, the infectious disease COVID-19 caused by the coronavirus appeared and it was declared by the World Health Organization (WHO) as a Global Pandemic on March 11, 2020. Its recent global expansion has motivated a series of containment measures in the different geographies where the Entity operates and certain sanitary measures have been taken by the Mexican authorities to stop the spread of this virus. Derived from the uncertainty and duration of this pandemic, the Entity analyzed the considerations mentioned in Note 1.1 to determine if the assumption of continuing as a going concern is applicable.

iv. Reclassifications

The consolidated financial statements as of December 31, 2019 have been reclassified to conform their presentation with the financial information as of December 31, 2020. The only reclassification corresponded to Dividends payable to show them in current liabilities.

c. ***Basis of consolidation***

The consolidated 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 (loss) and other comprehensive income from the date the Entity gains control until the date when the Entity ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Entity and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Entity and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

Subsidiary/Entity	Ownership percentage			Activity
	2020	2019	2018	
QVC, S. de R.L. de C.V.	99.99%	99.99%	99.99%	Holds investment properties
QVC II, S. de R.L. de C.V.	99.99%	99.99%	99.99%	Holds investment properties
WTN Desarrollos Inmobiliarios de México, S. de R.L. de C.V.	99.99%	99.99%	99.99%	Holds investment properties
Vesta Baja California, S. de R.L. de C.V.	99.99%	99.99%	99.99%	Holds investment properties
Vesta Bajío, S. de R.L. de C.V.	99.99%	99.99%	99.99%	Holds investment properties
Vesta Queretaro, S. de R.L. de C.V.	99.99%	99.99%	99.99%	Holds investment properties
Proyectos Aeroespaciales, S. de R.L. de C.V.	99.99%	99.99%	99.99%	Holds investment properties
Vesta DSP, S. de R. L. de C.V.	99.99%	99.99%	99.99%	Holds investment properties
Vesta Management, S. de R.L. de C.V.	99.99%	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%	99.99%	Provides administrative services to the Entity
Enervesta, S. de R.L. de C.V.	99.99%	99.99%	99.99%	Provides administrative services to the Entity
Trust CIB 2962	(1)	(1)	(1)	Vehicle to distribute shares to employees under the Long Term Incentive plan.

(1) Employee share trust established in conjunction with the 20-20 Long Term Incentive Plan over which the Entity exercise control.

d. **Financial instruments**

Financial assets and financial liabilities are recognized in Vesta's statement of financial position when the Entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.



e. ***Financial assets***

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

*Classification of financial assets*

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Entity may make the following irrevocable election / designation at initial recognition of a financial asset:

- the Entity may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and
- the Entity may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iv) below).

(i) *Amortized cost and effective interest method*

The effective interest method is a method for calculating the amortized cost of a debt instrument and for allocating interest income during the relevant period.

For financial assets that were not purchased or originated by credit-impaired financial assets (for example, assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts future cash inflows (including all commissions and points paid or received that form an integral part of the effective interest rate, transaction costs, and other premiums or discounts), excluding expected credit losses, over the expected life of the debt instrument or, if applicable, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting estimated future cash flows, including expected credit losses, at the amortized cost of the debt instrument on initial recognition.



The amortized cost of a financial asset is the amount at which the financial asset is measured on initial recognition minus repayments of principal, plus the accumulated amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss. The gross book value of a financial asset is the amortized cost of a financial asset before adjusting any provision for losses.

Interest income is recognized using the effective interest effect for debt instruments subsequently measured at amortized cost and at fair value through other comprehensive income. For financial assets purchased or originated other than financial assets with credit impairment, interest income is calculated by applying the effective interest rate to the gross book value of a financial asset, except for financial assets that have subsequently suffered impairment of credit (see below). For financial assets that have subsequently deteriorated credit, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If in subsequent reporting periods the credit risk in the credit-impaired financial instrument improves, so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross book value of the financial asset.

For financial assets acquired or originated that are credit impaired, the Entity recognizes interest income by applying the effective interest rate adjusted for credit to the amortized cost of the financial asset from its initial recognition. The calculation does not return to the gross basis, even if the financial asset's credit risk subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognized as gains / losses and is included in the concept "Financial income - Interest income".

(ii) *Debt instruments classified at fair value through other comprehensive income*

Corporate bonds held by the Entity are classified at Fair value through other comprehensive income. Corporate bonds are initially measured at fair value plus transaction costs. Subsequently, changes in the book value of these corporate bonds as a result of foreign exchange gains and losses (see below), impairment of gains or losses (see below), and interest income calculated through the effective interest method (see (i) above) are recognized in profit or loss. The amounts that are recognized as gains or losses are the same as the amounts that would have been recognized as gains or losses if they had been measured at amortized cost. All other changes in the carrying amount at amortized cost. All other changes in the book value of these corporate bonds are recognized in other comprehensive income or accumulated under the concept of 'investment revaluation reserve'. When these corporate bonds are unknown, the accumulated gains or losses previously recognized in other comprehensive income are reclassified to income.

(iii) *Equity investments designated as Fair Value through other comprehensive income*

On initial recognition, the Entity may make an irrevocable election (instrument by instrument) to designate equity investments instruments at Fair Value through other comprehensive income. The designation at fair value through other comprehensive income is not allowed if the equity investment is held for trading or if it is a contingent consideration recognized by an acquirer in a business combination.

Equity investments instruments at fair value through other comprehensive income are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investment revaluation reserve. Accumulated profit or loss cannot be reclassified to profit or loss at the disposal of equity investments, but is transferred to retained earnings.



Dividends from these equity investments instruments are recognized in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "financial income" item in profit or loss for the year.

The Entity has designated all equity investments instruments that are not held for trading at fair value through other comprehensive income in the initial application of IFRS 9.

A financial asset is held for trading if:

- it has been obtained with the main objective of being sold in the short term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Entity manages together and has evidence of a recent pattern of obtaining profits in the short term; or
- it is a derivative (except for derivatives that are contractual financial guarantees or an effective hedging instrument).

(iv) *Financial Assets at fair value through profit or loss*

Financial assets that do not meet the criteria to be measured at amortized cost or fair value through other comprehensive income (see (i) to (iii) above) are measured at fair value through income. Specifically:

- Equity investments instruments are classified at fair value through profit or loss, unless the Entity designates an equity investment that is not held for trading or a contingent consideration arising from a business combination at fair value through other comprehensive income on initial recognition (see (iii) above).
- Debt instruments that do not meet the amortized cost criteria or the fair value criteria through other comprehensive income (see (i) and (ii) above) are classified with fair value through income. In addition, debt instruments that meet the amortized cost criteria or the fair value criteria through other comprehensive income may be designated as fair value through income at the time of initial recognition if such designation eliminates or significantly reduces an inconsistency of measurement or recognition (called "accounting disparity") that would arise from the measurement of assets or liabilities or the recognition of gains and losses on them on different bases. The Entity has not designated any debt instrument with fair value through results.

Financial assets at FVTPL are stated at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognized in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other income (expenses) - Net' line item.

*Foreign exchange gains and losses*

The book value of financial assets denominated in a foreign currency is determined in that foreign currency and it is translated at the exchange rate at the end of each reporting period. Specifically:

- For financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in income under the heading "other gains and losses";
- For debt instruments measured at fair value through other comprehensive income that are not part of a designated hedging relationship, exchange differences in the amortized cost of the debt instrument are recognized in income under the heading of "other income and losses". Other exchange differences are recognized in other comprehensive income in the investment revaluation reserve;



- For financial assets measured at fair value through results that are not part of a designated hedging relationship, exchange differences are recognized in income under “other gains and losses”; and
- For equity instruments measured at fair value through other comprehensive income, exchange differences are recognized in other comprehensive income in the investment revaluation reserve.

See the hedge accounting policy regarding foreign exchange differences where the risk component of a foreign currency for a financial asset designated as a foreign currency risk hedging instrument.

#### *Impairment of financial assets*

The Entity recognizes lifetime expected credit losses (“ECL”) for operating lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Entity’s historical credit loss experience, adjusted for factors that are specific to the debtors.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, the 12-month ECL represents the portion of the expected lifetime loss that is expected to result from predetermined events in a financial instrument that are possible within 12 months of the reporting date.

#### *(i) Significant increase in credit risk*

When evaluating whether the credit risk in a financial instrument has increased significantly since initial recognition, the Entity compares the risk of a default on the financial instrument on the reporting date with the risk of a default on the financial instrument at the start date recognition. In making this evaluation, the Entity considers both quantitative and qualitative information that is reasonable and substantiated, including historical experience and prospective information that is available without unnecessary cost or effort. The forward-looking information considered includes the future prospects of the industries in which the Entity's debtors operate, obtained from reports of economic experts, financial analysts, government agencies, relevant expert groups and other similar organizations, as well as the consideration of various external sources of real information and projected economic information related to the Entity's core operations.

In particular, the following information is taken into account when evaluating whether credit risk has increased significantly since initial recognition:

- An existing or expected significant impairment in the external (if any) or internal rating of the financial instrument;
- Significant impairment in external market indicators of credit risk for a specific financial instrument, for example, a significant increase in the credit spread, credit default swap for the debtor, or the period of time or the extent to which the value fair value of a financial asset is less than its amortized cost;
- Existing or expected adverse changes in economic, financial or business conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligation;
- A current or expected significant impairment in the debtor's operating results;
- Significant increases in credit risk in other financial instruments of the same debtor;
- An existing or expected adverse change in the debtor's regulatory, economic or technological conditions that result in a significant decrease in the debtor's ability to meet its obligations.

Regardless of the result of the previous evaluation, the Entity assumes that the credit risk in a financial asset has increased significantly since the initial recognition when the contractual payments have a maturity of more than 30 days, unless the Entity has reasonable and reliable information that proves otherwise.





Despite the foregoing, the Entity assumes that the credit risk in a financial instrument has not increased significantly since the initial recognition if it is determined that the financial instrument has a low credit risk on the reporting date. A financial instrument is determined to have low credit risk if:

- (1) The financial instrument has a low default risk,
- (2) The debtor has a notable ability to meet its contractual cash flow obligations in the short term, and
- (3) Adverse changes in economic and business conditions in the long term may reduce the ability of the debtor to meet its contractual cash obligations, but will not necessarily happen.

The Entity considers that a financial asset has low credit risk when the asset has an external credit rating of "investment grade" according to the globally accepted definition, or if there is no external rating available, the asset has an internal "achievable" rating. Achievable means that the counterparty has a strong financial position and there are no past amounts outstanding.

For financial guarantee contracts, the date on which the Entity becomes part of the irrevocable commitment is considered the date of initial recognition for the purposes of evaluating the impairment of the financial instrument. When evaluating whether there has been a significant increase in credit risk since the initial recognition of financial guarantee contracts, the Entity considers changes in the risk that the specified debtor will default on the contract.

The Entity regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and reviews them as appropriate to ensure that the criteria are capable of identifying a significant increase in credit risk before the amount has been defeated.

(ii) *Definition of non-compliance*

The Entity considers that the following constitutes an event of default for internal credit risk management purposes, since historical experience indicates that financial assets are not recoverable when they meet any of the following criteria:

- When the debtor breaches the financial agreements;
- Information developed internally or obtained from external sources indicates that it is unlikely that the debtor will pay its creditors, including the Entity, in full (without taking into account any guarantees that the Entity has).

Regardless of the previous analysis, the Entity considers that the default has occurred when a financial asset is more than 90 days old, unless the Entity has reasonable and reliable information to demonstrate that a later default criterion is more appropriate.

(iii) *Credit Impaired Financial Assets*

A financial asset is credit-impaired when one or more events have occurred that have a detrimental impact on the estimated future cash flows of that financial asset. Evidence that a financial asset is credit-impaired includes observable data on the following events:

- (a) Significant financial difficulty on the part of the issuer or the debtor;
- (b) The breach of a contract, such as a default or an expired event (see (ii) above);
- (c) The debtor's lenders, for economic or contractual reasons related to the debtor's financial difficulty, grant the debtor a concession that the lenders would not otherwise consider;
- (d) It is increasingly likely that the debtor will enter bankruptcy or some other financial reorganization; or
- (e) The extinction of a functional market for the financial asset due to its financial difficulties.



(iv) *Write-off policy*

The Entity derecognizes a financial asset when there is information that indicates that the debtor is in serious financial difficulty and there is no realistic prospect of recovery, for example, when the debtor has been placed in liquidation or has entered bankruptcy, or in the case of trade receivables, when the amounts are due more than two years, whichever is earlier. Financial assets written off may still be subject to compliance activities under the Entity's recovery procedures, taking into account legal advice when appropriate. Any recovery made is recognized in profits.

(v) *Measurement and recognition of expected credit losses*

The measurement of expected credit losses is a function of the probability of default, the loss given the default (that is, the magnitude of the loss if there is a default), and the exposure at default.

The evaluation of the probability of default and the default loss is based on historical data adjusted for forward-looking information as described above. Regarding exposure to default, for financial assets, this is represented by the gross book value of the assets on the reporting date; for financial guarantee contracts, the exposure includes the amount established on the reporting date, along with any additional amount expected to be obtained in the future by default date determined based on the historical trend, the Entity's understanding of the specific financial needs of the debtors, and other relevant information for the future.

For financial assets, the expected credit loss is estimated as the difference between all the contractual cash flows that are due to the Entity in accordance with the contract and all the cash flows that the Entity expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used to determine the expected credit losses are consistent with the cash flows used in the measurement of the lease receivable in accordance with IFRS 16 Leases.

For a financial guarantee contract, where the Entity is obliged to make payments only in the event of default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss forecast is the expected payment to reimburse the holder for a credit loss incurred less any amount that the Entity expects to receive from the holder, the debtor or any other party.

If the Entity has measured the provision for losses for a financial instrument in an amount equal to the expected credit loss for life in the previous reporting period, but determines, at the current reporting date, that the conditions for the loss are no longer met lifetime expected credit loss, the Entity measures the loss margin in an amount equal to the 12-month expected credit loss on the current reporting date, except for assets for which the simplified approach was used.

The Entity recognizes an impairment loss or loss in the result of all financial instruments with a corresponding adjustment to their book value through a provision for losses account, except investments in debt instruments that are measured at fair value at through other comprehensive income, for which the provision for losses is recognized in other comprehensive and accumulated results in the investment revaluation reserve, and does not reduce the book value of the financial asset in the statement of financial position.



### *Derecognition policy*

The Entity derecognizes a financial asset only when the contractual rights to the asset's cash flows expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Entity does not transfer or retain substantially all the risks and benefits of ownership and continues to control the transferred asset, the Entity recognizes its retained interest in the asset and an associated liability for the amounts due. If the Entity retains substantially all the risks and benefits of ownership of a transferred financial asset, the Entity continues to recognize the financial asset and also recognizes a loan guaranteed by the income received.

Upon derecognition of a financial asset measured at amortized cost, the difference between the asset's book value and the sum of the consideration received and receivable is recognized in income. In addition, when an investment in a debt instrument classified as fair value through other comprehensive income is written off, the accumulated gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss. In contrast, in the derecognition of an investment in a capital instrument that the Entity chose in the initial recognition to measure at fair value through other comprehensive income, the accumulated gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to accumulated profit (deficit).

#### **f. *Financial liabilities***

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Entity, are measured in accordance with the specific accounting policies set out below.

#### *Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Entity manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.
- A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:
  - such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
  - the financial liability forms part of an Entity of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Entity's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
  - it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in profit or loss.



However, for financial liabilities that are designated as at FVTPL, 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 recognized 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. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Entity that are designated by the Entity as at FVTPL are recognized in profit or loss.

#### *Financial liabilities measured subsequently at amortized cost*

Financial liabilities (including borrowings) that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and expenses paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

#### *Derecognition of financial liabilities*

The Entity derecognizes financial liabilities when, and only when, the Entity's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Entity exchanges with the existing lender a debt instrument in another with substantially different terms, that exchange is accounted for as an extinction of the original financial liability and the recognition of a new financial liability. Similarly, the Entity considers the substantial modification of the terms of an existing liability or part of it as an extinction of the original financial liability and the recognition of a new liability. The terms are assumed to be substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate, is at least 10% different from the current discounted rate. Value of the remaining cash flows of the original financial liability. If the modification is not material, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after the modification should be recognized in profit or loss as the gain or loss from the modification within other gains and losses.

#### **g. *Derivative financial instruments***

The Entity enters into a variety of derivative financial instruments to manage its exposure to interest and foreign exchange rate risk, including interest rate swaps. Further details of derivative financial instruments are disclosed in Note 15.

Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.



A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the financial statements unless the Entity has both legal right and intention to offset. The impact of the Master Netting Agreements on the Entity's financial position is disclosed in Note 15.8. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

h. ***Hedge accounting***

The Entity designates certain hedging instruments, which include derivatives in respect of interest rate risk as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Entity documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedging instrument and the hedged item;
- The effect of credit risk does not dominate the value of the changes that result from the economic relationship; and
- The hedging ratio of the hedging relationship is the same as that resulting from the amount of the hedged item that the Entity actually covers and the amount of the hedging instrument that the Entity actually uses to cover that amount of the hedged item.

If a hedging relationship no longer meets the hedge effectiveness requirement related to the hedging relationship, but the risk management objective for that designated hedging relationship remains the same, the Entity adjusts the hedging relationship of the hedging relationship (that is, rebalances the coverage) so that it meets the qualification criteria again.

The Entity designates the complete change in the fair value of a forward contract (that is, it includes the forward items) as the hedging instrument for all of its hedging relationships that involve forward contracts.

The Entity designates only the intrinsic value of the option contracts as a hedged item, that is, excluding the time value of the option. Changes in the fair value of the time-aligned value of the option are recognized in other comprehensive income and accumulated in the cost of the hedge reserve. If the hedged item is related to the transaction, the time value is reclassified to profit or loss when the hedged item affects profit or loss. If the hedged item is related to the period of time, then the accumulated amount in the cost of the hedge reserve is reclassified to profit or loss in a rational manner: the Entity applies amortization in a straight line. Those reclassified amounts are recognized in profit or loss on the same line as the hedged item. If the hedged item is a non-financial item, the amount accrued in the cost of the hedge reserve is removed directly from equity and included in the initial carrying amount of the recognized non-financial item. Furthermore, if the Entity expects that part or all of the accumulated loss in the cost of the hedge reserve will not be recovered in the future, that amount will be immediately reclassified to profit or loss.

Note 15.8 establishes the details of the fair values of the derivative instruments used for hedging purposes.

*Cash flow hedges*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the 'other income (expenses) - Net' line item.



Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Entity expects that part or all of the accumulated loss in the cash flow hedge reserve will not be recovered in the future, that amount will be immediately reclassified to profit or loss.

Hedge accounting is discontinued when the Entity revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

i. ***Cash and cash equivalents***

Cash and cash equivalents consist mainly of bank deposits in checking accounts and short-term investments, highly liquid and easily convertible into cash, maturing within three months as of their acquisition date, which are subject to immaterial value change risks. Cash is carried at nominal value and cash equivalents are valued at fair value; any fluctuations in value are recognized in interest income of the period. Cash equivalents are represented mainly by investments in treasury certificates (CETES) and money market funds.

j. ***Office furniture***

Office furniture is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. An item of office furniture is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of the asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in profit or loss.

k. ***Restricted cash***

Restricted cash represents cash and cash equivalents balances held by the Entity that are only available for use under certain conditions pursuant to the long-term debt agreements entered into by the Entity (as discussed in Note 11). 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 fulfilled, whereby the short-term restricted cash balance was classified within current assets under cash and cash equivalents and the long-term restricted cash was classified within guarantee deposits made.

l. ***Investment property***

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.



An investment property is derecognized upon sale or when the investment property is permanently withdrawn from use and no future economic benefits are expected to be received from such investment property. Any gain or loss arising on derecognition of the property (calculated as the difference between the net sale proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

m. ***Impairment of long-lived assets other than goodwill***

At the end of each reporting period, the Entity reviews the carrying amounts of its long-lived assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When the asset does not generate cash flows independent of other assets, the Entity estimates the recoverable amount of the cash-generating unit to which said asset belongs. When a reasonable and consistent basis of distribution can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise, they are allocated to the Entity's smallest of cash-generating units for which a reasonable and consistent distribution base can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, except if the asset is recorded at a revalued amount, in which case the impairment loss should be considered as a decrease in revaluation.

n. ***Leases***

1) The Entity as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

2) The Entity as lessee

The Entity assesses whether a contract is or contains a lease, at inception of the contract. The Entity recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Entity recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.



The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Entity revalues the lease liability (and makes the corresponding adjustment to the related use rights asset) when:

- The lease term is modified or there is a significant event or change in the circumstances of the lease resulting in a change in the evaluation of the purchase option exercise, in which case the lease liability is measured by discounting the updated rent payments using a updated discount rate.
- Rent payments are modified as a result of changes in indices or rate or a change in the expected payment under a guaranteed residual value, in which cases the lease liability is revalued by discounting the updated rent payments using the same discount rate (unless the change in rent payments is due to a change in a variable interest rate, in which case an updated discount rate is used).
- A lease is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is revalued based on the lease term of the modified lease, discounting the updated rent payments using a discount rate updated on the date of entry into force of the modification.

The Entity did not perform any of the aforementioned adjustments in the periods presented.

Rights-of-use assets consist of the initial measurement of the corresponding lease liability, the rental payments made on or before the commencement date, less any lease incentives received and any direct initial costs. Subsequent valuation is cost less accumulated depreciation and impairment losses.

If the Entity incurs an obligation arising from the costs of dismantling and removing a leased asset, restoring the place in which it is located, or restoring the underlying asset to the condition required by the terms and conditions of the lease, a provision measured in accordance with IAS 37 should be recognized. To the extent that the costs are related to a rights of use asset, the costs are included in the related rights of use asset, unless such costs are incurred to generate inventories.

Assets for rights of use are depreciated over the shorter period between the lease period and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the asset for rights of use reflects that the Entity plans to exercise a purchase option, the asset for rights of use will be depreciated over its useful life. Depreciation begins on the lease commencement date.

Assets for rights of use are presented as a separate concept in the consolidated statement of financial position.

The Entity applies IAS 36 to determine whether a rights-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment of assets other than goodwill' policy.

Leases with variable income that do not depend on an index or rate are not included in the measurement of the lease liability and the asset for rights of use. The related payments are recognized as an expense in the period in which the event or condition that triggers the payments occurs and are included in the concept of "Other expenses" in the consolidated statement of profits and losses.





As a practical expedient, IFRS 16 allows you not to separate the non-lease components and instead account for any lease and its associated non-lease components as a single arrangement. The Entity has not used this practical file. For contracts that contain lease components and one or more additional lease or non-lease components, the Entity assigns the consideration of the contract to each lease component under the relative selling price method independent of the lease component and aggregate stand-alone relative selling price for all non-lease components.

o. ***Foreign currencies***

The U.S. dollar is the functional currency of Vesta and all of its subsidiaries except for WTN Desarrollos Inmobiliarios de México, S. de R. L. de C. V. (“WTN”) and Vesta Management, S. de R.L. de C.V. (VM), which consider the Mexican peso to be their functional currency and are considered to be “foreign operations” under IFRS. However, Vesta and its subsidiaries keep their accounting records in Mexican pesos. In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the exchange rates in effect on the dates of each transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the exchange rates in effect at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the exchange rates in effect on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

For the purposes of presenting consolidated financial statements, the assets and liabilities of WTN and VM are translated into U.S. dollars using the exchange rates in effect on the last business day of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates in effect on the dates of the transactions are used. Exchange differences arising, if any, are recorded in other comprehensive income.

p. ***Employee benefits***

Employee benefits for termination

Employee benefits for termination are recorded in the results of the year in which they are incurred.

Short-term and other long-term employee benefits and statutory employee profit sharing (“PTU”)

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Entity in respect of services provided by employees up to the reporting date.

Statutory employee profit sharing (“PTU”)

PTU is recorded in the results of the year in which it is incurred and is presented in administration expenses line item in the consolidated statement of profit (loss) and other comprehensive income.



As result of the 2014 Income Tax Law, as of December 31, 2020, 2019 and 2018, PTU is determined based on taxable income, according to Section I of Article 9 of the that Law.

q. ***Share-based payment arrangements***

Share-based payment transactions of the Entity

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 17.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the Entity's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Entity revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity settled employee benefits reserve.

r. ***Income taxes***

Income tax expense represents the sum of the tax currently payable and deferred tax.

1. Current tax

Current income tax ("ISR") is recognized in the results of the year in which is incurred.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Entity's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognized for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Entity supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

2. Deferred income tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.



The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is an enforceable legal right that allows offsetting current tax assets against current tax liabilities and when they are related to income taxes collected by the same tax authority and the Entity has the right to intention to settle your current tax assets and liabilities on a net basis.

### 3. Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

#### s. ***Provisions***

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, when it is probable that the Entity will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties associated with the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### t. ***Revenue recognition***

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

### 4. ***Critical accounting judgments and key sources of estimation uncertainty***

In the application of the Entity's accounting policies, which are described in Note 3, management of the Entity is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.



The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

– ***Valuation of investment properties***

As described in Note 9, the Entity uses external appraisers in order to determine the fair value of its investment properties. Such appraisers use several valuation methodologies that include assumptions that are not directly observable in the market to estimate the fair value of its investment properties. Note 9 provides detailed information about the key assumptions used in the determination of the fair value of the investment properties.

In estimating the fair value of an asset or a liability, the Entity uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Entity engages third party qualified valuation experts. The valuation committee works closely with the qualified external valuation experts to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the valuation committee's findings to the board of directors of the Entity every quarter to explain the cause of fluctuations in the fair value of the assets and liabilities. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 9 and 15.

The Entity's management believes that the chosen valuation methodologies and assumptions used are appropriate in determining the fair value of the Entity's investment properties.

**5. *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:

	2020	2019	2018
Cash and cash equivalents	\$ 119,731,799	\$ 75,031,869	\$ 64,434,016
Current restricted cash	<u>810,343</u>	<u>31,724</u>	<u>49,379</u>
	120,542,142	75,063,593	64,483,395
Non-current restricted cash	<u>735,312</u>	<u>735,312</u>	<u>735,312</u>
Total	<u>\$ 121,277,454</u>	<u>\$ 75,798,905</u>	<u>\$ 65,218,707</u>

Restricted cash represents balances held by the Entity that are only available for use under certain conditions pursuant to the loan agreements entered into by the Entity. Such conditions include payment of monthly debt service and compliance with certain covenants set forth in the loan agreement. 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 fulfilled. Non-current restricted cash was classified within guarantee deposits made in the accompanying consolidated statements of financial position.

**6. *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. These are classified as at fair value through profit (loss).



## 7. Recoverable taxes

	2020	2019	2018
Recoverable value-added tax (“VAT”)	\$ 5,359,817	\$ 1,958,949	\$ 11,008,204
Recoverable income taxes	517,928	109,781	7,000,756
Recoverable dividend tax	8,737,362	7,855,714	8,202,066
Other receivables	<u>246,003</u>	<u>440,677</u>	<u>129,784</u>
	<u>\$ 14,861,110</u>	<u>\$ 10,365,121</u>	<u>\$ 26,340,810</u>

## 8. Operating lease receivables

- i. The aging profile of operating lease receivables as of the dates indicated below are as follows:

	2020	2019	2018
0-30 days	\$ 5,986,117	\$ 7,438,454	\$ 6,944,766
30-60 days	259,016	313,014	373,514
60-90 days	46,475	259,434	229,724
Over 90 days	<u>69,293</u>	<u>261,191</u>	<u>582,549</u>
Total	<u>\$ 6,360,901</u>	<u>\$ 8,272,093</u>	<u>\$ 8,130,553</u>

Pursuant to the lease agreements, rental payments should be received within 30 days following their due date; thereafter the payment is considered past due. As shown in the table above, 94%, 90% and 86% of all operating lease receivables are current at December 31, 2020, 2019 and 2018, 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%, 4% and 5% of all operating lease receivables at December 31, 2020, 2019 and 2018, respectively. Operating lease receivables outstanding for more than 60 and less than 90 days represent 1%, 3% and 3% of all operating lease receivable at December 31, 2020, 2019 and 2018. Operating lease receivables outstanding greater than 90 days represent 1%, 3% and 7% as of December 31, 2020, 2019 and 2018, respectively.

- ii. Movement in the allowance for doubtful accounts receivable

The Entity recognizes lifetime expected credit losses (“ECL”) for operating lease receivables. The ECL on these financial assets are estimated using a provision matrix based on the Entity’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of the operating lease receivable. The balance as of December 31, 2020, 2019 and 2018 is \$3,507,156; \$908,699 and \$350,314, respectively.

- iii. Client concentration risk

As of December 31, 2020, 2019 and 2018 one of the Entity’s clients account for 36% or 2,267,628, 36% or \$2,997,680 and 36% or \$1,883,826, respectively, of the operating lease receivables balance. The same client accounted for 5%, 6% and 7% of the total rental income of Entity for the years ended December 31, 2020, 2019 and 2018, respectively. No other client represented more than 10% of the Entity’s total rental income during the years ended December 31, 2020, 2019 and 2018.



iv. Leasing agreements

Operating leases relate to non-cancellable lease agreements over the investment properties owned by the Entity, which generally have terms ranging between 5 to 15 years, with options to extend the term up to a total term of 20 years. Rents are customarily payable on a monthly basis, and are adjusted annually according to applicable inflation indices (US and Mexican inflation indices). Security deposits are typically equal to one or two months' rent. Obtaining property insurance (third party liability) and operating maintenance are obligations of the tenants. All lease agreements include a rescission clause that entitles the Entity to collect all unpaid rents during the remaining term of the lease agreement in the event that the client defaults in its rental payments, vacates the properties, terminates the lease agreement or enters into bankruptcy or insolvency proceedings. All lease agreements are classified as operating leases and do not include purchase options.

v. Non-cancellable operating lease receivables

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

	2020	2019	2018
Not later than 1 year	\$ 138,281,031	\$ 135,776,309	\$ 131,017,926
Later than 1 year and not later than 3 years	238,267,534	236,689,312	230,133,415
Later than 3 year and not later than 5 years	193,877,884	215,670,367	239,526,395
Later than 5 years	<u>105,963,985</u>	<u>113,092,864</u>	<u>128,475,873</u>
	<u>\$ 676,390,434</u>	<u>\$ 701,228,852</u>	<u>\$ 729,153,609</u>

## 9. 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 or loss and other comprehensive (loss) 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 techniques and inputs used).

Property	Fair value hierarchy	Valuation techniques	Significant unobservable inputs	Value/range	Relationship of unobservable inputs to fair value
Buildings and land	Level 3	Discounted cash flows	Discount rate	2020: 8.25% to 11.96% 2019: 9.20% to 10.15% 2018: 9.35%	The higher the discount rate, the lower the fair value.
			Exit cap rate	2020: 7.5% to 9.5% 2019: 8.56% to 8.7% 2018: 8.75 %	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.



Property	Fair value hierarchy	Valuation techniques	Significant unobservable inputs	Value/range	Relationship of unobservable inputs to fair value
			Inflation rates	Mexico: 3.48% to 3.9% in 2020, 4% to 4.1% in 2019 and 4.10% in 2018 U.S.: 2.1% to 2.5% in 2020, 2.2% to 2.3% in 2019 and 2.1% in 2018	The higher the inflation rate, the higher the fair value.
			Absorption period	12 months on average	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	2020: 20.0 to 20.50 2019: 19.5 to 20.48 2018: 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 is \$136,947 in 2020, \$141,819 in 2019 and \$111,786 in 2018.	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:

	2020	2019	2018
Buildings and land	\$ 1,963,602,133	\$ 1,841,395,000	\$ 1,817,308,000
Land improvements	38,471,121	23,743,778	28,193,736
Land reserves	<u>124,098,159</u>	<u>142,979,000</u>	<u>92,523,000</u>
	2,126,171,413	2,008,117,778	1,938,024,736
Less: Cost to conclude construction in-progress	<u>(22,956,651)</u>	<u>(18,986,687)</u>	<u>(53,403,306)</u>
Balance at end of year	<u>\$ 2,103,214,762</u>	<u>\$ 1,989,131,091</u>	<u>\$ 1,884,621,430</u>

The reconciliation of investment property is as follows:

	2020	2019	2018
Balance at beginning of year	\$ 1,989,131,091	\$ 1,884,621,430	\$ 1,701,006,371
Additions	72,523,331	105,442,836	138,831,289
Foreign currency translation effect	(3,809,924)	4,343,996	(8,039,032)
Disposal of investment property	-	(91,339,283)	-
Gain on revaluation of investment property	<u>45,370,264</u>	<u>86,062,112</u>	<u>52,822,802</u>
Balance at end of year	<u>\$ 2,103,214,762</u>	<u>\$ 1,989,131,091</u>	<u>\$ 1,884,621,430</u>

A total of \$101,140 and \$933,571 additions to investment property related to land reserves and new buildings that were acquired from third parties, were not paid as of December 31, 2020 and 2019, respectively, and were therefore excluded from the consolidated statements of cash flows for those years. The \$933,571 of 2019 additions were paid during 2020 and were included in the 2020 consolidated statement of cash flows, no other unpaid amounts existed as of December 31, 2018.



During 2019, the Entity reached an agreement to sell eight industrial properties located in Queretaro and Toluca totaling 1.6 million square feet for \$109,260,000, the cost associated with the sale was \$91,339,283, generating a gain in sale of investment property of \$17,920,717.

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 34 years as of December 31, 2020.

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 34 years as of December 31, 2020). With respect to such rights, all construction, addition and improvements made by Proyectos Aeroespaciales to the contributed land (including without limitation, the industrial facilities) will revert in favor of the Government of the State of Queretaro at the end of the term of the trust, for zero consideration.

During 2013, the Entity 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 Entity (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 Entity.

As of December 31, 2020, 2019 and 2018, the Entity’s investment properties have a gross leasable area (unaudited) of and 31,159,681 square feet (or 2,894,829 square meters), 29,792,047 square feet (or 2,767,772 square meters) and 29,867,577 square feet (or 2,774,789 square meters), respectively, and they were 90.9%, 91.7% and 91.8% occupied by tenants (unaudited), respectively. As of December 31, 2020, 2019 and 2018, investment properties with a gross leasable area (unaudited) of 776,334 square feet (or 72,124 square meters), 762,674 square feet (or 70,855 square meters) and 1,041,753 square feet (or 96,782 square meters), respectively, were under construction, representing an additional 2.5%, 2.6% and 3.0% of the Entity’s total leasable area.

Most of the Entity’s investment properties have been pledged as collateral to secure its long-term debt.

## 10. Entity as lessee

### 1. *Rights to use:*

Rights to use	January 1, 2019	Additions	Disposals	December 31, 2019
Property	\$ 1,260,626	\$ -	\$ -	\$ 1,260,626
Vehicles and office equipment	<u>302,650</u>	<u>-</u>	<u>-</u>	<u>302,650</u>
Cost of rights to use	<u>\$ 1,563,276</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,563,276</u>





Depreciation of rights to use	January 1, 2019	Additions	Disposals	December 31, 2019
Property	\$ -	\$ (365,208)	\$ -	\$ (365,208)
Vehicles and office equipment	<u>-</u>	<u>(94,032)</u>	<u>-</u>	<u>(94,032)</u>
Accumulated Depreciation	<u>-</u>	<u>(459,240)</u>	<u>-</u>	<u>(459,240)</u>
Total	<u>\$ 1,563,276</u>	<u>\$ (459,240)</u>	<u>\$ -</u>	<u>\$ 1,104,036</u>
Rights to use	January 1, 2020	Additions	Disposals	December 31, 2020
Property	\$ 1,260,626	\$ -	\$ -	\$ 1,260,626
Vehicles and office equipment	<u>302,650</u>	<u>-</u>	<u>-</u>	<u>302,650</u>
Cost of rights to use	<u>\$ 1,563,276</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,563,276</u>
Depreciation of rights to use				
Property	\$ (365,208)	\$ (352,167)	\$ -	\$ (717,375)
Vehicles and office equipment	<u>(94,032)</u>	<u>(94,032)</u>	<u>-</u>	<u>(188,064)</u>
Accumulated Depreciation	<u>(459,240)</u>	<u>(446,199)</u>	<u>-</u>	<u>(905,439)</u>
Total	<u>\$ 1,104,036</u>	<u>\$ (446,199)</u>	<u>\$ -</u>	<u>\$ 657,837</u>

2. **Lease obligations:**

	January 1, 2019	Additions	Disposals	Interests paid	Repayments	December 31, 2019
Lease liabilities	<u>\$1,563,276</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 146,018</u>	<u>\$ (545,048)</u>	<u>\$1,164,246</u>
	January 1, 2020	Additions	Disposals	Interests paid	Repayments	December 31, 2020
Lease liabilities	<u>\$1,164,246</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,959</u>	<u>\$ (534,920)</u>	<u>\$ 731,285</u>

3. **Analysis of maturity of liabilities by lease:**

Finance lease liabilities	2020
Not later than 1 year	\$ 504,612
Later than 1 year and not later than 5 years	<u>299,526</u>
	804,138
Less: future finance cost	<u>(72,853)</u>
Total lease liability	<u>\$ 731,285</u>
Finance lease - short term	510,417
Finance lease - long term	<u>220,868</u>
Total lease liability	<u>\$ 731,285</u>



## 11. Long-term debt

On August 2, 2019, the Entity entered into a new five-year unsecured credit agreement with various financial institutions for an aggregated amount of \$80,000,000, and a revolving credit line of \$125,000,000. This loan bears quarterly interest at a rate of LIBOR plus 2.15 percentage points. The proceeds were received on the same date, as of December 31, 2019 the revolving credit line have not been used. ("Syndicated Loan"). On March 23, 2020 and April 7, 2020, the Entity disposed \$85,000,000 and \$40,000,000, respectively, out of the revolving credit line, bearing quarterly interest at a rate of LIBOR plus 1.85 percentage points.

On June 25, 2019, the Entity entered into a 10-year senior notes series RC and 12-year senior notes series RD with various financial institutions, for and aggregated amounts of \$70,000,000 and \$15,000,000, respectively. Each Series RC notes and Series RD notes bear interest on the unpaid balance at the rates of 5.18% and 5.28%, respectively.

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 bear interest on the unpaid balance at the rates of 5.50% and 5.85%, respectively.

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 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 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 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"). This loan was paid in advance in June 24, 2020.

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 due on August 2026. 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	31/12/2020	31/12/2019	31/12/2018
Syndicated Loan	\$ 150,000,000	Variable rate plus margin	(1)	July 2021	\$ -	\$ -	\$ 150,000,000
MetLife 10-year	150,000,000	4.55%	(2)	August 2026	150,000,000	150,000,000	150,000,000
MetLife 7-year	47,500,000	4.35%	(3)	April 2022	45,756,834	46,551,737	47,376,981
Series A Senior Note	65,000,000	5.03%	(5)	September 2024	65,000,000	65,000,000	65,000,000
Series B Senior Note	60,000,000	5.31%	(5)	September 2027	60,000,000	60,000,000	60,000,000
Series A Senior Note	45,000,000	5.50%	(5)	May 2025	45,000,000	45,000,000	45,000,000
Series B Senior Note	45,000,000	5.85%	(5)	May 2028	45,000,000	45,000,000	45,000,000
MetLife 10-year	118,000,000	4.75%	(4)	December 2027	118,000,000	118,000,000	118,000,000
MetLife 8-year	26,600,000	4.75%	(2)	August 2026	26,600,000	26,600,000	26,600,000
Series RC Senior Note	70,000,000	5.18%	(6)	June 2029	70,000,000	70,000,000	-
Series RD Senior Note	15,000,000	5.28%	(7)	June 2031	15,000,000	15,000,000	-
Syndicated Loan (New)	80,000,000	Variable rate plus margin	(8)	August 2024	80,000,000	80,000,000	-
Syndicated Loan (New)	125,000,000	Variable rate plus margin	(9)	August 2022	125,000,000	-	-
					845,356,834	721,151,737	706,976,981
Less: Current portion					(1,923,573)	(794,905)	(4,513,388)
Less: Direct issuance cost					(5,595,782)	(6,724,154)	(7,179,559)
Total Long-term debt					\$ 837,837,479	\$ 713,632,678	\$ 695,284,034



- (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. This loan was paid in advance on June 24, 2019.
- (2) On July 22, 2016 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 fixed rate of 4.55%. On March 2020, under this credit facility, an additional loan was contracted for \$26,600,000 bearing interest on a monthly basis at an annual fixed rate of 4.75%. Principal amortization over the two loans will commence on September 1, 2023. This credit facility is guaranteed with 48 of the Entity's properties, which expires on August 1, 2026.
- (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 semiannually basis and calculated using an annual rates established in the table above.
- (6) On June 25, 2019, the Entity entered into a 10-year senior notes series RC to financial institutions, interest on these loans are paid on a semiannual basis and calculated using an annual rate of 5.18%. The loan bears semiannual interest only beginning December 14, 2019. The notes payable matures on June 14, 2029. Five of its subsidiaries are joint obligators under these notes payable.
- (7) On June 25, 2019, the Entity entered into a 12-year note payable to financial institutions, interest on these loans are paid on a semiannual basis and calculated using an annual rate of 5.28%. The loan bears semiannual interest only beginning December 14, 2019. The notes payable matures on June 14, 2031. Five of its subsidiaries are joint obligators under these notes payable.
- (8) 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 215 basis points. Principal amortization will commence payable on August 2, 2024 (maturity date).
- (9) Under the Syndicated Loan revolving credit line, 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 185 basis points. Principal amortization will commence payable on August 2, 2022 (maturity date).

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 is in compliance with these covenants as of December 31, 2020.



The credit agreements with MetLife request to withhold certain amounts deposited by the Entity in a separate fund as guarantee deposits for the debt service. 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 December 2022	\$ 47,800,914
As of December 2023	129,627,154
As of December 2024	4,811,407
Thereafter	661,193,784
Less: direct issuance cost	<u>(5,595,780)</u>
Total long-term debt	<u>\$ 837,837,479</u>

## 12. Capital stock

- Capital stock as of December 31, 2020, 2019 and 2018 is as follows:

	2020		2019		2018	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Fixed capital						
Series A	5,000	\$ 3,696	5,000	\$ 3,696	5,000	\$ 3,696
Variable capital						
Series B	<u>564,209,433</u>	<u>422,433,919</u>	<u>573,449,946</u>	<u>426,297,255</u>	<u>591,409,572</u>	<u>435,609,543</u>
Total	<u>564,214,433</u>	<u>\$422,437,615</u>	<u>573,454,946</u>	<u>\$426,300,951</u>	<u>591,414,572</u>	<u>\$435,613,239</u>

- Shares in treasury

As of December 31, 2020, 2019 and 2018 total shares in treasury area as follows:

	2020	2019	2018
Shares in treasury (1)	34,880,880	27,735,920	37,831,460
Shares in long term incentive plan trust (2)	<u>7,361,766</u>	<u>5,626,212</u>	<u>2,480,091</u>
Total share in treasury	<u>42,242,646</u>	<u>33,362,132</u>	<u>40,311,551</u>

- Shares in treasury are not included in the Total Capital Stock of the Entity, they represent the total stock outstanding under the repurchase program approved by the resolution of the general ordinary stockholders meeting on March 13, 2020. The Board of Directors approved on July 26, 2019 the cancellation of 25,000,000, on November 12, 2019 the Entity filed the request with the National Banking and Exchange Commission (CNBV) and initiated the process.
- Shares in long-term incentive plan trust are not included in the Total Capital Stock of the Entity. The trust was established in 2018 in accordance with the resolution of the general ordinary stockholders meeting on January 6, 2015 as the 20-20 Long Term Incentive Plan, this compensation plan was extended for the period 2021 to 2025, "Long Term Incentive Plan" by a resolution of the general ordinary stockholders meeting on March 13, 2020. Such trust was created by the Entity as a vehicle to distribute shares to employees under the mentioned incentive plan (see Note 17) and is consolidated by the Entity. The shares granted to the eligible executives and deposited in the trust accrue dividends for the employee any time the ordinary shareholders receive dividends and those dividends do not need to be returned to the Entity if the executive forfeits the granted shares.



3. Fully paid ordinary shares

	Number of shares	Amount	Additional paid-in capital
Balance as of January 1, 2018	600,267,388	\$ 439,843,107	\$ 327,270,539
Vested shares	567,788	297,786	479,413
Repurchase of shares	<u>(9,420,605)</u>	<u>(4,527,654)</u>	<u>(6,728,913)</u>
Balance as of December 31, 2018	591,414,571	435,613,239	321,021,039
Vested shares	976,400	507,966	803,095
Repurchase of shares	<u>(18,936,025)</u>	<u>(9,820,254)</u>	<u>(18,082,696)</u>
Balance as of December 31, 2019	573,454,946	\$ 426,300,951	\$ 303,741,438
Vested shares	2,330,601	1,238,891	3,016,698
Repurchase of shares	<u>(11,571,114)</u>	<u>(5,102,227)</u>	<u>(9,693,665)</u>
Balance as of December 31, 2020	<u>564,214,433</u>	<u>\$ 422,437,615</u>	<u>\$ 297,064,471</u>

4. Dividend payments

Pursuant to a resolution of the general ordinary stockholders meeting on March 13, 2020, the Entity declared a dividend of \$54,138,218, approximately \$0.094 per share. The dividend will be paid in four equal installments of \$13,534,555 due on April 15, 2020, July 15, 2020, October 15, 2020 and January 15, 2021. As of December 31, 2020, the unpaid dividends are \$13,534,555.

The first installment, of the 2020 declared dividends, paid on April 15, 2020 was approximately \$0.0237 per share, for a total dividend of \$13,534,555.

The second installment, of the 2020 declared dividends, paid on July 15, 2020 was approximately \$0.0237 per share, for a total dividend of \$13,534,554.

The third installment, of the 2020 declared dividends, paid on October 15, 2020 was approximately \$0.0237 per share, for a total dividend of \$13,534,554.

Pursuant to a resolution of the general ordinary stockholders meeting on March 15, 2019, the Entity declared a dividend of \$1,007,986,049 Mexican pesos, approximately \$0.089 per share, equivalent to \$52,214,000. The dividend will be paid in four equal installments of \$251,996,512 Mexican pesos due on April 15, 2019, July 15, 2019, October 15, 2019 and January 15, 2020 in cash. As of December 31, 2019, the unpaid dividends are \$13,371,920.

The first installment, of the 2019 declared dividends, paid on April 15, 2019 was approximately \$0.425 Mexican pesos per share, for a total dividend of \$13,466,408.

The second installment, of the 2019 declared dividends, paid on July 15, 2019 was approximately \$0.429 Mexican pesos per share, for a total dividend of \$13,100,942.

The third installment, of the 2019 declared dividends, paid on October 15, 2019 was approximately \$0.435 Mexican pesos per share, for a total dividend of \$12,877,398.

The fourth installment, of the 2019 declared dividends, paid on January 15, 2020 was approximately \$0.435 Mexican pesos per share, for a total dividend of \$13,371,920.

Pursuant to a resolution of the general ordinary stockholders' meeting on March 21, 2018, the Entity declared a dividend of approximately \$0.064 per share, for a total dividend of \$47,897,981. The dividend was paid on April 13, 2018 in cash.



Stockholders' equity, except restated common stock and tax-retained earnings, will incur income tax payable by the Entity at the rate in effect at the time of its distribution. Any tax paid on such distribution may be credited against income for the year in which the dividend tax is paid and, in the subsequent two years, against tax for the year and the related estimated payments.

Dividends paid from tax profits generated from January 1, 2014 to residents in Mexico and to nonresident stockholders may be subject to an additional tax of up to 10%, which will be withheld by the Entity.

Pursuant temporary provisions of the Income Tax Law of 2016, a tax benefit was granted to individual taxpayers that are subjects to 10% withholding tax on dividends received from legal entities, which come from earnings generated in 2014, 2015 and 2016, subject to compliance with specific requirements. The tax benefit consists in a tax credit equivalent to 5% of the distributed dividend (applicable only to dividends distributed in 2020 and onwards). Such tax credit will be credited only against the aforementioned 10% withholding tax.

Retained earnings that may be subject to withholding of up to 10% on distributed dividends is as follows:

Period	Amount	Reinvested earnings	Distributed earnings (1)	Amount that may be subject to withholding	Amount not subject to withholding
Retained earnings through December 31,					
2013	\$204,265,028	\$204,265,028	\$155,001,403	\$49,263,625	\$-
2014	24,221,997	24,221,997	24,221,997	-	-
2016	45,082,793	45,082,793	15,425,752	29,657,041	-
2017	126,030,181	126,030,181	53,975,583	72,054,598	-
2018	93,060,330	93,060,330	-	93,060,330	-
2019	134,610,709	134,610,709	-	-	-

- (1) Dividend paid in 2019, were distributed from earnings generated in 2014 and 2016, which were reinvested until the days in which the dividends were paid. Dividend paid in 2020 were distributed from earnings generated in 2017.

## 5. Earnings per share

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

	2020	2019	2018
<b>Basic Earnings per shares</b>			
Earnings attributable to ordinary share outstanding (1)	\$66,103,277	\$133,320,977	\$92,675,577
Weighted average number of ordinary shares outstanding	566,610,301	581,587,442	597,380,020
Basic Earnings per share	0.117	0.229	0.155
<b>Diluted Earnings per shares</b>			
Earnings attributable to ordinary shares outstanding and shares in Incentive Plan Trust (1)	\$66,956,082	\$134,610,709	\$93,060,330
Weighted average number of ordinary shares plus shares in Incentive Plan trust	573,972,067	587,213,654	599,860,111
Diluted earnings per share	0.117	0.229	0.155



	2020	2019	2018
(1) Total earnings	\$ 66,956,082	\$ 134,610,709	\$ 93,060,330
Less: Earnings attributable to shares in Incentive Plan trust	<u>852,805</u>	<u>1,289,732</u>	<u>384,753</u>
Earnings attributable to ordinary shares outstanding	<u>\$ 66,103,277</u>	<u>\$ 133,320,977</u>	<u>\$ 92,675,577</u>

Shares held in the Incentive Plan trust accrue dividends, which are irrevocable, regardless if the employee forfeits the granted shares. Earnings used for basic and diluted EPS are adjusted for such dividends.

### 13. Property operating costs and administration expenses

#### 1. Property operating costs consist of the following:

- a. Direct property operating costs from investment properties that generated rental income during the year:

	2020	2019	2018
Real estate tax	\$ 1,671,299	\$ 1,701,347	\$ 1,322,097
Insurance	384,837	416,089	392,293
Maintenance	1,374,592	1,186,630	1,030,590
Structural maintenance accrual	104,344	111,360	167,253
Other property related expenses	<u>5,390,446</u>	<u>3,851,064</u>	<u>1,936,385</u>
	<u>\$ 8,925,518</u>	<u>\$ 7,266,490</u>	<u>\$ 4,848,618</u>

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

	2020	2019	2018
Real estate tax	\$ 288,766	\$ 225,236	\$ 302,280
Insurance	24,920	28,907	48,972
Maintenance	133,326	75,181	111,412
Other property related expenses	<u>782,125</u>	<u>544,804</u>	<u>365,418</u>
	<u>1,229,137</u>	<u>874,128</u>	<u>828,082</u>
Total property operating	<u>\$ 10,154,655</u>	<u>\$ 8,140,618</u>	<u>\$ 5,676,700</u>

#### 2. Administration expenses consist of the following:

	2020	2019	2018
Employee direct benefits	\$ 10,773,381	\$ 10,551,704	\$ 8,798,898
Auditing, legal and consulting expenses	1,268,212	1,511,179	1,957,828
Property appraisal and other fees	812,962	443,587	448,965
Indirect equity issuance and trading costs	-	-	109,592



	2020	2019	2018
Marketing expenses	557,267	962,862	1,020,523
Other	<u>94,560</u>	<u>1,372,071</u>	<u>1,815,748</u>
	13,506,382	14,841,403	14,151,554
Long-term incentive - Note 17.3	<u>3,678,097</u>	<u>2,788,939</u>	<u>1,942,810</u>
Total	<u>\$ 17,184,479</u>	<u>\$ 17,630,342</u>	<u>\$ 16,094,364</u>

#### 14. Income taxes

The Entity is subject to ISR. The statutory ISR rate is 30%.

##### 14.1 Income taxes are as follows:

	2020	2019	2018
ISR expense:			
Current	\$ 26,150,480	\$ 37,670,744	\$ 21,892,031
Deferred	<u>34,397,994</u>	<u>12,918,014</u>	<u>13,091,239</u>
Total income taxes	<u>\$ 60,548,474</u>	<u>\$ 50,588,758</u>	<u>\$ 34,983,270</u>

##### 14.2 The effective ISR rates for fiscal 2020, 2019 and 2018 differ from the statutory rate as follows:

	2020	2019	2018
Statutory rate	30%	30%	30%
Effects of exchange rates on tax balances	9%	(3)%	(1)%
Effects of inflation	<u>8%</u>	<u>0%</u>	<u>(2)%</u>
Effective rate	<u>47%</u>	<u>27%</u>	<u>27%</u>

##### 14.3 The main items originating the deferred ISR liability are:

	2020	2019	2018
Deferred ISR assets (liabilities):			
Investment property	\$ (264,464,006)	\$ (229,597,974)	\$ (215,221,274)
Effect of tax loss carryforwards	70,927	-	598,913
Other provisions and prepaid expenses	<u>3,519,988</u>	<u>690,990</u>	<u>(728,611)</u>
Deferred income taxes - Net	<u>\$ (260,873,091)</u>	<u>\$ (228,906,984)</u>	<u>\$ (215,350,972)</u>

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





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

	2020	2019	2018
Deferred tax liability at the beginning of the period	\$ (228,906,984)	\$ (215,350,972)	\$ (204,205,361)
Movement included in profit or loss	(34,397,994)	(12,918,014)	(13,091,239)
Movement included in other comprehensive income	<u>2,431,887</u>	<u>(637,998)</u>	<u>1,945,628</u>
Deferred tax liability at the end of the year	<u>\$ (260,873,091)</u>	<u>\$ (228,906,984)</u>	<u>\$ (215,350,972)</u>

## 15. Financial instruments

### 15.1 Capital management

The Entity manages its capital to ensure that the Entity will be able to continue as a going concern while maximizing the return to partners through the optimization of the debt and equity balance.

The capital structure of the Entity consists of net debt (total borrowings, including the current portion, as detailed in Note 11 offset by cash and bank balances) and equity of the Entity (comprising issued capital, additional paid-in capital, retained earnings and other comprehensive income as detailed in Note 12). The Entity is not subject to any externally imposed capital requirements.

### 15.2 Leverage ratio

The Board reviews the capital structure of the Entity on a regular basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital.

The leverage ratio at end of following reporting periods was as follows:

	2020	2019	2018
Debt	\$ 839,761,052	\$ 714,427,583	\$ 699,797,422
Cash, cash equivalents and restricted cash	(120,542,142)	(75,063,593)	(64,483,395)
Financial assets held for trading	<u>(684,936)</u>	<u>(804,967)</u>	<u>(724,399)</u>
Net debt	718,533,974	638,559,023	634,589,628
Equity	<u>1,108,662,167</u>	<u>1,111,124,981</u>	<u>1,053,703,573</u>
Net debt to equity ratio	<u>65%</u>	<u>57%</u>	<u>60%</u>

### 15.3 Categories of financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the consolidated financial statements.

The Entity's principal financial assets are bank balances, cash equivalents and restricted cash as disclosed in Note 5, operating lease receivables as disclosed in Note 8, derivative financial instruments disclosed within this note, and financial assets held for trading in the Note 6. The Entity's principal financial liability is long-term debt as disclosed in Note 11.



#### 15.4 Financial risk management objectives

The Entity seeks to minimize the effects of market risk (including fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The use of financial derivatives is governed by the Entity's policies approved by the board of directors. The Entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

#### 15.5 Market risk

The Entity's activities expose it primarily to the financial risks of changes in interest rates (see 15.8 below) and foreign currency exchange rates (see 15.6 below). The Entity enters into an interest rate swaps to mitigate the risk of rising interest rates.

Market risk exposures are measured using value-at-risk (VaR) supplemented by sensitivity analysis.

#### 15.6 Foreign currency risk management

The Entity is exposed to foreign exchange risk, primarily with respect to the Mexican peso and to the US dollar in respect of one of its subsidiaries, whose functional currency is the Mexican peso. Foreign exchange risk arises from future commercial transactions and recognized monetary assets and liabilities.

The carrying amounts of the Entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period as well as the relevant exchange rates are as follows:

	2020	2019	2018
<b>Exchange rates:</b>			
Mexican pesos per US dollar at the end of the period	19.9487	18.8452	19.6829
Mexican pesos per US dollar average during the year	21.4961	19.2619	19.2371
<b>Monetary assets:</b>			
Mexican pesos	\$ 447,966,664	\$ 428,678,974	\$ 592,340,267
US dollars	1,153,979	512,762	347,594
<b>Monetary liabilities:</b>			
Mexican pesos	\$ 291,458,863	\$ 158,652,308	\$ 25,320,881
US dollars	31,656,730	38,817,667	31,782,583

#### 15.7 Foreign currency sensitivity analysis

The following table details the Entity's sensitivity to a 10% appreciation or depreciation in the US dollar against the Mexican peso. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency exchange rates. A positive number below indicates an increase in profit or equity where the US dollar appreciates 10% against the relevant currency. For a 10% depreciation of the US dollar against the Mexican peso, there would be a comparable impact on the profit or equity, and the balances below would be negative:



	2020	2019	2018
<b>Profit or loss impact:</b>			
Mexican peso - 10% appreciation - gain	\$ (713,229)	\$ (1,302,606)	\$ (2,618,883)
Mexican peso - 10% depreciation - loss	871,724	1,592,075	3,200,857
U.S. dollar - 10% appreciation – loss	(60,849,023)	(74,118,981)	(61,873,174)
U.S. dollar - 10% depreciation - gain	60,849,023	74,118,981	61,873,174

#### 15.8 Interest rate risk management

The Entity minimizes its exposure to interest rate risk by borrowing funds at fixed rates or entering into interest rate swap contracts where funds are borrowed at floating rates. This minimizes interest rate risk together with the fact that 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 2020	Notional principal value 2020	Fair value assets (liabilities) 2020
Outstanding receive floating pay fixed contracts	1.645	\$ 80,000,000	\$ (4,132,836)
	Contracted fixed interest rate 2019	Notional principal value 2019	Fair value assets (liabilities) 2019
Outstanding receive floating pay fixed contracts	1.645	\$ 80,000,000	\$ 163,530

#### 15.9 Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Entity. The Entity has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Entity's exposure and the credit ratings of its counterparties are monitored, and the transactions consummated are entered into with approved counterparties. The Entity's maximum credit risk is the total of its financial assets included in its statement of financial position.



The Entity's clients operate in a variety of industries. Its real estate portfolio is primarily concentrated in the food and beverage, automotive, aerospace, medical, logistics and plastics industries. The Entity's exposure to these industries subjects it to the risk of economic downturns in such industrial sectors to a greater extent than if its properties were more diversified across other industries.

The Entity currently leases two distribution facilities to a single customer, which represent 5% of its total portfolio's gross leasable area (unaudited), and 26%, 23% and 40% of its operating lease receivable balance and 5.8%, 6% and 7% its annualized rents as of and for the years ended December 31, 2020, 2019 and 2018, respectively. If this customer were to terminate its lease agreements with the Entity, the Entity may experience a material loss with respect to future rental income.

#### 15.10 Liquidity risk management

If the Entity is unable to raise additional debt or equity, its results of operations could suffer. The Entity closely monitors the maturity of its liabilities and the cash needs of its operations. It prepares and provides a detailed cash flow analysis on a quarterly basis and presents it to its board of directors. Decisions are made to obtain new financing or limit cash investments in order to maintain a healthy projected cash balance.

The maturity of the long-term, its current portion and the accrued interest at December 31, 2020 is as follows:

	Weighted average interest rate %	1 to 3 months	3 months to 1 year	1 to 4 years	5 or more years	Total
Long-term debt		\$ 212,547	\$ 126,711,026	\$ 252,320,747	\$ 466,112,514	\$ 845,356,834
Accrued interest	5.05%	<u>13,321,210</u>	<u>33,649,209</u>	<u>118,307,722</u>	<u>38,077,647</u>	<u>203,355,788</u>
		<u>\$ 13,533,757</u>	<u>\$ 160,360,235</u>	<u>\$ 370,628,469</u>	<u>\$ 504,190,161</u>	<u>\$ 1,048,712,622</u>

#### 15.11 Fair value of financial instruments

##### 15.11.1 Fair value of financial assets that are measured at fair value on a recurring basis

The Entity's investments are classified as level 1 in the IFRS 13 fair value hierarchy since they are traded in an active market.

The interest rate swap held by the Entity is classified as level 2 in the IFRS 13 fair value hierarchy as it derives from market inputs and prices. Other disclosures required by the standards are not deemed material.

##### 15.11.2 Fair value of financial instruments carried at amortized cost

The fair value of long-term debt and its related current portion as of December, 31, 2020, 2019 and 2018 is \$891,930,307; \$701,480,932 and \$707,100,000, respectively. This measurement is classified as level 2, since management uses an adjusted observable discount rate to determine fair value of debt.

Management considers that the carrying amounts of all other financial assets and other financial liabilities recognized in the consolidated financial statements approximate their fair values.



## 16. Transactions and balances with related parties

### 16.1 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:

	2020	2019	2018
Short-term benefits	\$ 4,281,418	\$ 5,455,377	\$ 4,955,056
Share-based compensation expense	<u>3,678,097</u>	<u>2,788,939</u>	<u>1,942,810</u>
	<u>\$ 7,959,515</u>	<u>\$ 8,244,316</u>	<u>\$ 6,897,866</u>

## 17. Share-based payments

### 17.1 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:

- The trust was established in 2018 in accordance with the resolution of the general ordinary stockholders meeting on January 6, 2015 as the 20-20 Long Term Incentive Plan, this compensation plan was extended for the period 2021 to 2025, "Long Term Incentive Plan", by a resolution of the general ordinary stockholders meeting on March 13, 2020.
- Under the Vesta 20-20 Long-term Incentive Plan (the Vesta 20-20 Incentive Plan), as approved by the Board of Directors, the Entity used 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, 2015 to 2020 is up to 10,428,222 shares at the expected performance. The total number of shares to be granted during the five-year period, will be 2021 to 2025 is up to 13,750,000. In addition, the Long Term Incentive Plan. The shares will be contributed to a trust and delivered in three equal settlement dates to the executives after 12, 24 and 36 months from the grant date, provided that the eligible executives remain in the employment of the Entity.

The actual grant ranges from a minimum threshold level, an expected amount and a maximum potential grant, these levels are determined at the beginning of each fiscal year by the Corporate Practice Committee.

Grant Year				Plan Parameters			
	Shares granted in LTI	Guaranteed Shares	Cumulative Exercised Shares	Shares granted	MIN	TARGET	MAX
2015	-	-	-	-	-	1,738,037	2,600,000
2016	863,499	483,826	(1,347,325)	-	695,215	1,738,037	2,607,056
2017	637,200	944,674	(1,070,581)	511,293	695,215	1,738,037	2,607,056
2018	3,423,106	753,372	(1,392,159)	2,784,319	1,000,000	2,500,000	3,750,000
2019	<u>3,550,449</u>	<u>515,706</u>	<u>-</u>	<u>4,066,154</u>	1,000,000	2,500,000	3,750,000
Total	<u>8,474,254</u>	<u>2,697,578</u>	<u>(3,810,065)</u>	<u>7,361,766</u>			



- iv. 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, plan parameters changed beginning 2018 to ranges from 1,000,000 to 2,500,000 shares, to a maximum of 3,750,000 shares, if the Entity's shares perform at peak performance compared to other publicly traded entities in each year.
- v. 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.
- vi. The Equity plus program allows employees to invest their cash incentive bonus in the Entity shares with an additional incentive provided by the Entity, this incentive follows the same delivery guidelines than the share-base payment.

#### 17.2 Fair value of share options granted in the year

- i. Vesta Long Term Incentive Plan - Based on the performance of the Entity's shares for the years ended December 31, 2020, 2019 and 2018, the shares granted were 7,361,766, 5,680,169 and 3,379,720, respectively.
- 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. The expense under this plan affects the cash position of the Entity.

#### 17.3 Compensation expense recognized

The long-term incentive expense for the years ended December 31, 2020, 2019 and 2018 was as follows:

	2020	2019	2018
Long Term Incentive Plan	\$ 3,678,097	\$ 2,788,939	\$ 1,933,246
2014 Incentive Plan	<u>-</u>	<u>-</u>	<u>9,564</u>
Total long-term incentive expense	<u>\$ 3,678,097</u>	<u>\$ 2,788,939</u>	<u>\$ 1,942,810</u>

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

#### 17.4 Share awards outstanding at the end of the year

As of December 31, 2020, y 2019, there are 7,361,766 and 5,680,169 shares outstanding with a weighted average remaining contractual life of 13 months.



## **18. 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 9, 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 42 and 35 years, respectively.

## **19. Subsequent events**

In follow-up to the COVID-19 pandemic, as of the date of issuance of these consolidated financial statements, Vesta has not granted additional deferrals to those disclosed in Note 1.1 “Significant Events” and the measures to monitor and reduce expenses, reassessment of contracts with non-essential third parties and constant monitoring of their results. In the same way, closeness with clients is maintained to identify possible problems and negotiations. Although the duration of the COVID-19 pandemic is unknown, Vesta management considers that, to this date, there are no ongoing business problems and the real estate market trends remain similar to those of December 31, 2020.

In January 2021, Vesta sold certain land reserves in Querétaro for an approximate amount of 3.9 million dollars.

## **20. Financial statements issuance authorization**

On February 15, 2021 the issuance of the consolidated financial statements was authorized by the Board of Directors, consequently, they do not reflect events occurred after that date. These consolidated financial statements are subject to approval at the General Ordinary Shareholders’ Meeting, where the stockholders may decide to modify such consolidated financial statements according to the Mexican General Corporate Law.

\* \* \* \* \*



# Appendix 3

*Annual Report of the Board of Directors*







*Translation for Informational Purposes Only*

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

**Fiscal year 2020**

Dear shareholders of Corporación Inmobiliaria Vesta, S.A.B. de C.V.:

The undersigned, acting as executive chairman of the Board of Directors of Corporación Inmobiliaria Vesta, S.A.B. de C.V. (the “Company”), and in compliance with the provisions of article 28 section IV of the Securities Market Law and article 172 section b) of the General Corporations Law, hereby submit to your consideration the annual report of the board of directors corresponding to the fiscal year ended on December 31<sup>st</sup>, 2020.

The members of the board of directors deeply regret the loss of Mr. Wilfrido Castillo Sánchez Mejorada, who was during several years a member of this corporate body, where he importantly contributed with his experience and knowledge.

During the 2020 fiscal year, the board of directors was integrated as follows:

<b>Propietario</b>	<b>Carácter</b>	<b>Suplente</b>	<b>Carácter</b>	<b>Cargo</b>
Lorenzo Manuel Berho Corona	Patrimonial	Lorenzo Dominique Berho Carranza	Patrimonial	President
Stephen B. Williams	Independent	Douglas M. Arthur	Independent	Member
José Manuel Dominguez Díaz Ceballos	Independent	José Humberto López Niederer	Independent	Member
Craig Wieland	Independent	Enrique Carlos Lorente Ludlow	Independent	Member
Thomas J. McDonald	Patrimonial	Daniela Berho Carranza	Patrimonial	Member
Luis Javier Solloa Hernández	Independent	Viviana Belaunzarán Barrera	Independent	Member
John Andrew Foster	Independent	José Antonio Pujals Fuentes	Independent	Member
Oscar Francisco Cázares Elías	Independent	Rocío Ruiz Chávez	Independent	Member
Francisco Uranga Thomas	Independent	Jorge Alberto de Jesús Delgado Herrera	Independent	Member
Luis de la Calle Pardo	Independent	Javier Mancera Arrigunaga	Independent	Member
Alejandro Pucheu Romero	No Member	Navil Rosario Marin Escamilla	No Member	Secretary



The performance of the Board of Directors during the fiscal year of 2020 was according to the provisions in the Securities Market Law, General Corporations Law, General Provisions Applicable to Issuers of Securities and Other Participants in the Stock Market, the code of principles and best practices of corporate governance and other laws, regulations and rules applicable to the Company.

During fiscal year ended on December 31<sup>st</sup>, 2020, the board of directors met 4 (four) times, and had 2 (two) working sessions during March and June; and therefore, submit this:

## **ANNUAL REPORT**

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

Attached hereto as Exhibit “1”, is the report of the corporate practices committee of the Company, issued pursuant to the provisions of article 43 section I of the Securities Market Law, with respect to the fiscal year ended on December 31<sup>st</sup>, 2020.

In this regard, the board of directors confirms that it has reviewed said report and agrees with its terms; therefore, recommends its approval by the shareholders.

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

Attached hereto as Exhibit “2” is the report of the audit committee of the Company, issued pursuant to the provisions of article 43 section II of the Securities Market Law, with respect to the fiscal year ended on December 31<sup>st</sup>, 2020.

In this regard, the board of directors confirms that it has reviewed said report and agrees with its terms; therefore, recommends its approval by the shareholders.

### **III. Opinion on the Report by the Chief Executive Officer**

Attached hereto as Exhibit “3” is the report of the Chief Executive Officer of the Company, issued pursuant to the provisions of article 44 section XI of the Securities Market Law, and which includes a copy of the report of the external auditor of the Company regarding to the audited and consolidated financial statements of the Company and its subsidiaries prepared for the fiscal year ended on December 31<sup>st</sup>, 2020.

In connection with the report of the chief executive officer, after completing its review, this board of director is of the opinion that: (i) it complies with the provisions of the Securities Market Law, (ii) confirms the application of the internal controls related to information and records of the transactions of the Company and its subsidiaries, (iii) clearly expresses matters related to the business of the Company; and (iv) includes the financial information that the Company and its subsidiaries shall submit for the approval of the shareholders.



Likewise, according to 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 of information of the Company are adequate and sufficient, considering the particular circumstances of the Company, (2) said policies and criteria have been consistently applied in the information submitted by the Chief Executive Officer, and (3) the report presented by the Chief Executive Officer reasonably reflects the financial situation and results of the Company and its subsidiaries for the fiscal year ended on December 31<sup>st</sup>, 2020.

Therefore, this board of directors issues a favorable opinion and recommends the shareholders to approve the report of the Chief Executive Officer in the terms of the document attached herein.

#### IV. Report of the Investment Committee

Attached hereto as Exhibit "4" is the annual activity report of the investment committee of the Company for the fiscal year ended on December 31<sup>st</sup>, 2020.

In this regard, the board of directors has reviewed and approved said report, since its approval falls within the authority of the board of directors.

#### V. Report of the Ethics Committee

Attached hereto as Exhibit "5" is the annual activity report of the ethics committee of the Company for the fiscal year ended on December 31<sup>st</sup>, 2020.

In this regard, the board of directors has reviewed and approved said report, since its approval falls within the authority of the board of directors.

#### VI. Report of the Environmental and Social Responsibility Committee

Attached hereto as Exhibit "6" is the annual activity report of the environmental and social responsibility committee of the Company for the fiscal year ended on December 31<sup>st</sup>, 2020.

In this regard, the board of directors has reviewed and approved said report, since its approval falls within the authority of the board of directors.

#### VII. Report of the Debt and Equity Committee

Attached hereto as Exhibit "7" is the annual activity report of the debt and equity committee of the Company for the fiscal year ended on December 31<sup>st</sup>, 2020.

In this regard, the board of directors has reviewed and approved said report, since its approval falls within the authority of the board of directors.



#### VIII. Main Accounting and Administration Policies and Criteria

For purposes of the provisions of section b) of Article 172 of the General Law of Commercial Companies, this board of directors confirms that the main accounting and administration policies and criteria are:

a) The audited and consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Rules Bureau ("IFRS"), as well as other rules and provisions applicable to the Company.

b) The consolidated financial statements of the Company and its subsidiaries have been prepared on an 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 liabilities assumed are recognized based on their fair market values, except for deferred taxes or labor liability.

f) The dollar of the United States of America has been established as the functional currency of the Company. Notwithstanding the foregoing, the accounting records are kept in Pesos, national currency. The differences on monetary assets are recognized as profit or loss in the period in which they occur.

g) Labor responsibilities are registered as they occur.

h) The financial assets and liabilities are recognized at fair market value and when the Company or the subsidiaries are part of any agreement thereon.

i) 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 based on their market value.

j) Rental income is recognized along the term of the respective lease.

k) Rental income tax is recognized within the annual results of the year when incurred;  
and



l) The deferred tax income is recognized only when there is a high probability of being recovered.

IX. Transactions in which the Board of Directors Participated.

During the fiscal year from January 1<sup>st</sup>, 2020 to December 31<sup>st</sup>, 2020, the board of directors attended the ordinary matters related to the administration of the Company and did not adopted specific resolutions in connection with the topics outside the ordinary matters of the board of directors.

X. Board Achievements

- Implementation of Advanced Board Leadership Training and Tactics for all Vesta board members, alternates and executive participants.
- Implementation of new board selection process to make board and committee meetings more efficient, effective and focused on driving shareholder value.
- Continuation of Vesta's board evaluation protocol.

Mexico City, February 17<sup>th</sup>, 2021

  
Lorenzo Manuel Berho Corona (Feb 22, 2021 12:59 CST)

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

# Appendix 4

*Audit Committee Report*





*Translation for informational purposes only*

CORPORACIÓN INMOBILIARIA VESTA, S.A.B. DE C.V.  
ANNUAL REPORT OF THE AUDIT COMMITTEE

**Fiscal Year of 2020**

Dear shareholders and members of the board of directors of Corporación Inmobiliaria Vesta, S.A.B. de C.V.:

The undersigned in my character of chairman of the audit committee of Corporación Inmobiliaria Vesta, S.A.B. de C.V. (the “Company”), in compliance to the provisions of article 43 of the Securities Market Law, I hereby submit to your consideration the annual report of the committee that I chaired during the fiscal year ended on December 31<sup>st</sup>, 2020.

During the fiscal year of 2020, the audit committee was integrated as follows:

Member	Title	Character
Luis Javier Solloa Hernández	President	Independent Member
José Humberto López Niederer	Member	Independent Member
Stephen B. Williams	Member	Independent Member
José Manuel Domínguez Díaz Ceballos	Member	Independent Member
Loreno Manuel Berho Corona	Permanent Invitee	Executive Chairman of the Board

The activities of the audit committee during the fiscal year of 2020 were carried out according to the provisions of the Securities Market Law, the General Provisions Applicable to Issuers and other Participants in the Securities Market, the code of principles and best practices of corporate governance as well as other laws, regulations and rules applicable to the Company.

During the fiscal year ended on December 31<sup>st</sup>, 2020, the audit committee met 4 times through videoconference, to comply with the sanitary measures issued by the government of the Mexico City, (i) February 10<sup>th</sup>, (ii) April 20<sup>th</sup>, (iii) July 20<sup>th</sup> and (iv) October 20<sup>th</sup>, of 2020. Additionally, the committee held 2 working sessions on June 10<sup>th</sup> and 18<sup>th</sup>, 2020.

The relevant matters attended on which this committee issued an opinion and/or recommendation to the board of directors of the Company, were the following:

- I.** Review and analysis of the audited and consolidated financial statements of the Company and its subsidiaries, prepared for the closing of the each quarter of the fiscal year of 2020.
- II.** The committee reviewed the audited and consolidated financial statements of the Company and its subsidiaries prepared by the external auditor for the fiscal year ended on December 31<sup>st</sup>, 2020, it is important to point out that such

external auditor issued on February 12<sup>th</sup>, 2021, a clean opinion without exceptions as to said financial statements; therefore, the committee recommended to the board of directors to approve said financial statements, for them to be thereafter submitted for definitive approval of the shareholders.

All financial information mentioned before, was prepared based on the International Financial Reporting Standards, in compliance with the regulations issued by the National Banking and Securities Commission.

- III.** The audit committee confirmed compliance by Corporación Inmobiliaria Vesta, S.A.B. de C.V. and each of its subsidiaries of their respective tax obligations either as direct payee and as receiver.
- IV.** Evaluation of the external audit plan, the services proposal and recommendation to engage Galaz, Yamazaki, Ruiz Urquiza, S.C. member of Deloitte Touche (Tomatsu Limited), as external auditor of the Company and its subsidiaries for the fiscal year of 2020 and the first 2 quarters of 2021.
- V.** Evaluation and determination of the additional services to the audit of the basic financial statements of the Company, that may be required from Galaz, Yamazaki, Ruiz Urquiza, S.C. member of Deloitte Touche (Tomatsu Limited) during the fiscal year of 2020 and the first 2 quarters of 2021, as well as the maximum amount payable therefor.
- VI.** Analysis and follow up of the operating budget of the Company for the fiscal year 2020.
- VII.** Review of the quarterly reports issued by the internal auditor of the Company, according to the working plan of the internal audit area, as approved by this committee, and follow up of its findings.
- VIII.** Election of the independent property valuation suppliers for the Company during the year of 2020 and 2021.
- IX.** Monitored the resolutions adopted by the shareholders and by the board of directors of the Company; and
- X.** Approval of the operating budget for 2021.

Likewise, audit committee has had, at all times, direct access and free communication with the external and internal auditors of the Company, when deemed necessary and without intervention or presence of the management.

#### Company's Internal Control

The Company and its subsidiaries, have policies and procedures for internal control, designed to ensure the correct recordation and report of transactions according to the information standards adopted by the Company, which are the "*International Financial Information Rules*", issued by the International Accounting Standards Bureau.



Due to the foregoing, and according to the evaluation performed to the information issued by the administration, the internal audit reports, the audited financial statements and other documents received and analyzed, this committee concluded that the internal control system of Corporación Inmobiliaria Vesta, S.A.B. de C.V. is in a stage of definitive consolidation.

The Company has an internal audit area, which verifies the application of said internal control policies and procedures, according to a duly approved internal auditing plan.

#### Preventive and Corrective Measures

During the fiscal year of 2020, the management developed and applied corrective and preventive actions with respect to the findings of the internal auditor of the Company, to establish adequate controls.

#### Evaluation of the External Auditor

The external auditor of the Company during the fiscal year ended on December 31<sup>st</sup>, 2020 was Galaz, Yamasaki, Ruiz Urquiza, S.C. (member of Deloitte Touche Tomatsu Limited) acting through its auditing partner Mr. Alexis Hernández Almanza, whose offices are located at Paseo de la Reforma 489, Piso 6, Colonia Cuauhtémoc, Ciudad de Mexico, C.P. 06500.

As of the date hereof, the performance of the appointed external auditor has been acceptable and according to what was expected from, and agreed with said external auditor; therefore, the audit committee express no objection to the performance of the external auditor during the fiscal year ended on December 31<sup>st</sup>, 2020, it is important to point out that within the interviews and audit committee sessions with the external auditors, the committee confirmed the requirements of independence and rotation of supervising personnel of the external auditor.

#### Additional Services by the External Auditor

During the fiscal year ended on December 31<sup>st</sup> 2020, the external auditor provided services related to the study of the long term incentive plan for 2020, transfer pricing study for 2020, annual adjustment for inflation, review of internal controls, which were provided under the previously agreed terms and conditions, and corresponded to the services that the board of directors determined when approving the hiring of the external auditor.

All services provided by other advisors of the Company, were hired in the ordinary course of business, and under market terms and conditions.

#### Modifications to the Accounting Policies.

During the fiscal year ended on December 31<sup>st</sup>, 2020, this committee performed periodical reviews to the quarterly and annual consolidated financial statements of the Company and its subsidiaries, and made sure that there was no modification to the accounting policies followed by the Company.

The "*International Financial Information Rules*", issued by the International Accounting Standards Bureau; have been consistently applied by the Company and its subsidiaries in the preparation of its internal and audited financial statements.

### Complaints

During the fiscal year subject matter of this report, the audit committee did not receive any comment or complaint from shareholders, board members, relevant directors, employees or third parties in connection with the internal controls of the Company or any related matters, nor any accusations regarding any irregularity or transactions with related parties, other than those that the Company normally carries out with its subsidiaries, which were duly reviewed by the external auditor.

### Differences with Management

As of the date of the report, there have been no differences of opinion between the audit committee and the relevant officers of the Company or with the internal and external auditors.

With respect to the annual report of the CEO to be submitted to the shareholders of the Corporación Inmobiliaria Vesta, S.A.B. de C.V. and that was previously distributed among the governance bodies of the Company, it is important to note that clearly and timely summarizes what occurred during the fiscal year of 2020. Due to the foregoing, the report to be submitted by the CEO truly and sufficiently reflects the operation and results of the Company.

Mexico City, February 15<sup>th</sup>, 2021

/s/

Luis Javier Solloa Hernández

# Appendix 5

*Corporate Practices Committee Report*





***Translation for Informational Purposes Only***

**CORPORACIÓN INMOBILIARIA VESTA, S.A.B. DE C.V.  
ANNUAL REPORT OF THE CORPORATE PRACTICES COMMITTEE**

**Fiscal Year of 2020**

Dear shareholders and members of the board of directors of Corporación Inmobiliaria Vesta, S.A.B. de C.V.:

The undersigned in my character of chairman of the corporate practices committee of Corporación Inmobiliaria Vesta, S.A.B. de C.V. (the “Company”), and according to the provisions of article 43 of the Securities Market Law, hereby submit the annual report of the committee presided by the undersigned during the fiscal year ended on December 31<sup>st</sup>, 2020.

During the fiscal year ended on December 31<sup>st</sup>, 2020, the committee was comprised as follows:

<b>Member</b>	<b>Title</b>	<b>Character</b>
Francisco Javier Mancera de Arrigunaga	President	Independent Board Member
Oscar Francisco Cázares Elias	Member	Independent Board Member
Stephen B. Williams	Member	Independent Board Member
José Antonio Pujals Fuentes	Member	Independent Board Member
Lorenzo Manuel Berho Corona	Permanent Invitee	Executive Chairman of the Board

The activities of the corporate practices committee during the fiscal year of 2020 were carried out according to the provisions of the Securities Market Law, the General Provisions Applicable to the Issuers and other Participants in the Market, the code of principles and best practices of corporate governance, and other laws, regulations and rules applicable to the Company.

During the fiscal year ended on December 31<sup>st</sup>, 2020, the corporate practices committee adopted resolutions on: (i) January 21<sup>st</sup>, (ii) February 21<sup>st</sup>, and (iii) October 8<sup>th</sup>.

The relevant matters attended and with respect to which this corporate practice committee issued a resolution and/or a recommendation to the board of directors of the Company, were the following:



- I. Performance of the employees and executives of the Company during 2019.
- II. Review of the objectives for the executives of the Company for 2020.
- III. Compensation package of the CEO for 2020.
- IV. Compensation package of the executive chairman of the board of directors for 2020.
- V. Salaries review and short-term incentive for 2020.
- VI. Integration of the board and committees of the Company for 2020.
- VII. Review of the study prepared by the external consultant with respect to the executives' compensation.
- VIII. Review of the compensations plan and salaries budget for 2021.

During the fiscal year ended on December 31<sup>st</sup>, 2020, the committee did not receive any notice on transactions with parties related to the executives of the Company and did not grant any waiver for the executives of the Company to benefit from business opportunities corresponding to the Company.

Mexico City, January 14<sup>th</sup>, 2021.

/s/

Francisco Javier Mancera de Arrigunaga  
Chairman of the Corporate Practices Committee of  
Corporación Inmobiliaria Vesta, S.A.B. de C.V.

# Appendix 6

*Ethics Committee Report*





***Translation for Informational Purposes Only***

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

**Fiscal Year of 2020**

Dear members of the board of directors of Corporación Inmobiliaria Vesta, S.A.B. de C.V.:

The undersigned in my character of chairman of the ethics committee of Corporación Inmobiliaria Vesta, S.A.B. de C.V. (the “Company”), hereby submit to your consideration the annual report of the committee that the undersigned presided during the fiscal year ended on December 31<sup>st</sup>, 2020.

During the fiscal year ended on December 31<sup>st</sup>, 2020, the committee was comprised as follows:

<b>Member</b>	<b>Title</b>	<b>Character</b>
José Antonio Pujals Fuentes	President	Independent Board Member
Lorenzo Manuel Berho Corona	Member	Executive President of the Board
Elías Laniado Laborin	Member	Executive
Alfredo Marcos Paredes Calderón	Member	Executive
Alejandro Pucheu Romero	Member	Executive

The activities of the ethics committee during the fiscal year of 2020 were carried out in accordance to the resolutions of the board of directors incorporating this committee.

Within the fiscal year ended on December 31<sup>st</sup>, 2020, due to the sanitary regulations issued by the Mexican authorities, the members of the ethics committee kept in touch through electronic means to analyze and resolved on the issues brought to this ethics committee either directly or through the claims line.

The resolutions adopted by this committee with respect to the matters brought to its attention resulted in the following actions:

- I. Analysis and resolution of the claim received through the system which is administrated by a third party.



- II. Presentation of the ethics code of the Company, which resulted from the bi-annual workshop organized by the committee with most of the employees during December 2019.
- III. Coordination with the human resources department to evaluate the employees with respect to their knowledge on the ethics code of the Company.

Likewise, the members of the ethics committee participated during the year in several workshops on compliance, risks, supervision and anti-corruption, as well as in several meetings with the members of the “ambassadors” program of the Company, whom serve as a bridge between the employees and the top management.

Mexico City, January 14<sup>th</sup>, 2021.

/s/

Mr. Jose Antonio Pujals Fuentes  
Chairman of the Ethics Committee of  
Corporación Inmobiliaria Vesta, S.A.B. de C.V.



# Appendix 7

*Investment Committee Report*





*Translation for Informational Purposes*

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

**Fiscal Year 2020**

Dear shareholders and members of the Board of Directors of Corporación Inmobiliaria Vesta, S.A.B. de C.V.:

The undersigned in my character of president of the investment committee of Corporación Inmobiliaria Vesta, S.A.B. de C.V. (the "Company"), hereby submit to your consideration, the annual activity report of the committee that I chaired during the fiscal year ended on December 31<sup>st</sup>, 2020.

During the fiscal year of 2020, the investment committee was integrated as follows:

Member	Position	Quality
John Andrew Foster	President	Independent Board Member
Stephen B. Williams	Member	Independent Board Member
Lorenzo Manuel Berho Corona	Member	Patrimonial Board Member
Craig Wieland	Member	Independent Board Member
Thomas J. McDonald	Member	Patrimonial Board Member

The performance of the investment committee during the fiscal year of 2020 was according to the applicable rules set forth by the board of directors.

During the fiscal year ended December 31<sup>st</sup>, 2020, the investment committee met 4 (four) times (i) January 21<sup>st</sup>, (ii) March 3<sup>rd</sup>, (iii) August 27<sup>th</sup>, and (iv) December 14<sup>th</sup>.

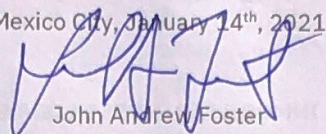
At said meetings the following projects and investment amounts were approved

	Project	Approved Investment
1	Built to Suit Project at Vesta Park el Salto	US\$20,987,013
2	Conditioned approval for an inventory project in Vesta Park el Salto	US\$ 10,530,000
3	Conditioned approval for an inventory project in Vesta Park Guadalupe	US\$12,935,955
4	Conditioned approval for an inventory project in Vesta Park Alamar	US\$11,333,156
5	Conditioned approval for an inventory project in Ciudad Juárez	US\$9,163,000
	<b>Total Investment Approved</b>	<b>US\$64,949,124</b>



In accordance to the Company's strategy for capitalization, during the year 2020, this committee constantly reviewed the progress of the capital recycling strategy.

Mexico City, January 14<sup>th</sup>, 2021



John Andrew Foster  
President of the Investment Committee of  
Corporación Inmobiliaria Vesta, S.A.B. de C.V.

# Appendix 8

*Debt and Equity Report*





*Translation for Informational Purposes*

CORPORACIÓN INMOBILIARIA VESTA, S.A.B. DE C.V.  
ANNUAL REPORT OF THE DEBT & EQUITY COMMITTEE

**Fiscal Year of 2020**

Dear shareholders and members of the Board of Directors of Corporación Inmobiliaria Vesta, S.A.B. de C.V.:

The undersigned in my character of president of the Debt & Equity Committee of Corporación Inmobiliaria Vesta, S.A.B. de C.V. (the "Company"), hereby submit the annual activity report of the committee I chaired during the fiscal year ended on December 31<sup>st</sup>, 2020.

During the fiscal year ended on December 31<sup>st</sup>, 2020, the Debt & Equity was integrated as follows:

Member	Position	Quality
José Manuel Domínguez Díaz Ceballos	President	Independent Member
Stephen B. Williams	Member	Independent Member
John Andrew Foster	Member	Independent Member
Lorenzo Manuel Berho Corona	Member	Patrimonial Member

The debt and equity committee acted in accordance with the guidelines established by the Board of Directors of the Company when incorporating said committee, and during the fiscal year of 2020 met twice: (i) April 1<sup>st</sup> and (ii) June 24<sup>th</sup>.

During the fiscal year of 2020, we had no knowledge of any breach of the guidelines and financing policies of the Company or of its subsidiaries.

In accordance with the information provided by the Company's management and the meetings we held with the Company's officers and up to this date, there were no observations made by shareholders, directors, officers, employees and, in general, any third party, regarding issues related to financing of the Company and its subsidiaries.

The committee ensured that financing obtained by the Company during 2020 was made in a manner consistent with the medium and long-term strategic plan of the Company. Likewise, we reviewed the budget for the fiscal year of 2020 together with the financial projections that were considered for its preparation, which included the main investments and financing operations of the Company, which we considered viable and consistent with the policies of investment and financing, and with the strategic vision proposed by the Company.

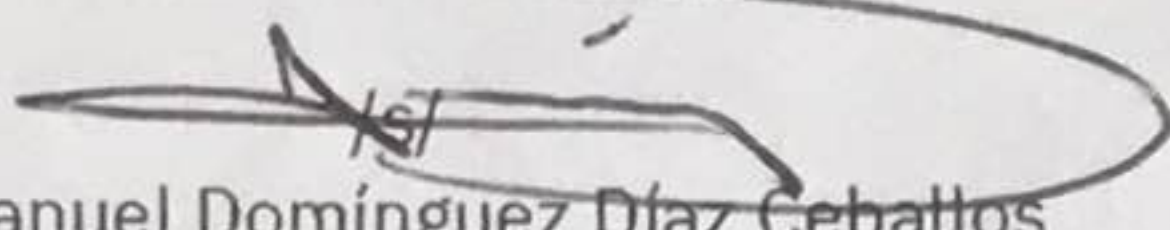


The relevant issues addressed by, and in respect to which this debt and equity committee issued an opinion and/or recommendation to the Board of Directors of the Company, were the following:

- I. Fully withdrawing of the revolving line of credit available for the Company; and
- II. Analysis on the financial condition, cash flow projections and financing alternatives for the Company

In case you have any question on this regard, please do not hesitate to contact me.

Mexico City, January 14<sup>th</sup>, 2021

  
José Manuel Domínguez Díaz Ceballos  
President of the Debt & Equity Committee of  
Corporación Inmobiliaria Vesta, S.A.B. de C.V.

# Appendix 9

*Social and Environmental Responsibility Committee Report*





CORPORACIÓN INMOBILIARIA VESTA, S.A.B. DE C.V.  
ANNUAL REPORT OF THE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY COMMITTEE

**Fiscal Year of 2020**

Dear shareholders and members of the Board of Directors of Corporación Inmobiliaria Vesta, S.A.B. de C.V.:

The undersigned, as president of the Social and Environmental Responsibility Committee of Corporación Inmobiliaria Vesta, S.A.B. de C.V. (the "Company"), by this means submit to your consideration the annual activities report of the committee which I presided during the fiscal year ending on December 31<sup>st</sup>, 2020.

During the fiscal year of 2020, the Social and Environmental Responsibility Committee was integrated as follows:

Member	Position	Condition
Jorge Alberto de Jesús Delgado Herrera	President	Independent Board Member
José Manuel Domínguez Díaz Ceballos	Member	Independent Board Member
Daniela Berho Carranza	Member	Patrimonial Board Member
Lorenzo Manuel Berho Corona	Member	Patrimonial Board Member

The activities of the Social and Environmental Responsibility Committee during the fiscal year of 2020 were carried out based on the commitment of client and shareholder satisfaction, the interest for our collaborators and the community in general, compliance of environmental laws in all regions in which we operate, and strict ethics guidelines with the aim of achieving economic and social development, as well as care for the environment, as a fundamental element of our competitiveness.

Based on a high sense of social responsibility, efficiency and opportunity, we developed programs in the fields of education, employment, health, nutrition, social justice, culture, human development, economic development, protection and conservation of the environment, which contributed to the improvement of the life quality of population of all ages in the regions in which we have presence, promoting the formation of human capital and generation opportunities to promote the integral development of people, as well as of their communities.





During the fiscal year ending on December 31<sup>st</sup>, 2020, the Social and Environmental Responsibility Committee convened on 3 (three) occasions: (i) on January 10<sup>th</sup>, 2020; (ii) on April 17<sup>th</sup>, 2020; and (iii) on December 7<sup>th</sup>, 2020; meetings in which the committee reviewed the progress of the different programs developed by the Company, as well as the application of the corresponding budgets.

Some of the programs developed during the fiscal year of 2020 are detailed below:

Activities related to the COVID-19 Pandemic:

- An amount of \$5,000,000.00 Pesos was raised in addition to the ESG budget. Such amount was comprised by contributions of the board members, management, and an additional contribution from the Company.
- 11 projects related to COVID were implemented:
  - Nurse training (Salus Institute)
  - “*Ponte la Verde*” (PINFRA, Grupo México, Santander, GBM, Rotoplas, FUNED, ITESM, ITAM, Fundación UNAM, ULA, UTC, Lottus Education, American Chamber Mexico, ANUIES, Fundación Origen, Avalancha, Fundación GBM, Líderes en Desarrollo, GOSMO, Líderes de Mañana, Procura, Gilberto AC, Metabase Q, Kuspit, Sículo).
  - Oxigenated Journeys (Fluidica)
  - Temporary COVID unit in *Centro Banamex* (Fundación CIE and Carlos Slim)
  - “*Apoyemos Tijuana*”: Accrediting of baseball stadium as a temporary clinic (State Ministry of Health)
  - Donation of medical equipment to “Patronato Pro-Hospital Civil de Tijuana, A.C.”
  - “*Plan Emergente de Apoyo y Protección a la Salud, Empleo e Ingreso Familiar*” (Government of the state of Chihuahua, “*Unidos con Valor*” and Economic Development of Ciudad Juárez)
  - Scholarships for under privileged kids (“Somos Espíritu de Campeón”)
  - Temporary COVID unit in *Hospital ABC Observatorio*.
  - Donation of medical equipment (PYMO and AMPIP)
  - Delivery of basic goods in the Colón Municipality (DIF and Misión Santa Fe)

Social Investment Projects:

- 100% of regions with social projects
- 11 projects
- 10 states
- 3 lines of action:
  - Education



- Inclusion
  - Community development
- Project Beneficiaries:
  - 1,230 benefited kids
  - 404 benefited docents
  - 650 social entrepreneurs
  - 71 community members
  - 170 young people
  - 156 parents
  - 11 families
- Money raised from Strategic Alliances:
  - City Banamex + PNUD (BALLOON) Fund: \$1,500,000
  - *Nacional Monte de Piedad* (BALLOON): 800,000
  - IBM (PAUTA): 341,210
  - ProEmpleo: \$87,000
  - *Fundación Comunitaria Bajío*: \$513,120
  - Grupo Desc and Grupo Lar: \$105,000
  - TOTAL AMOUNT: \$3,496,330.00
- Vesta Challenge 2020:
  - Date: October 3<sup>rd</sup>, 2020
  - Means: Bkool Platform (Online)
  - Cost: \$500 Pesos
  - Distance: 65 KM
  - Participants: 200 cyclists
  - Sponsors: 11
  - Sponsor amount: \$1,336,320 Pesos

### Environmental

- Improvement on the collection and quality of environmental data from common areas, clients and offices.
- The following activities were carried out:
  - Tenants Webinar (to sensitive on ASG issues)
  - Arc (Certifications in operation)
- Environmental KPIs 2019 vs. 2020: For 2020, an average increase of 62% in environmental information was obtained; among these indicators are energy, water and waste consumption by tenants; and therefore, the calculation of emissions 1 and 2.
- To improve the quality of data, generate historical data and facilitate data collection, the IT and Purchasing areas are working together to carry out the following projects within the Oracle platform:
  - Sustainability Area (ESG):
    - Common areas of the parks in Vesta



- Tenants
  - Purchase Area:
    - Pre-qualification of suppliers
    - Supplier audit
- Environmental Audits: Together with the Asset Management area, they are being carried out in Douki Seisan Park and Vesta Puerto Interior. By obtaining Environmental Quality from PROFEPA, the parks can access AMPIP certifications:
  - Sustainable Industrial Park
  - Clean Industrial Park (depending on tenant compliance)

#### Corporate Governance Activities

- With regard to the Program of Commitment to our stakeholders, which seeks to create a constructive dialogue between Vesta and said stakeholders, to share the way in which aspects of ESG are managed, and to take advantage of the business opportunities associated with the challenges in this area. In this aspect, we have the following advances:
  - Audits for Suppliers on ESG matters:
    - Selection of suppliers: 42 guests (they were the most representative suppliers for Vesta in terms of business).
    - Training: almost 90% of the suppliers attended (38 suppliers)
    - Checklist and ASG information delivery by Vesta: 100%.
    - Sending of Checklist answered and evidence by suppliers: 67.5% (25 suppliers)
    - Knowledge of Vesta's ASG aspects: 88%
    - ASG aspects of suppliers:
      - Company values and principles: 84%.
      - Code of ethics: 77%.
      - Training programs: 48%.
    - Energy, water and waste management and saving programs (39%, 48% and 57% respectively)
    - Health and safety practices (70 and 74% respectively).
  - Contractors:
    - Three contractors have currently been trained in the completion of the Sustainable Construction Manual Checklist. (Environmental, social and occupational safety issues).
    - To have a greater impact with the contractors, we are working with the development area on a social, safety, health and environmental strategy to certify Leed and ensure sustainability throughout the



project cycle, from feasibility, pre-construction, construction and property management.

○ Clients:

- In 2020, the implementation of the green clause was initiated, where
  - 64% of the contracts signed in 2020 have a green clause
  - Total of 16 contracts made with Green Clause
- Environmental data collection:
  - Increase in 21 clients (2019) vs 66 (2020)

○ Responsible Investment:

- By mid of 2020, Vesta became a signatory of UN PRI. From this moment on, the following actions have been taken:
  - Creation of a Responsible Investment Policy
  - Creation of Responsible Investment Checklist
  - Creation of the Responsible Investment Process
- The implementation of these documents in the current process is being reviewed by the Investment and Development areas.

○ ESG Map:

- Based on the detailed review of each of the certifications and indexes in which Vesta participates, an ESG Map of opportunities and risks was developed.
- The main objective is to identify the opportunities that Vesta has in terms of ESG and to identify the impact that the non-fulfilment or lack of a strategy or program can have in terms of ESG.

### Rankings and Investor Relationships

- We conducted a Perception Study, where the main findings were:
  - Vesta's ESG strategy is considered one of the best in the sector in Latin America.
  - These efforts (ESG) are becoming a differentiating factor within companies in the ESG sector in Mexico.
  - Investors and analysts with a global reach offer us the following recommendations:
    - Establish quantifiable metrics
    - Obtain formal ESG certifications
    - Adopting renewable energy practices
    - Implement environmental practices in each new development.
- We participated in the following rankings:
  - Dow Jones Sustainability Index MILA (Up 10 positions vs 2019)



- GRESB (We were the second of the 10 companies that experienced a significant improvement (30 points) vs. 2019, this places us as the 3rd of the eight funds of Industria de América (Peer Group). For the first time, Vesta was recognized as a Green Star (3 stars); which means that we obtained a score of more than 50% of the points assigned to each relevant component)
- S&P/ BMV Total ESG Index (We were ranked 12/29, an index that replaced the BMV Sustainable CPI)
- Sustainalytics
- Ecovadis
- CDP
- World Confederation of Business
- We are part of:
  - United Nations Principles for Responsible Investment
  - Global Pact Network
- We answered investment questionnaires from the following funds:
  - Clarity (Santander)
  - Banorte
  - Sura
  - Credit Suisse
  - Jaguar LP
  - Black Rock
  - American

Mexico City, January 14<sup>th</sup>, 2020

  
Jorge Alberto de Jesús Delgado Herrera  
President of the Social and Environmental Responsibility Committee

# Appendix 10

*CV of the Proposed Board Members*





## **BOARD OF DIRECTORS OF VESTA / CONSEJO DE ADMINISTRACIÓN DE VESTA**

**Ejercicio 2021 / Year 2021**

**(Proprietary Members / Miembros Propietarios)**

### **Lorenzo Manuel Berho Corona**

Mr. Berho is one of the founders of Vesta and was our Chief Executive Officer for 20 years and since August 1<sup>st</sup>, 2019 serves as Executive Chairman. From 2007 to 2009, he served as President of the Mexican Association of Industrial Parks. From 1991 to 1992, and from 1997 to 1998 he acted as Vice President of the Mexican Chamber of the Manufacturing Industry. He serves as President of the Mexico-Germany Business Committee of the Mexican Business Council for Foreign Trade. He was Regional Chair at the YPO/WPO Real Estate Network of Latin America. Mr. Berho holds a degree in Industrial Engineering at Universidad Anahuac and finished the Owner/President Management Program at Harvard Business School in 1994. He has more than 36 years of experience in the real estate industry.

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El Sr. Berho es uno de los fundadores de Vesta, fue nuestro Director General durante 20 años y desde el 1º de Agosto de 2019 es Presidente del Consejo de Administración. De 2007 a 2009, se desempeñó como Presidente de la Asociación Mexicana de Parques Industriales. De 1991 a 1992 y de 1997 a 1998, fue Vicepresidente de la Cámara Mexicana de la Industria Manufacturera. Se desempeña como Presidente del Comité Empresarial México-Alemania del Consejo Empresarial Mexicano para el Comercio Exterior. Ocupó también el cargo de Presidente Regional en la Red de Bienes Raíces YPO / WPO de América Latina. El Sr. Berho es Ingeniero Industrial de la Universidad Anáhuac y finalizó el Programa de Administración de Dueños/Presidentes de *Harvard Business School* en 1994. Tiene más de 36 años de experiencia en la industria de bienes raíces.

### **Stephen B. Williams**

Mr. Williams is co-founder of Vesta and founder of SENTRE Partners, a real estate investment and services company which owns, manages and/or leases a commercial real estate portfolio in San Diego and Orange County, California, he sits on both company's Board of Directors. Mr. Williams is also a co-founder of Bandwidth Now, which transforms commercial buildings into "next gen" environments. Mr. Williams was formerly a partner with Trammell Crow Company, where he was responsible for the San Diego division. Mr. Williams graduated from UCLA in 1972 and received an MBA from USC in 1974. He is a licensed CPA and licensed real estate salesman. He is active in ULI and was a former national board member of NAIOP. He is active in the community and currently serves on the boards of the San Diego Regional Economic Development Corporation and CONNECT. He is also the past Co-Chair of the Southern California Leadership Council along with Former Governor, Pete Wilson. He has previously served as Chair of LEAD San Diego. He has also previously served on the boards of the San Diego Chamber of Commerce, the Burnham Institute and the Reuben H. Fleet Science Center.

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El Sr. Williams es cofundador de Vesta y fundador de SENTRE Partners, una compañía de servicios e inversiones inmobiliarias que posee, administra y / o arrienda una cartera de bienes raíces comerciales en San Diego y el condado de Orange, California, es miembro del Consejo de Administración de ambas compañías. El Sr. Williams también es cofundador de Bandwidth Now, que transforma edificios comerciales en entornos de "próxima generación". El Sr. Williams fue anteriormente socio de Trammell Crow Company, donde era responsable de la división de San Diego. El Sr. Williams se graduó de UCLA en 1972 y recibió un MBA de USC en 1974. Es contador público autorizado y vendedor de bienes raíces con



licencia. Está activo en ULI y fue miembro de la junta nacional de NAIOP. El Sr. Williams es activo en la comunidad y actualmente es miembro de las juntas directivas de la Corporación de Desarrollo Económico Regional de San Diego y CONNECT. También fue co-presidente del Consejo de Liderazgo del Sur de California junto con el exgobernador Pete Wilson. Anteriormente se desempeñó como presidente de LEAD San Diego. También se ha desempeñado anteriormente en las juntas directivas de la Cámara de Comercio de San Diego, el Instituto Burnham y el Centro de Ciencias Reuben H. Fleet.

#### **Luis Javier Solloa Hernández**

Javier Solloa is Principal Partner at Solloa-Nexia since 1995. He is a Certified Public Accountant responsible for national and international due diligence projects, management of end-of-year audits and due diligence reporting. Among his experience, he has belonged to the following audit committees: INFONAVIT, Abastecedora Lumen, Promotora y Operadora de Infraestructura, and Gifan Internacional. He is member of the board of multiple national and international entities. He holds a bachelor's degree in accounting from Universidad Nacional Autónoma de México and a Masters of Business Administration from Universidad Iberoamericana (UIA), he also has a diploma in Financial Engineering from the Colegio de Contadores Públicos de México and in Institutional Governance from Instituto Panamericano de Alta Dirección de Empresas (IPADE).

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Javier Solloa es el socio director de Solloa-Nexia desde 1995. Es Contador Público Certificado, responsable de los procesos de "due diligence", administración de las auditorías de fin de año y el reporte de "due diligence". Entre su experiencia, ha pertenecido a los siguientes comités de auditoría: INFONAVIT, Abastecedora Lumen, Promotora y Operadora de Infraestructura y Gifán Internacional. Es miembro del consejo de varias entidades nacionales e internacionales. Tiene una Licenciatura en Contabilidad por la Universidad Nacional Autónoma de México y una Maestría en Administración de Empresas por la Universidad Iberoamericana (UIA), así como un diplomado en Ingeniería Financiera por el Colegio de Contadores Públicos de México y en Gobierno Institucional por el Instituto Panamericano de Alta Dirección de Empresas (IPADE).

#### **John Andrew Foster**

Mr. Foster co-founded Broadreach Capital Partners, LLC ("Broadreach"), where he oversees activities for a series of discretionary real estate investment funds and direct real estate investments of Broadreach. Formerly co-chief executive officer of Spieker Properties ("SPK"), Mr. Foster was responsible for overseeing the overall strategic direction of that company and its real estate operations, including more than 500 field and staff employees. He participated significantly in the USD\$7.20 billion merger and integration of SPK into Equity Office Properties Trust. He received the industry's Outstanding CEO Award in 2000, in a poll that surveyed the largest institutional investors and Wall Street analysts. He had previously served as chief investment officer of SPK. Prior to SPK's IPO in 1993, Mr. Foster was a partner in Spieker Partners and oversaw the Silicon Valley region. He began his real estate career with Trammell Crow Company in 1985, he also held positions at AT&T and Bain & Company. Mr. Foster received a Bachelor of Arts from Kalamazoo College and a master's in business administration from Stanford University. He is currently a member of the Board of Directors of Dolce Hotels and Resorts and previously served as a member of the Board of Trustees of Equity Office Properties Trust.

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El Sr. Foster es cofundador de Broadreach Capital Partners, LLC ("Broadreach"), donde supervisa las actividades de una serie de fondos discrecionales de inversión inmobiliaria y las inversiones inmobiliarias directas de Broadreach. Anteriormente, como ejecutivo adjunto de Spieker Properties ("SPK"), el Sr.





Foster fue responsable de supervisar la dirección estratégica general de esa empresa y sus operaciones inmobiliarias, incluidos más de 500 empleados de campo y personal. Participó significativamente en la fusión e integración valuada en USD \$ 7,20 billones de SPK en Equity Office Properties Trust. Recibió el Premio al Director Ejecutivo Destacado de la industria en 2000, según una encuesta a los mayores inversionistas institucionales y analistas de Wall Street. Anteriormente, se había desempeñado como director de inversiones de SPK. Antes de la salida a bolsa de SPK en 1993, el Sr. Foster fue socio de Spieker Partners y supervisaba la región de Silicon Valley. Comenzó su carrera en bienes raíces con Trammell Crow Company en 1985, ocupó también cargos en AT&T y Bain & Company. El Sr. Foster tiene una Licenciatura en Artes de Kalamazoo College y una Maestría en Administración de Empresas de la Universidad de Stanford. Actualmente es miembro de la Junta Directiva de Dolce Hotels and Resorts y anteriormente se desempeñó como miembro de la Junta de Consejeros de Equity Office Properties Trust.

### **Oscar F. Cázares Elías**

Mr. Cázares is the founder and current Chief Executive Officer of Duroplast de Mexico, S.A. de C.V., and was the President and Chief Executive Officer of PepsiCo de México and Pepsi-Cola Mexicana from 1999 - 2007. Mr. Cázares holds a bachelor's degree in Industrial Engineering at the Tecnológico de Chihuahua and a Masters in Business Direction (Medex) at the same institution. He is also a member of the Board of Directors of Bafar and Cultiba, public companies traded at the Mexican Stock Exchange.

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El Sr. Cázares es el fundador y actual director general de Duroplast de México, S.A. de C.V., y fue Presidente y Director General de PepsiCo de México y Pepsi-Cola Mexicana de 1999 a 2007. El Sr. Cázares tiene una licenciatura en Ingeniería Industrial del Tecnológico de Chihuahua y una Maestría en Dirección de Negocios (Medex) en la misma institución. También es miembro del Consejo de Administración de Bafar y Cultiba, compañías públicas cotizadas en la Bolsa Mexicana de Valores.

### **Douglas M. Arthur**

Douglas Arthur, President & CEO of SENTRE, leads the company's full-service investment and development platform, sets the strategic vision for the firm and is active in the company's acquisitions, dispositions, development, joint ventures and capital markets activities. Doug also leads the company's Board of Directors and Investment Committee. He joined SENTRE in 2004. Prior to becoming President & CEO, Doug founded SENTRE Living, the company's multi-family platform, that focuses on acquiring and developing apartment communities throughout the West Coast and Mexico.

Doug graduated from Harvard Business School's OPM Executive Education program and received a Master's in Real Estate from the University of San Diego. Doug also graduated with honors from the University of California, Santa Barbara. He is a licensed real estate broker in the State of California and has earned the CCIM (Certified Commercial Investment Member) and LEED AP (Leadership in Energy & Environmental Design) designations.

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Douglas Arthur, presidente y director general de SENTRE, dirige la plataforma de inversión y desarrollo de servicio completo de la compañía; establece la visión estratégica de la empresa y participa activamente en las actividades de adquisiciones, disposiciones, desarrollo, joint ventures y mercados de capital de la compañía. Doug también dirige el consejo de administración y el Comité de Inversiones de la compañía. Se unió a SENTRE en 2004. Antes de convertirse en Presidente y CEO, Doug fundó SENTRE Living, la plataforma multifamiliar de la empresa, que se centra en la adquisición y el desarrollo de comunidades de departamentos en toda la costa Oeste y México.



Doug se graduó del programa de Educación Ejecutiva OPM de Harvard Business School y recibió una Maestría en Bienes Raíces de la Universidad de San Diego. Doug también se graduó con honores en la Universidad de California, Santa Bárbara. Es corredor de bienes raíces con licencia en el estado de California y ha obtenido las designaciones de CCIM (miembro de inversión comercial certificado) y LEED AP (liderazgo en diseño de energía y medio ambiente).

#### **Luis de la Calle Pardo**

Mr. Luis De la Calle is the managing director and founding partner of the consulting firm De la Calle, Madrazo and Mancera, S.C. and Chairman for Latin America of Hill + Knowlton Strategies. From 2000 to 2002, Mr. De la Calle served as Undersecretary of International Trade Negotiations for the Mexican Secretary of Economy. From 2002 to 2004, he acted as Managing Director of Public Strategies de Mexico Inc. He holds a BA in Economics from Instituto Tecnológico Autónomo de Mexico (ITAM) and a Ph.D. in Economics from the University of Virginia.

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El Sr. Luis De la Calle es el director general y socio fundador de la firma de consultoría De la Calle, Madrazo y Mancera, S.C. y Presidente para América Latina de Hill + Knowlton Strategies. De 2000 a 2002 el Sr. De la Calle se desempeñó como Subsecretario de Negociaciones Comerciales Internacionales para la Secretaría de Economía de México. De 2002 a 2004, se desempeñó también como Director General de Public Strategies de Mexico Inc. Tiene una licenciatura en Economía del Instituto Tecnológico Autónomo de México (ITAM) y un Doctorado en Economía de la Universidad de Virginia.

#### **José Manuel Domínguez Díaz Ceballos**

Mr. Dominguez is semi-retired from a close to 30 years banking career, which started at Citibank in Mexico in 1985, worked at BofA Mexico for 5 years and spent his last 22 years at HSBC Mexico where he was originally responsible for Corporate banking, then Commercial Banking for Latin America covering 15 countries and ended up his career as CEO for 8 LATAM countries, also responsible for its divestiture process in 2014. He is currently an independent Board and Committees member of three institutions including Vesta, and actively participates for many years now in 4 non-profit organizations in Mexico. Mr. Domínguez earned an undergraduate degree in Business and Finance from Universidad Panamericana in Mexico City and a MBA degree from The University of Wisconsin at Madison with majors in International Business, Banking and Finance.

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El Sr. Domínguez está semiretirado de una carrera de cerca de 30 años en el sector bancario, que comenzó en Citibank México en 1985, trabajó también en Bank of America México por 5 años y pasó su últimos 22 años de carrera en HSBC México, en dónde fue responsable del área de banca corporativo, después en el área de banca comercial para Latinoamérica cubriendo 15 países y concluyó su carrera como director general para 8 países de Latinoamérica, también fue responsable de la desinversión en el año de 2014. Actualmente es miembro independiente en el consejo y comités de 3 compañías, incluyendo Vesta, y desde hace 4 años participa activamente en organizaciones sin fines de lucro en México. El Sr. Domínguez cuenta con una licenciatura en Administración y Finanzas por la Universidad Panamericana en la Ciudad de México y una maestría en Administración y Finanzas por la Universidad de Wisconsin en Madison con enfoque en Negocio Internacionales, Banca y Finanzas.

#### **Craig Wieland**



Mr. Wieland, he joined his father's company, The Wieland-Davco Corporation in 1977, as a laborer, and moved up quickly through the ranks of Superintendent, Project Manager and within ten years was named Vice President. Upon the passing of his father in 1990 Craig assumed the role he still holds; President of The Wieland-Davco Corp. Under Craig's leadership the company has grown from a small family owned firm located in Northern Michigan with an annual sales volume of \$3 Million dollars to one of the largest General Contractors in the US with offices in Lansing Michigan, Orlando Florida, Shreveport, Louisiana, Newport Beach and San Diego California. He is the author of four books on topics from Economics, Conservative Thought, and fiction.

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El Sr. Wieland ingresó en la empresa de su padre en 1977, The Wieland-Davco Corporation como obrero y ascendió rápidamente a los puestos de Superintendente, Gerente de Proyecto y en diez años fue nombrado Vicepresidente. Tras el fallecimiento de su padre en 1990, Craig asumió el cargo que aún mantiene, Presidente de *The Wieland-Davco Corp.* Bajo el liderazgo de Craig, la compañía ha pasado de ser una pequeña empresa familiar ubicada en el norte de Michigan con un volumen de ventas anual de \$3 millones de dólares a uno de los contratistas generales más grandes de los EE. UU. Con oficinas en Lansing Michigan, Orlando Florida, Shreveport Louisiana, Newport Beach y San Diego California. Es autor de cuatro libros sobre temas de economía, pensamiento conservador y ficción.

#### **Elizabeth Bell**

Elizabeth Bell is Principal of the Investment Team at Jaguar Growth Partners and responsible for investment analysis, transaction structuring, due diligence, and public and private portfolio company management. Jaguar's investments cover industrial, logistics, shopping center/retail, hospitality and healthcare sectors. Prior to joining Jaguar, Ms. Bell was an Investment Manager at Aberdeen Asset Management (+£300bn AUM at the time), she was also Vice President on the Investments Team at Equity International in Chicago. She underwrote real estate private equity investment opportunities across Latin America, Eastern Europe, and India at both the asset and corporate levels. She also managed three portfolio companies in the residential and hospitality sectors, participated at the board level, provided strategic guidance and enhanced company financial and growth models.

Ms. Bell received her AB from Princeton University, where she was captain of the women's soccer team, and earned her MBA from The Wharton School of the University of Pennsylvania, majoring in finance and real estate. Ms. Bell currently serves on the Board of Directors for two Jaguar portfolio companies in Latin America, LatAm Logistic Properties (an industrial developer/owner operator in the Andean region) and Colombian Healthcare Properties (a healthcare real estate company in Colombia).

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Elizabeth Bell dirige el equipo de inversión de Jaguar Growth Partners y es responsable de llevar a cabo análisis de inversión, estructurar transacciones, realizar revisiones (*due diligence*) y del portafolio público y privado de la compañía. Las inversiones de Jaguar cubren los sectores industrial, logístico, comercial, turístico y protección a la salud. Antes de unirse a Jaguar, la señorita Bell fue gerente de inversión en *Aberdeen Asset Management* (+£300bn AUM en ese tiempo), también fue vicepresidente del equipo de Inversiones en *Equity International* en Chicago. Ha analizado y realizado inversiones de capital privado en bienes inmuebles en América Latina, Europa del Este e Italia, tanto en compras de activos como a nivel corporativo. Ella también ha manejado portafolios de 3 compañías en sectores residencial y de hospitalidad, participando a nivel de consejo de administración, proveyendo conejo estratégico y mejorando los modelos de crecimiento de la compañía.



La Srita. Bell se graduó de la Universidad de Princeton, en donde fue capitán del equipo femenino de soccer y obtuvo su maestría en negocios y administración de *The Wharton School of the University of Pennsylvania*, enfocada a finanzas e inmobiliario. La Srita. Bell actualmente participa en el consejo de administración de dos compañías en el portafolio de Jaguar en América Latina, *LatAm Logistic Properties* (un desarrollador y operador industrial en el área de los Andes) y *Colombian Healthcare Properties* (una compañía inmobiliaria enfocada en cuidado a la salud en Colombia).

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**(Alternate Members / Miembros Suplentes)**

**Lorenzo Dominique Berho Carranza**

Lorenzo Berho Carranza is our Chief Executive Officer since August 1<sup>st</sup>, 2018, previously he was our Operating Officer and was responsible for the performance of the business, including acquisitions of properties, valuation and analysis of investments, capital raising and financial efforts, as well as projects such as mergers, co-investments and structures of the Company. Previously, he held the office of asset manager within the Company. He also served as Vice- President of the Urban Land Institute in Mexico. He holds an industrial engineer degree by the Universidad Iberoamericana and received a master's degree in Real Estate Sciences from the University of San Diego. Mr. Lorenzo Berho Carranza is son of Mr. Lorenzo Manuel Berho Corona.

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Lorenzo Berho Carranza es nuestro Director General desde el 1° de Agosto de 2018, anteriormente se desempeñó como Director de Operaciones y está a cargo del desempeño de nuestro negocio, incluyendo adquisiciones de propiedades y carteras, valuación y análisis de inversiones, obtención de capital y esfuerzos financieros y proyectos tales como fusiones, co-inversiones y estructuras de sociedad. Previamente, desempeño el puesto de *Asset Manager* dentro de la Compañía. Fungió también como Vicepresidente de Urban Land Institute en México. Se tituló como ingeniero industrial de la Universidad Iberoamericana y tiene una maestría en ciencias inmobiliarias de la Universidad de San Diego. El Sr. Lorenzo Dominique Berho Carranza es hijo del Sr. Lorenzo Manuel Berho Corona.

**Elías Laniado Laborín**

Mr. Laniado has been managing Vesta's portfolio in Baja California since 2005. Prior to incorporating to Vesta, he was the managing partner for Grupo La Mesa, a company that developed La Mesa Industrial Park and Nordika Industrial Park in Tijuana, Baja California, prior to that he was founding partner of Alepo Construcciones, a construction company in Tijuana, Baja California. He was the pioneer in the development and installation of a variety of industrial plants in El Salvador and Costa Rica.

Mr. Laniado graduated with a major of Mechanical Electrical Engineer from the Autonomous University of Guadalajara, taking post-graduate courses in Industrial Engineering at San Diego State University. He took the program of administration of Real Estate and business at Harvard University in 2007. He has been and stills an active member in several organizations, which their main objective is the promotion of the Industrial Economic development in the city of Tijuana.

Mr. Laniado was appointed Honorary Consul of Norway for the States of Baja California and Sonora in 1990, honorary position granted by that country to date. He was also the President of the accredited



consular corps in Baja California. He is currently a board member of the Smart Border Coalition, he's a board member for CDT and board member of Scotia Bank Inverlat.

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El Sr. Laniado ha manejado el portafolio de Vesta en Baja California desde el año de 2005. Previo a su incorporación a Vesta, fue director de Grupo La Mesa, una compañía que desarrolló el Parque Industrial La Mesa y el Parque Industrial Nordika en Tijuana, Baja California, antes de ese fue socio fundador de Alepo Construcciones, una compañía de construcción en Tijuana, Baja California. Fue pionero en el desarrollo e instalación de una serie de plantas industriales en El Salvador y Costa Rica.

El Sr. Laniado se graduó de Ingeniero Electromecánico por la Universidad Autónoma de Guadalajara, y cursó posgrados en Ingeniería Industrial en la Universidad de San Diego. Cursó además el programa de administración de negocios inmobiliarios en la Universidad de Harvard en 2007. Ha sido y continúa siendo miembro activo en varias organizaciones, cuyo principal objetivo es promover el desarrollo económico de la ciudad de Tijuana.

El Sr. Laniado ha sido nombrado cónsul honorario de Noruega para los estados de Baja California y Sonora desde el año de 1990 a la fecha. Fue también presidente del cuerpo consular en Baja California. Es miembro del consejo de *Smart Border Coalition*, y del CDT, así como del banco Scotia Bank Inverlat.

#### **José Guillermo Zozaya Délano**

From 2006 to 2020 Mr. Zozaya was the president, general manager and executive representative of Kansas City Southern México, a major rail freight transport company in Mexico; prior to that we acted as legal and governmental relations director of Exxon Mobile México and we was also director of research at the Mexican Antitrust Commission. He has extensive experience as corporate lawyer and as executive.

Mr. Zozaya was first non-US President of the prestigious American Chamber Mexico. He also serves as president of the Mexican Transportation Council and is member of several associations like Latin American Railroad Association, National Association of Business Lawyers, Appleseed Mexico Foundation, National Academy of Lawyers, Executive Council of Global Companies and US-Mexico Chamber of Commerce.

Mr. Zozaya obtained his BA degree in Law from the Universidad Iberoamericana, has a Diploma in Corporate Law from the Instituto Tecnológico Autónomo de México, he also completed the international management executive program at the Thunderbird University, and the Lawyers Management Program at Yale University, among others.

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De 2006 a 2020 el Sr. Zozaya fue presidente, director general y representante ejecutivo de Kansas City Southern México, una de las más importantes compañías de transporte ferroviario en México; antes de eso se desempeñó como director jurídico y de relaciones gubernamentales de Exxon Mobile México y también fue director de investigación de la Comisión Federal de Competencia. Tiene además amplia experiencia como abogado corporativo y como ejecutivo.

El Sr. Zozaya fue el primer presidente no estadounidense de la prestigiosa American Chamber México. También ha sido presidente de la Cámara Mexicana de Transporte, y es miembro de diversas asociaciones



como la Asociación Latinoamericana de Transporte Ferroviario, Asociación Nacional de Abogados de Empresa, la Fundación Appleaseed México, la Academia Nacional de Abogados, el Consejo Ejecutivo de Compañías Globales y la Cámara de Comercio México-Estados Unidos.

El Sr. Zozaya obtuvo su grado de abogado por la Universidad Iberoamericana, tiene un posgrado en derecho corporativo por el Instituto Tecnológico Autónomo de México, y también ha completado programas internacionales para ejecutivos en la Universidad de Thunderbird y el programa de Manejo de Abogados por la Universidad de Yale, entre otros.

### **Enrique Carlos Lorente Ludlow**

Enrique Lorente is founding partner of Woodhouse and Lorente Ludlow, a law firm in Mexico City, where he specializes in real estate and infrastructure projects. During his professional experience, he has participated in all stages of development required for these types of projects, including conceptualization and structuring; engagement through public bidding procedures or private contracting; development and construction; as well as financing and daily operation of projects once they have been developed. He holds a law degree from the *Escuela Libre de Derecho*.

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Enrique Lorente es socio fundador de Woodhouse y Lorente Ludlow, una firma de abogados en la Ciudad de México, donde se especializa en proyectos inmobiliarios y de infraestructura. Durante su experiencia profesional, ha participado en todas las etapas de desarrollo requeridas para este tipo de proyectos, incluida la conceptualización y la estructuración; compromiso a través de procedimientos de licitación pública o contratación privada; desarrollo y construcción; así como el financiamiento y la operación diaria de los proyectos una vez que se hayan desarrollado. Es licenciado en Derecho por la Escuela Libre de Derecho.

### **Viviana Belaunzaran Barrera**

Es contador público graduada del Instituto Tecnológico Autónomo de México. Asimismo, cursó el Programa en Impuestos Internacionales impartido por la Universidad de Harvard, así como el diplomado de Impuestos en el Instituto Tecnológico Autónomo de México. Es miembro del Colegio de Contadores de México y del Instituto Mexicano de Contadores Públicos.

Trabajó por 15 años en Mancera, Ernst & Young en el área de consultoría fiscal como gerente senior en el área de impuestos internacionales de dicha firma. Ha participado como socio en otras firmas boutique especializadas en materia fiscal y actualmente se desempeña como socio de consultoría fiscal y cumplimiento en SKATT. Su experiencia abarca la asesoría de varias empresas en el sector financiero, compañías multinacionales, fondos privados y fondos públicos.

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She is a public accountant graduated from the Instituto Tecnológico Autónomo de México. Likewise, she obtained a certificate in the International Tax Program at Harvard University, as well as a Diploma in the International Tax Program at Instituto Tecnológico Autónomo de México. She is a member of the College of Public Accountants of Mexico and of the Mexican Institute of Public Accountants.

She worked 15 years in the tax consulting area at Mancera, Ernst & Young, where she was senior manager in the international tax area of said firm. Has participated as partner in other boutique firms specialized in tax matters and currently is a partner at the tax consulting and compliance practice of SKATT. Her





experience includes advising companies of the financial sector, multinational companies, private and public funds

### **Daniela Berho Carranza**

Daniela Berho is CEO and founding partner of The Dailey Method Mexico. Previously she served as Marketing Manager of Corporación Inmobiliaria Vesta, where she focused in the corporate image strategy of the Company. She currently serves also as a member of the Social and Environmental Responsibility Committee of the Company. Before joining the Company she served as marketing assistant at Condé Nast Mexico. She holds a bachelor's degree in administration by the Universidad Iberoamericana and obtained a MBA at Universidad Panamericana (IPADE). She also has a diploma in Strategic Negotiation at the Harvard Business School and on Real Estate Innovation at the Singularity University. Since 2014 she participates as board member of *"Reina Madre", clínicas de la mujer*. Daniela Berho is the daughter of Lorenzo Manuel Berho Corona.

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Daniela Berho es directora general y socia fundadora de The Dailey Method México. Antes de eso actuó como gerente de mercadotecnia de Corporación Inmobiliaria Vesta, donde se enfocó en la estrategia de imagen corporativa de la Compañía. También participa como miembro en el Comité de Responsabilidad Social y Ambiental de la Compañía. Antes de unirse a la Compañía también trabajó como asistente de mercadotecnia en Condé Nast México. Daniela Berho tiene una licenciatura en Administración de Empresas por la Universidad Iberoamericana, y obtuvo una maestría en administración por la Universidad Panamericana (IPADE). También tiene diplomas en Negociación Estratégica en la escuela de negocios de Harvard y en Innovación en Bienes Raíces por Singularity University. Desde 2014 participa como miembro del consejo de administración de *"Reina Madre", clínicas de la mujer*. Daniela Berho es hija de Lorenzo Manuel Berho Corona.

### **José Antonio Pujals Fuentes**

Mr. Pujals was Managing Director at Rassini Auto Parts Division from 1992 to 1999, formerly he was Managing Director of Moresa (TRW), General Manager of assembly plants and Vice President of Manufacturing at Chrysler de México, President and CEO of Barnes Group, Vice President of Manufacturing in General Mills toys division, among others. He was also Chairman of the Mexico-Germany Committee of COMCE, where he is currently Honorary President and he also has been a guest teacher and speaker in the Master Programs of Instituto Panamericano de Alta Dirección de Empresas (IPADE). Mr. Pujals is a Mechanical Engineer from the Instituto Politécnico Nacional (IPN) and a bachelor's degree in Administration from the Instituto Tecnológico Autónomo de México (ITAM) and he also has an Industrial Engineering course from the Massachusetts Institute of Technology (MIT).

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El Sr. Pujals fue Director General en Rassini División Autopartes de 1992 a 1999, previamente fue Director General de Moresa (TRW), Gerente General de Plantas de Ensamble y Vicepresidente de Manufactura en Chrysler de México, Presidente y Director General de Barnes Group, Vicepresidente de Manufactura en General Mills División Juguetes, entre otros. También fue Presidente del Comité México-Alemania del COMCE, en donde actualmente es Presidente Honorario y ha sido profesor invitado conferencista para los programas Master del IPADE. El Sr. Pujals es Ingeniero Mecánico por el Instituto Politécnico Nacional (IPN) y Licenciado en Administración por el Instituto Tecnológico Autónomo de México (ITAM), también cuenta con un curso de Ingeniería Industrial por el Instituto Tecnológico de Massachusetts (MIT).

### **Rocío Ruiz Chávez**



Rocío Ruíz acted as Undersecretary for Competitiveness and Regulation at the Secretary of Economy until 2018, where she was responsible of the policy for improvement of the business environment to facilitate the incorporation, operation and dissolution of companies in Mexico, as well as the issuance of public policies for normalization and metrology and to develop and implement innovative technological tools for eliminating procedures. Rocío Ruíz is economist by the *Universidad Nacional Autónoma de México* and has diplomas in foreign commerce and international businesses and in free trade agreements.

Rocío Ruíz also participates in the board of directors of entities such as: *Comisión Federal de Electricidad, Banco Nacional de Comercio Exterior S.N.C., ProMéxico, Instituto Mexicano de la Propiedad Industrial, Instituto Nacional del Emprendedor, Entidad Mexicana de Acreditación, A.C., Comisión Nacional de Vivienda* and *Comisión Nacional para el Desarrollo de los Pueblos Indígenas*.

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Rocío Ruíz se desempeñó como Subsecretaria de Competitividad y Normatividad Secretaría de Economía hasta el año 2018, en dónde fue responsable de la política de mejora del ambiente de negocios para facilitar la constitución, operación y disolución de empresas en México, así como la formulación de políticas públicas en materia de normalización y metrología; y el desarrollo e implementación de herramientas tecnológicas innovadoras para la eliminación de trámites presenciales. Rocío Ruíz es licenciada en economía por la Universidad Nacional Autónoma de México y cuenta con diplomados en comercio exterior y negocios internacionales y tratado de libre comercio.

Rocío Ruíz también participa en los consejos de administración de empresas, tales como: Comisión Federal de Electricidad, Banco Nacional de Comercio Exterior S.N.C., ProMéxico, Instituto Mexicano de la Propiedad Industrial, Instituto Nacional del Emprendedor, Entidad Mexicana de Acreditación, A.C., Comisión Nacional de Vivienda y Comisión Nacional para el Desarrollo de los Pueblos Indígenas.

#### **Jorge Alberto de Jesús Delgado Herrera**

Mr. Delgado is the president of the board of directors of Deltek, S.A. de C.V., a company involved in development of solar energy production and protection to the environment. He also served as Secretary of Economic Development of the State of Morelos, and was chief executive officer of Grupo Jet, S.A. He also acts as adviser for Nacional Financiera and is a member of the board of trustees of the Instituto Tecnológico de Estudios Superiores Monterrey. Mr. Delgado has a bachelor's degree in Mechanical Engineering by the Instituto Politécnico Nacional, and a MBA from the Instituto Tecnológico de Estudios Superiores Monterrey.

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El Sr. Delgado es presidente del consejo de administración de Deltek, S.A. de C.V., una compañía dedicada al desarrollo de proyectos de producción de energía solar y protección al ambiente. También actuó como Secretario de Desarrollo Económico del Estado de Morelos y fue director general de Grupo Jet, S.A. También ha servido como asesor de Nacional Financiera y es miembro del patronato del Instituto Tecnológico de Estudios Superiores Monterrey. El señor Delgado es Ingeniero Mecánico por el Instituto Politécnico Nacional y tiene una maestría en administración por el Instituto de Estudios Superiores Monterrey.

#### **Francisco Javier Mancera de Arrigunaga** (también conocido como Javier Mancera Arrigunaga)

Mr. Mancera is a founding partner at De la Calle, Madrazo, Mancera, S.C. He is responsible for the area of international trade, strategic planning, and government relations for the firm. Before founding CMM, Mr.





Mancera was director at Public Strategies de México, an international public affairs company. Prior entering the private sector, Mr. Mancera held several high-level government posts. In 1999-2002 he was Trade and Nafta Minister at the Embassy of Mexico in Washington, D.C., where he defended and expanded Mexico's gains under Nafta and helped develop media, government, financial, and business alliances across the U.S. Mr. Mancera also served as senior Nafta counselor at the Mexican Embassy.

Mr. Mancera teaches seminars and conferences on Mexico-U.S. trade relations and on Mexico's democratic transition to democracy. He taught Political Philosophy at Georgetown University and has published several articles, including "The Trade and Environment Debate" in Greening the Americas. He holds a BA from Mexico's Universidad Nacional Autónoma de México, and obtained his Master's degree from Georgetown University, where he is also a Ph.D. Candidate in Government.

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El Sr. Mancera es socio fundador de De la Calle, Madrazo, Mancera, S.C., donde es responsable de las áreas de comercio internacional, planeación estratégica y relaciones con gobierno. Antes de fundar CMM, el Sr. Mancera era director de Public Strategies de México, una firma de asuntos públicos. Antes de participar en el sector privado, el Sr. Mancera ocupó diversos puestos de alto nivel en el gobierno. Entre 1999-2002, actuó como Ministro de Comercio y Tratado de Libre Comercio en la Embajada de México en Washington, D.C., en dónde defendió y expandió las ganancias de México conforme al Tratado de Libre Comercio y ayudó en el desarrollo de alianzas mediáticas, gubernamentales, financieras y de negocios en los Estados Unidos de América. El Sr. Mancera también fue Consultor senior en materia del Tratado de Libre Comercio en la Embajada de México en Estados Unidos de América.

El Sr. Mancera participa en seminarios y conferencias sobre las relaciones comerciales México- EUA y en materia de transición democrática en México. Ha sido maestro de Filosofía Política en la Universidad de Georgetown y ha publicado diversos artículos, incluyendo "El debate sobre Comercio y Medio Ambiente" en Greening the Americas. Es licenciado en economía por la Universidad Nacional Autónoma de México y obtuvo un grado de maestría en la Universidad de Georgetown, en dónde es candidato a doctor en Gobierno.

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The Vesta logo is displayed in a dark blue, sans-serif font. The letters are lowercase, with the 'v' and 'e' being slightly more stylized. The 's' is a simple, clean stroke, and the 't' has a small, upward-pointing triangle at the top right. The 'a' is also lowercase and has a small, upward-pointing triangle at the top right.

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The text "¡Thank you!" is written in a white, italicized, sans-serif font. It is centered within an orange rectangular box that is slightly tilted to the right. The box has a thin white border and a subtle drop shadow, giving it a three-dimensional appearance as if it's a card or a sticker.

*¡Thank you!*

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