Translation for Informational Purposes Only

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

General Ordinary Shareholder's Meeting

Mexico City, March 21st, 2018

Agenda

I. Presentation, discussion, modification, or in its case, approval of the annual report of the CEO, prepared according to article 172 of the General Corporations Law and articl 44 section XI of the Securities Market Law, with respect to the fiscal year from January 1 to December 31, 2017.

II. Presentation, discussion, modification, or in its case, approval of the annual report of the board of directors referred to in paragraph e) section IV of article 28 of the Securities Market Law and article 172 section b) of the General Corporations Law, with respect to the fiscal year from January 1 to December 31, 2017.

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 committee, with respect to the fiscal year from January 1 to December 31, 2017.

IV. Report on the compliance of the fiscal obligations of the Company during the fiscal year from January 1 to December 21, 2017.

Agenda

V. Presentation, discussion, modification, or in its case, approval of the audited and consolidated financial statements of the Company and its subsidiaries, with respect to the fiscal year from January 1 to December 31, 2017.

VI. Presentation, discussion, modification or in its case, approval of the declaration and payment of a dividend in cash, considering the current dividend policy and the recommendation of the board of directors.

VII. Presentation, discussion, and in its case, approval of the report on the repurchased shares of the Company by using the repurchase fund, as well as on its resale, during the fiscal year from January 1 to December 31, 2017.

VIII. Presentation, discussion and, in its case, authorization to increase the amount to be destined for the repurchase of shares of the Company.

IX. Appointment or ratification of the members comprising the board of directors, as well as the presidents of the audit and corporate practices committee, and determination of the applicable compensations for the fiscal year from January 1 to December 31, 2018.

X. Proposal, discussion, modification, or in its case, approval of the determination of obligations and authority to the president of the board of directors.

XI. Proposal, discussion, and in its case, approval to increase the debt program of the Company, which includes incurring debt, whether in one or several transactions, for financing of the growth program known as “Vesta Vision 20-20 Plan”, either by obtaining financing from commercial banking institutions, or private institutions, or through the issuance of debt instruments among institutional investors, or through the issuance of debt instruments (notwithstanding their denomination and subject to the laws of any jurisdiction), with or without guarantee, to be placed in Mexico, whether privately or through the Mexican Stock Exchange and/or in the United States of America and/or in other markets abroad, under the laws applicable to the corresponding market.

XII. Proposal, discussion, and in its case, granting of special powers of attorney to fulfill the resolutions adopted by this shareholders’ meeting.

XIII. Appointment of special delegates of the meeting.

I. Presentation, discussion, modification, or in its case, approval of the annual report of the CEO, prepared according to article 172 of the General Corporations Law and articl 44 section XI of the Securities Market Law, with respect to the fiscal year from January 1 to December 31, 2017

See document attached

Translation for Informational Purposes Only

ANNUAL REPORT OF THE CHIEF EXECUTIVE OFFICER ("CEO")
CORPORACIÓN INMOBILIARIA VESTA, S.A.B DE C.V. (the "Company")

Fiscal Year 2017

I am proud and pleased to inform you that 2017 has been our best year yet. We had the strongest leasing activity in our history and have increased our stabilized portfolio through solid organic growth and opportunistic acquisitions that have translated into attractive returns for our investors. This was a year of extraordinary results, amidst times of transformation and challenges to the economy.

Our revenue grew 20.9%, reaching US$ 109.4 million, allowing us to surpass upper range guidance. We added to our portfolio 4.1 million square feet, to reach a total of 26.7 million, which represents a growth of 18.4% compared to 2016.

This year we also set a new leasing record as we reached 6.4 million square feet, of which 2.8 million were new contracts and 3.6 million came from renewals. As a result, we reached an all-time high in our stabilized portfolio occupancy rate, which rose to 95.3% in 2017. Anticipated renewals helped Vesta achieve the best leasing maturity profile of the industry, with a 5.3-year average.

This operational success translated into our best financial results yet, achieving an EBITDA margin of 84.03%. Additionally, I am pleased to inform that this year we strengthened our balance sheet by reducing the cost of our debt, increasing its term and improving our capital structure.

All these efforts resulted in an increase of 20.2% of our FFO per share.

Our disciplined implementation of the strategic Vesta Vision 2020 Plan will allow us to reach the objectives we established and continue creating sustained value for our shareholders. In order to keep improving our organizational structure to continue transforming the Company into an exponential organization, we expanded the role of Guillermo Diaz as Chief Investment and Innovation Officer. Also, with the aim of building a solid integrity culture, we have evolved Alfredo Paredes's role from Chief Human Resources Officer to Chief Integrity Officer.

In the sustainability department, we have reinforced our strategy and commitment by adding 330 thousand square feet to our LEED certified portfolio, and achieving Gold level in the Well Building Standard certification for our headquarters. Our social responsibility programs have spread to all the regions where we operate. The Mexican Stock Exchange has recognized us again, including Vesta in their Sustainability Index for the fourth consecutive year. Additionally, EcoVadis, a global leader in sustainability rankings, has given us the first place in the Americas as part of their Sustainability Leadership Awards.

This has been a year of intense activity and I am very pleased to share with you that our efforts were recognized by "Institutional Investor", who awarded us the first place in the CEO and

CFO in the overall and small-cap Latin America ranking, and second place as executive team of real estate companies.

Finally, I want to reinforce our commitment to continue innovating Mexico's industrial platform, with the solid conviction that it will keep playing a key role in the industrial system of North America.

We firmly believe that our country has solid institutions that have become stronger through the last three democratic transitions, and that this will be confirmed once more in July 2018.

Also, I hereby inform you that none of the properties owned by the Company was affected by reason of the September 19th, earthquake. Likewise, as part of our sustainability policy, we carried out a series of activities in favor of the communities where are properties are and that were affected by the earthquake.

Your trust as investors, the effort of a great team and the resilience of our country have allowed us to make 2017 our best year yet.

Having said that, and in terms of the provisions of article 44 of the Securities Market Law, I hereby submit the annual report of the CEO corresponding to the fiscal year ended on December 31st, 2017.

I. Business Strategy

The business of the Company and of its subsidiaries during the fiscal year from January 1st, through December 31st, 2017, was conducted according to the organizational objectives established for that purpose and according to the Vesta Vision 20/20 Strategic Plan, which was approved by the board of directors.

For the fiscal year from January 1st to December 31st, 2018, new organizational objectives and strategies for the business have been set, and will serve as directive for the actions of the Company and its subsidiaries for such fiscal year.

II. Compliance to Shareholders and Board Resolutions

It is hereby reported that all agreements and resolutions adopted by the shareholders meeting and by the board of directors during the fiscal year from January 1st to December 31st, 2017, were duly fulfilled and executed within such fiscal year, except for those that due to their own nature are intended to exceed the fiscal year; however, with respect to the latter, the Company and its subsidiaries have adopted the corresponding actions to that end.

III. Internal Audit

During this year the internal auditor of the Company worked according to the internal audit statute approved by the board of directors, and carried out revisions to projects and specific areas of the Company. The results thereof have been periodically presented to the audit committee, and the management is taking all necessary actions to correct the findings thereof, so to ensure that the internal processes of the Company are fully complied with.

IV. Information and Relevant Events

All information and the relevant events of the Company and its subsidiaries have been duly presented and informed to the corporate bodies of the Company and to the relevant authorities in terms of the provisions of the applicable law and in compliance with the requirements of the corresponding authorities.

As of the date hereof, no relevant information has been reserved in terms of the provisions of the Securities Market Law.

V. Shares Repurchase

(A) The General Ordinary Shareholders' Meeting held on March 25th, 2015, approved a shares' repurchase program of the Company in order to establish the executives' compensation plan for an amount of up to US$3 million dollars.

During the fiscal year from January 1st to December 31st, 2017, the Company did not purchase any shares in addition to those purchased by December 31st, 2015.

(B) Likewise, the General Ordinary Shareholders Meeting of the Company held on March 2nd, 2017, approved to increase the shares' repurchase program previously approved on April 2nd, 2016, in order for the shares' repurchase program to reach an amount equivalent to US$75 million dollars.

The table below, shows the quarterly activity of the shares' repurchase program from January 1st, to December 31st, 2017.

Period	# of Shares	Avg. Price	Pesos	USD
2016	10,603,349	23.5226	249,418,322	12,136,303
1Q2017	8,883,790	23.5242	208,984,097	10,184,748
2Q2017	1,998,800	26.0831	52,134,861	2,794,560
3Q2017	2,861,295	25.7783	73,759,193	4,134,266
4Q2017	7,592,893	23.9988	182,220,332	9,668,838
2017	21,336,778	24.2351	517,098,484	26,782,412
Total	31,940,127		766,516,806	38,918,715

VI. Corrective and Responsibility Actions

During the fiscal year from January 1st, to December 31st, 2017 and up to the date hereof, the Company has just applied the corrective actions to the internal processes of the Company, resulting from the reviews conducted by the internal audit department.

Notwithstanding the foregoing, none of the findings by the internal auditor has required to initiate responsibility actions against the persons involved in the Company's administration, and in all cases the audit committee has verified in detail and has followed on the corrective actions so determined.

VII. Capital Contributions

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

VIII. Dividend Payments

Dividends from previous fiscal years, have been paid in full according to the resolutions adopted by the shareholders of the Company, following the recommendations of the board of directors and in compliance with the applicable legal provisions.

IX. Accounting and Information Systems

The accounting and information systems of the Company and its subsidiaries are being kept in a complete and correct manner and in compliance with the International Financial Report Standards, issued by the International Accounting Bureau of Rules.

X. Financial Information

In order to comply with the provisions of article 44 section XI of the Securities Market Law and article 172 of the General Corporations Law, it is hereby informed that the business of the Company and of its subsidiaries, has been at all times in compliance with the strategic objectives and goals established by the management at the beginning of each calendar year and according to Plan Vesta Vision 20/20.

Attached hereto as Exhibit "1", are: (i) the audited and consolidated financial statements of the Company and its subsidiaries, which truly, completely and accurately reflects the financial situation of the Company and its subsidiaries, (ii) the consolidated profit and losses statement of the Company and its Subsidiaries, (iii) a statement of changes to the financial situation of the Company and its subsidiaries for the fiscal year from January 1st to December 31st, 2017, (iv) a statement of changes to the Company's patrimony, expressed on a consolidated manner, for the fiscal year from January 1st to December 31st, 2017, (v) the notes required to complement and explain the information and (vi) the report by the external auditor of the Company with respect to his review of the consolidated financial statements of the Company and its subsidiaries for the fiscal year from January 1st to December 31st, 2017.

XI. Responsibility Actions against Third Parties

During the fiscal year from January 1st to December 31st, 2017, neither the Company nor its subsidiaries exercised any legal action against third parties in connection with damages suffered by the Company and/or its Subsidiaries; other than the normal legal proceedings derived from the ordinary course of the business of the Company and its subsidiaries.

Mexico City, February 14th, 2018

/s/
Lorenzo Manuel Berho Corona
Chief Executive Offcier of
Corporación Inmobiliaria Vesta, S.A.B. de C.V.

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

Consolidated Financial Statements for the Years Ended December 31, 2017, 2016 and 2015, and Independent Auditors' Report Dated February 13, 2018

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

Independent Auditors' Report and Consolidated Financial Statements for 2017, 2016 and 2015

Table of contents **Page**

Deloitte.

Galaz, Yamazaki,
Ruiz Urquiza, S.C.
Paseo de la Reforma 505, piso 28
Colonia Cuauhtémoc
06500 Ciudad de México
México

Tel: +52 (55) 5080 6000
www.deloitte.com/mx

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 accompanying 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, 2017, 2016 and 2015, and the consolidated statements of profit (loss) 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 consolidated financial statements present fairly, in all material respects, the financial position of the Entity as of December 31, 2017, 2016 and 2015 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit 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.

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.

Deloitte.

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 which 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 the 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 expert on valuation 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 8 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 33Ib) of Title Four, Chapter One, of the General Provisions Applicable to Issuers of Securities and Other Participants in the Securities Market in Mexico. As of the date of our auditor's 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.

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 International Financial Reporting Standards, 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 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 Company'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 Company'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 Company 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.

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.

Deloitte

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. Pedro Luis Castañeda Herrera

February 13, 2018

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

Consolidated Statements of Financial Position

As of December 31, 2017, 2016 and 2015
(In US dollars)

Assets	Notes	31/12/2017	31/12/2016	31/12/2015
Current assets:				
Cash, cash equivalents and restricted cash	4	$ 91,001,709	$ 50,720,751	$ 27,745,055
Financial assets held for trading	5	677,828	613,015	203,563,025
Recoverable taxes	6	26,678,697	21,794,481	20,822,580
Operating lease receivables	7	5,221,517	7,028,975	4,148,109
Prepaid expenses		369,675	37,191	505,450
Guarantee deposits made		-	-	2,750,579
Total current assets		123,949,426	80,194,413	259,534,798
Non-current assets:				
Investment property	8	1,701,006,371	1,415,714,762	1,214,930,005
Office furniture - Net		1,868,778	1,965,192	1,842,468
Derivative financial instruments	14.8	827,251	-	-
Guarantee deposits made and restricted cash		4,440,163	2,920,475	1,210,131
Total non-current assets		1,708,142,563	1,420,600,429	1,217,982,604
Total assets		$ 1,832,091,989	$ 1,500,794,842	$ 1,477,517,402
Liabilities and stockholders' equity				
Current liabilities:				
Current portion of long-term debt	9	$ -	$ -	$ 298,069,960
Accrued interest		3,772,187	1,609,233	3,202,040
Accounts payable and client advances		4,082,166	1,795,748	1,409,555
Taxes payable, mainly income taxes		344,599	550,557	314,896
Accrued expenses		3,821,201	1,981,263	1,698,410
Total current liabilities		12,020,153	5,936,801	304,694,861
Non-current liabilities:				
Long-term debt	9	581,994,879	340,871,417	46,689,049
Guarantee deposits received		11,539,472	8,868,661	7,205,978
Deferred income taxes	13.3	204,205,361	185,733,064	144,140,530
Total non-current liabilities		797,739,712	535,473,142	198,035,557
Total liabilities		809,759,865	541,409,943	502,730,418
Litigation and other contingencies	17			
Stockholders' equity:				
Capital stock	10	439,843,107	450,880,150	455,741,735
Additional paid-in capital		327,270,539	343,037,228	349,557,056
Retained earnings		288,671,405	201,751,251	185,494,148
Share-based payments reserve		3,300,560	1,973,372	1,391,080
Foreign currency translation		(37,332,563)	(38,257,102)	(17,397,035)
Valuation of derivative financial instruments	14.8	579,076	-	-
Total stockholders' equity		1,022,332,124	959,384,899	974,786,984
Total liabilities and stockholders' equity		$ 1,832,091,989	$ 1,500,794,842	$ 1,477,517,402

See accompanying notes to consolidated financial statements.

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

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

For the years ended December 31, 2017, 2016 and 2015
(In US dollars)

	Notes	31/12/2017	31/12/2016	31/12/2015
Revenues:				
Rental income		$ 109,427,282	$ 90,511,822	$ 78,562,329
Property operating costs:				
Related to properties that generated rental income	12.1	(4,106,403)	(3,384,389)	(2,576,520)
Related to properties that did not generate rental income	12.1	(886,688)	(992,057)	(953,487)
Gross profit		104,434,191	86,135,376	75,032,322
Administration expenses	12.2	(13,911,938)	(11,236,676)	(9,832,480)
Depreciation		(356,727)	(322,627)	(188,267)
Other Income and Expenses:				
Interest income		55,171	3,368,382	6,138,652
Other income (expense)		449,193	722,439	639,637
Transaction costs on debt		(395,559)	(947,875)	-
Interest expense		(19,668,274)	(19,862,673)	(23,373,256)
Exchange gain (loss)		2,897,256	(24,781,506)	(45,820,677)
Gain on revaluation of investment property		84,058,105	67,004,611	31,444,058
Total other income and expenses		67,395,892	25,503,378	(30,971,586)
Profit before income taxes		157,561,418	100,079,451	34,039,989
Income tax expense	13.1	(31,531,237)	(54,996,658)	(37,865,161)
Profit (loss) for the year		126,030,181	45,082,793	(3,825,172)
Other comprehensive (loss) income - net of tax:				
Items that may be reclassified subsequently to profit or loss –				
Fair value gains on derivative instruments	14.8	579,076	-	-
Exchange differences on translating other functional currency operations		924,539	(20,860,067)	(20,930,806)
Total other comprehensive loss		1,503,615	(20,860,067)	(20,930,806)
Total comprehensive income (loss) for the year		$ 127,533,796	$ 24,222,726	$ (24,755,978)
Basic and diluted earnings (loss) per share	11	$ 0.207	$ 0.072	$ (0.006)

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, 2017, 2016 and 2015
(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, 2015	$ 370,368,712	$ 211,869,157	$ 211,640,460	$ 323,764	$ 3,533,771	$ -	$ 797,735,864
Equity issuance	85,749,137	138,310,418	-	-	-	-	224,059,555
Share-based payments	-	-	-	1,067,316	-	-	1,067,316
Dividends declared	-	-	(22,321,140)	-	-	-	(22,321,140)
Repurchase of shares	(376,114)	(622,519)	-	-	-	-	(998,633)
Comprehensive income (loss)	-	-	(3,825,172)	-	(20,930,806)	-	(24,755,978)
Balances as of December 31, 2015	455,741,735	349,557,056	185,494,148	1,391,080	(17,397,035)	-	974,786,984
Share-based payments	-	-	-	860,125	-	-	860,125
Vested shares	104,640	173,193	-	(277,833)	-	-	-
Dividends declared	-	-	(28,825,690)	-	-	-	(28,825,690)
Repurchase of shares	(4,966,225)	(6,693,021)	-	-	-	-	(11,659,246)
Comprehensive income (loss)	-	-	45,082,793	-	(20,860,067)	-	24,222,726
Balances as of December 31, 2016	450,880,150	343,037,228	201,751,251	1,973,372	(38,257,102)	-	959,384,899
Share-based payments	-	-	-	1,477,158	-	-	1,477,158
Vested shares	58,201	91,769		(149,970)	-	-	-
Dividends declared	-	-	(39,110,027)	-	-	-	(39,110,027)
Repurchase of shares	(11,095,244)	(15,858,458)	-	-	-	-	(26,953,702)
Comprehensive income (loss)	-	-	126,030,181	-	924,539	579,076	127,533,796
Balances as of December 31, 2017	$ 439,843,107	$ 327,270,539	$ 288,671,405	$ 3,300,560	$ (37,332,563)	$ 579,076	$ 1,022,332,124

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, 2017, 2016 and 2015
(In US dollars)

	31/12/2017	31/12/2016	31/12/2015
Cash flows from operating activities:			
Profit before income taxes	$ 157,561,418	$ 100,079,451	$ 34,039,989
Adjustments:			
Depreciation	356,727	322,627	188,267
Gain on revaluation of investment property	(84,058,105)	(67,004,611)	(31,444,058)
Unrealized effect of foreign exchange rates	(2,897,256)	24,781,506	45,820,677
Interest income	(55,171)	(3,368,382)	(6,138,652)
Interest expense	19,668,274	19,862,673	23,373,256
Expense recognized in respect of share-based payments	1,477,158	860,125	1,067,316
Working capital adjustments:			
(Increase) decrease in:			
Operating lease receivables - Net	1,807,458	(2,880,866)	3,357,117
Recoverable taxes	(14,325,040)	(6,147,505)	(1,492,217)
Prepaid expenses	(332,484)	468,259	(58,298)
Guarantee deposits made	-	-	(379,428)
Increase (decrease) in:			
Accounts payable and client advances	3,363,652	(190,045)	736,254
Guarantee deposits received	-	1,662,683	1,499,869
Accrued expenses	1,839,939	553,705	62,049
Income taxes paid	(2,242,043)	(722,775)	(1,943,319)
Net cash generated by operating activities	82,164,527	68,276,845	68,688,822
Cash flows from investing activities:			
Purchases of investment property	(196,210,053)	(157,437,522)	(116,674,635)
Acquisition of office furniture	(260,314)	(716,203)	(1,609,395)
Financial assets held for trading	(64,813)	178,168,504	(154,357,714)
Interest received	55,171	3,368,382	6,138,652
Net cash (used in) generated by investing activities	(196,480,009)	23,383,161	(266,503,092)
Cash flows from financing activities:			
Proceeds from equity issuance	-	-	224,059,555
Guarantee deposits made	(1,519,688)	(1,672,342)	-
Guarantee deposits collected	2,670,811	2,750,579	-
Interest paid	(15,907,052)	(21,455,480)	(23,239,628)
Repayments of borrowings	-	(298,069,960)	(8,629,108)
Dividends paid	(39,110,027)	(28,825,690)	(22,321,140)
Repurchase of treasury shares	(26,953,702)	(11,659,246)	(998,633)
Proceeds from borrowings	243,000,000	300,000,000	47,500,000
Debt issuance costs	(3,474,806)	(5,817,632)	(850,951)
Net cash generated by (used in) financing activities	158,705,536	(64,749,771)	215,520,095
Effects of exchange rates changes on cash	(4,109,096)	(3,896,537)	61,770
Net increase in cash, cash equivalents and restricted cash	40,280,958	23,013,698	17,767,595
Cash, cash equivalents and restricted cash at the beginning of year	51,456,063	28,442,365	10,674,770
Cash, cash equivalents and restricted cash at the end of year - Note 4	$ 91,737,021	$ 51,456,063	$ 28,442,365

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

For the years ended December 31, 2017, 2016 and 2015
(In US dollars)

1. **General information**

Corporación Inmobiliaria Vesta, S. A. B. de C. V. ("Vesta") is a corporation incorporated in Mexico. The address of its registered office and principal place of business is Paseo de los Tamarindos 90, 28th floor, Mexico City.

Vesta and subsidiaries (collectively, the "Entity") are engaged in the development, acquisition and operation of industrial buildings and distribution facilities that are rented to corporations in eleven states throughout Mexico.

On January 28, 2015, the Entity issued a total of 124,272,111 shares, including the overallotment option, through a follow-on public offering of shares in the Mexican Stock Exchange and through a private offering of shares in international markets under the Rule 144A of the United States of America and Regulations S under the Securities Act of 1933. The offering price was 27 Mexican pesos per share and the net proceeds of this offering which amounted to $224,059,555 were received on February 4, 2015.

On July 22, 2016, the Entity entered into a five-year credit agreement with various financial institutions for an aggregated amount of $150,000,000, the proceeds of this loan were received on the same date. This credit agreement also includes a revolving credit facility up to $100,000,000 which as of December 31, 2016 has not been utilized. On July 27, 2016, the Entity entered into a 10-year loan agreement with Metropolitan Life Insurance Company for a total amount of $150,000,000. The proceeds of both of the aforementioned credit facilities were used to settle the Entity's debt with Blackstone.

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

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

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

2. **Application of new and revised IFRSs that are mandatorily effective for the current year**

In the current year, the Entity has applied a number of amendments to IFRSs issued by the International Accounting Standards Board ("IASB") that are mandatorily effective beginning January 1, 2017, none of which had a material impact on the accompanying consolidated financial statements.

Amendments to IAS 7 Disclosure Initiative

The Entity has not applied these amendments as are considered not material to the consolidated financial statements.

2.1 *New and revised IFRSs in issue but not yet effective*

The Entity has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers[1]
IFRS 16	Leases[2]
Amendments to IFRS 2	Classification and measurement of share-based payments[1]
Amendments to IAS 40	Transfers of Investment Property[1]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]

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

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition and in November 2014 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

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

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

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

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

The Entity's management is in the process of determining the potential impacts that will derive from the adoption of this standard in its consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

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

The Entity recognizes revenue from rental income, from lease contracts, which are not within the scope of IFRS 15. Additionally, revenues from non-lease components are not considered material to the Entity's consolidated financial information. Therefore the Entity's management does not anticipate that the application of IFRS 15 will have a material impact on the amounts reported and disclosures made in its consolidated financial statements.

IFRS 16, *Leases*

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 was issued in January 2017 and will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

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

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

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

Furthermore, extensive disclosures are required by IFRS 16.

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

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

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

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

The amendments clarify the following:

1. In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments.
2. Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority, i.e. the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

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

   (i) The original liability is derecognised;
   (ii) The equity-settled share-based payment is recognised at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and
   (iii) Any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should be recognised in profit or loss immediately.

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

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in IAS 40 may evidence a change in use, and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

The amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the amendments either retrospectively (if this is possible without the use of hindsight) or prospectively. Specific transition provisions apply.

The management of the Entity expects that there will be no impacts a result of these amendments.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (e.g. a non-refundable deposit or deferred revenue).

The Interpretation specifies that the date of transaction is the date on which the entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the Interpretation either retrospectively or prospectively. Specific transition provisions apply to prospective application.

The directors of the Entity do not anticipate that the application of the amendments in the future will have an impact on the Entity's consolidated financial statements. This is because the Entity already accounts for transactions involving the payment or receipt of advance consideration in a foreign currency in a way that is consistent with the amendments.

3. Significant accounting policies

3.1 Statement of compliance

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

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

3.3 *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 tbe 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.

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 2017	2016	2015	Activity
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 Bajio, 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
CIV Infraestructura, 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

3.4 *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.

3.5 *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.

Financial instruments

Financial assets and financial liabilities are recognized when Vesta or its subsidiaries become a party to the contract governing such financial instruments.

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.

3.5.A Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. 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.

3.5.B Financial assets at FVTPL

A financial asset other than a financial asset held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as of FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group 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 hasis; or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designated as of FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. 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.

The Entity has not designated any asset as at FVTPL.

3.5.C Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows expected to be,received (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 debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as of FVTPL.

3.5.D Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including operating lease receivables and others) are measured at amortized cost using the effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

3.5.E Derecognition of financial assets

The Entity derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

3.6 *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.

3.7 *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.

3.8 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 12). 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.

3.9 *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.

3.10 Financial liabilities

3.10.A Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss ("at FVTPL") or other financial liabilities.

3.10.B Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (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 incurred 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 that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of 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 a group 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 IAS 39 permits the entire combined contract to be designated as of FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the statement of profit (loss) and other comprehensive income. Fair value is determined in the manner described in Note 14.

3.10.C <u>Other financial liabilities</u>

Other financial liabilities (including borrowings) are subsequently measured 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.

3.10.D <u>Derecognition of financial liabilities</u>

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.

3.11 Short term and other long term employee benefits and 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.

<u>Statutory employee profit sharing</u>

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.

PTU is determined based on taxable income, according to Section I of Article 9 of that Law.

3.12 *Derivative financial instruments*

The Entity enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including interest rate swaps. Further details of derivative financial instruments are disclosed in Note 14.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. 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.

3.13 *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.

- 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.

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 gaiu 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.

3.14 *Employee benefits for termination*

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

3.15 *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 16.

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.

3.16 *Leasing*

Leases are classified as finance leases whenever the terms of the lease agreement transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

- 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.

- The Entity as lessee

  Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss. Contingent rentals are recognized as expenses in the periods in which they are incurred.

  Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

  In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.17 *Income taxes*

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

3.17.A Current tax

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

3.17.B 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.

3.17.C 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.

3.18 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).

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.

3.19 Earnings per share

Basic earnings per common share are calculated by dividing net income of the controlling interest by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share are determined by adjusting consolidated net income and common shares on the assumption that the Entity's commitments to issue or exchange its own shares would be fulfilled, unless the impacts of such instruments would be anti-dilutive (for example in a year in which the Entity incurred a loss).

3.20 *Critical accounting judgments and key sources of estimation uncertainty*

In the application of the Entity's accounting policies, which are described in Note 2, 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 8, 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 8 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-observahle 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 8 and 14.

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

4. Cash, cash equivalents and restricted cash

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

	2017	2016	2015
Cash and cash equivalents	$ 90,415,448	$ 48,054,432	$ 21,632,285
Current restricted cash	586,261	2,666,319	6,112,770
	91,001,709	50,720,751	27,745,055
Non-current restricted cash	735,312	735,312	697,310
Total	$ 91,737,021	$ 51,456,063	$ 28,442,365

Restricted eash represents balances held by the Entity that are only available for use under certain eonditions 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 positon.

5. Financial assets held for trading

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

6. Recoverable taxes

	2017	2016	2015
Recoverable value-added tax ("VAT")	$ 15,100,478	$ 10,438,157	$ 9,216,603
Recoverable income taxes	11,145,715	11,320,220	11,541,336
Other receivables	432,504	36,104	64,641
	$ 26,678,697	$ 21,794,481	$ 20,822,580

7. Operating lease receivables

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

	2017	2016	2015
0-30 days	$ 4,508,045	$ 4,541,467	$ 2,955,085
30-60 days	223,456	1,588,869	424,763
60-90 days	229,591	551,533	332,338
Over 90 days	260,425	347,106	435,923
Total	$ 5,221,517	$ 7,028,975	$ 4,148,109

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, 86 %, 64% and 71% of all operating lease receivables are current at December 31, 2017, 2016 and 2015, 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%, 23% and 10% of all operating lease receivables at December 31, 2017, 2016 and 2015, respectively. Operating lease receivables outstanding for more than 60 and less than 90 days represent 4%, 8% and 8% of all operating lease receivable at December 31, 2017, 2016 and 2015. Operating lease receivables outstanding greater than 90 days represent 5%, 5% and 11% as of December 31, 2017, 2016 and 2015, respectively.

7.2 Movement in the allowance for doubtful accounts receivable

The Entity individually reviews each of its operating lease receivables and according to the aging report determines the need to create an allowance for the recoverability of such receivables. The balance as of December 31, 2017 is $283,538. During 2015 there were no increases to the allowance for doubtful accounts.

7.3 Client concentration risk

As of December 31, 2017, 2016 and 2015 one of the Entity's clients account for 40% or $2,093,433, 29% or $2,040,061 and 20% or $830,135, respectively, of the operating lease receivables balance. The same client accounted for 7%, 11% and 12% of the total rental income of Entity for the years ended December 31, 2017, 2016 and 2015, respectively.

7.4 Leasing agreements

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

7.5 Non-cancellable operating lease receivables

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

	2017	2016	2015
Not later than 1 year	$ 155,696,225	$ 100,997,236	$ 85,322,145
Later than 1 year and not later than 3 years	283,657,472	170,779,851	145,954,674
Later than 3 year and not later than 5 years	345,303,613	191,181,511	147,512,967
Later than 5 years	177,311,050	159,893,939	140,891,280
	$ 961,968,360	$ 622,852,537	$ 519,681,066

8. Investment property

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

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

Property	Fair value hierarchy	Valuation techniques	Significant unobservable inputs	Value/range	Relationship of unobservable inputs to fair value
Buildings and land	Level 3	Discounted cash flows	Discount rate	2017: 9.35 % 2016: 9.75% 2015: 9.5%	The higher the discount rate, the lower the fair value.
			Exit eap rate	2017: 8.75 % 2016: 9.00 % 2015: 9.00 %	The higher the exit cap rate, the lower the fair value.
			Long-term NOI	Based on contractual rent and then on market related rents	The higher the NOI, the higher the fair value.
			Inflation rates	Mexico: 4.10 % in 2017, 3.5% in 2016 and 3.4% in 2015 U.S.:2.1% in 2017,2.2% in 2016 and 2.1% in 2015	The higher the inflation rate, the higher the fair value.

Property	Fair value hierarchy	Valuation techniques	Significant unobservable inputs	Value/range	Relationship of unobservable inputs to 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	2017: 18.80 2016: 20.00 2015: 16.03	The higher the exchange rate the lower the fair value
Land reserves	Level 3	Market value	Price per acre	Weighted average price per acre in 2017 $111,786 and $105,893 in 2016.	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:

	2017	2016	2015
Buildings and land	$ 1,679,059,000	$ 1,393,000,000	$ 1,198,208,983
Land improvements	18,815,371	9,652,444	2,770,159
Land reserves	87,631,000	79,377,000	58,602,000
	1,785,505,371	1,482,029,444	1,259,581,142
Less: Cost to complete construction in-progress	(84,499,000)	(66,314,682)	(44,651,137)
Balance at end of year	$ 1,701,006,371	$ 1,415,714,762	$ 1,214,930,005

The reconciliation of investment property is as follows:

	2017	2016	2015
Balance at beginning of year	$ 1,415,714,762	$ 1,214,930,005	$ 1,101,352,822
Additions	195,132,819	158,013,760	103,125,702
Investment properties sold		-	-
Foreign currency translation effect	6,100,685	(24,233,614)	(20,992,577)
Gain on revaluation of investment property	84,058,105	67,004,611	31,444,058
Balance at end of year	$ 1,701,006,371	$ 1,415,714,762	$ 1,214,930,005

A total of $1,077,234 additions to investment property related to land reserves and new buildings which were acquired from third parties, were not paid as of December 31, 2016 and were therefore excluded from the consolidated statements of cash flows for that year. Such additions were paid during 2017 and were included in the 2017 consolidated statement of cash flows; no other unpaid amounts existed as of December 31, 2017. As of December 31, 2015, a total of $500,996 additions to investment property, which were acquired from a third party, were not paid; these additions were paid during the year ended December 31, 2016.

During 2007, the Entity entered into an agreement to build the Querétaro Aerospace Park, which consists of a trust created by the Government of the State of Querétaro, as grantor *(fideicomitente)*, Aeropuerto Intercontinental de Querétaro, S. A. de C. V., as a participant for the purposes of granting its consent, Bombardier Aerospace México, S.A. de C.V., as beneficiary *(fideicomisario)*, and BBVA Bancomer, S.A., as trustee *(fiduciario)*, to which the Entity, through its subsidiary, Proyectos Aeroespaciales, adhered as grantee and beneficiary. The Government of the State of Queretaro contributed certain rights to the trust, including rights to use the land and the infrastructure built by the state of Queretaro, allowing Proyectos Aeroespaciales to build and lease buildings for a total period equivalent to the term of the concession granted to the Aerospace Park; the remaining term is approximately 41 years as of December 31, 2017.

Proyectos Aeroespaciales is the only designated real estate developer and was granted the right to use the land and infrastructure to develop industrial facilities thereon, lease such industrial facilities to companies in the aerospace and related industries and to collect the rents derived from the lease of the industrial facilities, for a period of time equivalent to the remaining term of the airport concession (approximately 41 years as of December 31, 2017). With respect to such rights, all construction, addition and improvements made by Proyectos Aeroespaciales to the contributed land (including without limitation, the industrial facilities) will revert in favor of the Government of the State of Queretaro at the end of the term of the trust, for zero consideration.

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

As of December 31, 2017, 2016 and 2015, the Entity's investment properties have a gross leasable area (unaudited) of 26,721,171 square feet (or 2,482,478 square meters), 22,569,585 square feet (or 2,096,783 square meters) and 20,052,909 square feet (or 1,862,981 square meters), respectively, and they were 92.3%, 89.2% and 86.7% occupied by tenants (unaudited), respectively. As of December 31, 2017, 2016 and 2015, investment properties with a gross leasable area (unaudited) of 2,330,549 square feet (or 216,515 square meters), 2,008,397 square feet (or 186,586 square meters) and 1,272,670 square feet (or 118,235 square meters), respectively, were under construction, representing an additional 8.7%, 8.9% and 14.31% of the Entity's total leasable area.

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

9. Long-term debt

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

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

On July 22, 2016, the Entity entered into a new five-year credit agreement with various financial institutions for an aggregated amount of $150,000,000; the proceeds were received on the same date (the "Syndicated Loan"). The Syndicated Loan also includes a revolving credit facility up to $100,000,000 which as of December 31, 2017 and 2016 has not been utilized. On July 27, 2016, the Entity entered into a 10-year loan agreement with Metropolitan Life Insurance Company ("MetLife") for a total amount of $150,000,000. The proceeds of both of the aforementioned credit facilities were used to settle the Entity's debt with Blackstone which matured on August 1, 2016. The long-term debt is comprised by the following notes:

Issue date	Original amount	Annual interest rate	Monthly amortization	Maturity	2017	2016	2015
July 2016	$ 150,000,000	Variable rate plus margin(1)	(1)	July 2021	$ 150,000,000	$ 150,000,000	$ -
July 2016	150,000,000	4.55%	(2)	August 2026	150,000,000	150,000,000	-
April 2015	47,500,000	4.35%	(3)	April 2022	47,500,000	47,500,000	47,500,000
September, 2017	60,000,000	5.31%	(5)	September 2027	60,000,000	-	-
September, 2017	65,000,000	5.03%	(5)	September 2024	65,000,000	-	-
November, 2017	118,000,000	4.75%	(4)	December 2027	118,000,000	-	-
September 2003				August 2016	-	-	4,990,210
April 2005				August 2016	-	-	1,393,073
August 2005				August 2016	-	-	4,437,481
August 2005				August 2016	-	-	10,247,179
November 2005				August 2016	-	-	21,237,473
March 2006				August 2016	-	-	7,767,320
July 2006				August 2016	-	-	47,256,946
July 2006				August 2016	-	-	10,609,960
September 2006				August 2016	-	-	8,961,734
October 2006				August 2016	-	-	6,887,259
November 2006				August 2016	-	-	8,006,030
November 2006				August 2016	-	-	11,343,196
May 2007				August 2016	-	-	5,475,496
September 2007				August 2016	-	-	6,905,008
April 2008				August 2016	-	-	28,271,033
April 2008				August 2016	-	-	1,437,785
April 2008 *				August 2016	-	-	11,718,557
August 2008				August 2016	-	-	4,570,012
August 2008				August 2016	-	-	5,431,327
April 2009				August 2016	-	-	16,167,177
December 2009				August 2016	-	-	24,171,582
July 2012				August 2016	-	-	16,778,331
July 2012				August 2016	-	-	24,392,657
July 2012				August 2016	-	-	4,364,210
March 2013				August 2016	-	-	5,248,924
					590,500,000	347,500,000	345,569,960
Less: Current portion					-	-	(298,069,960)
Less: direct issuance cost					(8,505,121)	(6,628,583)	(810,951)
Total long-term debt					$ 581,994,879	$ 340,871,417	$ 46,689,049

* These notes payable had bi-annual amortization.

(1) Five-year Syndicated Loan, interest is paid on a quarterly basis and calculated using LIBOR (London interbank offered rate) plus an applicable margin. The applicable margin varies depending on the Entity's leverage ratio (higher or lower than 40%) and the number of months that the Syndicated Loan has been outstanding. Currently the applicable margin is 200 basis points; if leverage ratio is higher than 40% the margin would increase to 225 basis points. Principal amortization will commence on July 22, 2019; thereafter the Syndicated Loan will have quarterly principal payments equal to 1.25% of the loan amount.

(2) 10-year loan agreement with MetLife, interest on this loan is paid on a monthly basis and calculated using an annual fixed rate of 4.55%. Principal amortization will commence on September 1, 2023.This loan is guaranteed with 48 of the Entity's properties.

(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.

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, 2017.

The credit agreements also entitles MetLife to withhold certain amounts deposited by the Entity in a separate fund as guarantee deposits for the debt service and tenants guarantee deposits of the Entity's investment properties pledged as collateral. Such amounts are presented as guarantee deposit assets in the statement of financial position.

Scheduled maturities and periodic amortization of long-term debt are as follows:

As of December 2018	$ 123,019
As of December 2019	763,388
As of December 2020	791,939
As of December 2021	833,388
Thereafter	587,988,266
Less: direct issuance cost	(8,505,121)
Total long-term debt	$ 581,994,879

10. Capital stock

10.1 Capital stock as of December 31, 2017, 2016 and 2015 is as follows:

	2017		2016		2015	
	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	600,262,388	439,839,411	621,092,663	450,876,454	631,132,923	455,738,039
Total	600,267,388	$439,843,107	621,097,663	$450,880,150	631,137,923	$455,741,735

Stockholders' equity, except restated paid-in capital and tax retained earnings will be subject to ISR payable by the Entity at the rate in effect upon distribution. Any tax paid on such distribution may be credited against annual and estimated income taxes of the year in which the tax on dividends is paid and the following two fiscal years. As of December 31, 2017, 2016 and 2015, there were a total of 20,948,945, 10,203,349 and 586,200, respectively, shares in treasury.

10.2 Fully paid ordinary shares

	Number of shares	Amount	Additional paid-in capital
Balance as of December 31, 2015	631,137,923	$ 455,741,735	$ 349,557,056
Vested shares	163,089	104,640	173,193
Repurchase of shares	(10,203,349)	(4,966,225)	(6,693,021)
Balance as of December 31, 2016	621,097,663	450,880,150	343,037,228
Vested shares	118,670	58,201	91,769
Repurchase of shares	(20,948,945)	(11,095,244)	(15,858,458)
Balance as of December 31, 2017	600,267,388	$ 439,843,107	$ 327,270,539

10.3 Dividend payments

Pursuant to a resolution of the general ordinary stockholders' meeting on March 2, 2017, the Entity declared a dividend of approximately $0.064 per share, for a total dividend of $39,110,027. The dividend was paid on March 30, 2017 in cash.

Pursuant to a resolution of the general ordinary stockholders' meeting on April 4, 2016, the Entity declared a dividend of approximately $0.046 per share, for a total dividend of $28,825,690. The dividend was paid on April 19, 2016 in cash.

Pursuant to a resolution of the general ordinary stockholders' meeting on March 25, 2015, the Entity declared a dividend of approximately $0.035 per share, for a total dividend of $22,321,140. The dividend was paid on April 30, 2015 in cash.

11. Earnings per share

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

	2017		
	Earnings	Weighted-average number of shares	Dollars per share
Profit for the year	$ 126,030,181	609,850,516	$ 0.207

	2016		
	Earnings	Weighted-average number of shares	Dollars per share
Profit for the year	$ 45,082,793	630,259,650	$ 0.072

	2015		
	Loss	Weighted-average number of shares	Dollars per share
Loss for the year	$ (3,825,172)	622,206,426	$ (0.006)

For the years ended December, 31, 2017 and 2016, basic and diluted earnings per share are the same because the weighted average number of instruments that are considered potentially dilutive, 1,253,358 and 226,159, respectively, have no impact on the per share amount. For the year ended December 31, 2015 all potentially dilutive instruments are considered to be anti-dilutive because the Entity incurred a loss for the year.

12. Property operating costs and administration expenses

12.1 Property operating costs consist of the following:

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

	2017	2016	2015
Real estate tax	$ 1,285,697	$ 1,090,743	$ 943,499
Insurance	366,613	302,400	274,669
Maintenance	873,367	748,043	468,528
Structural maintenance accrual	168,502	-	-
Other property related expenses	1,412,224	1,243,203	889,824
	$ 4,106,403	$ 3,384,389	$ 2,576,520

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

	2017	2016	2015
Real estate tax	$ 268,448	$ 293,602	$ 343,443
Insurance	53,731	51,280	52,879
Maintenance	100,440	148,689	91,689
Other property related expenses	464,069	498,486	465,476
	886,688	992,057	953,487
Total property operating	$ 4,993,091	$ 4,376,446	$ 3,530,007

12.2 Administration expenses consist of the following:

	2017	2016	2015
Employee direct benefits	$ 7,849,558	$ 6,270,379	$ 5,044,294
Auditing, legal and consulting expenses	1,282,256	1,212,794	902,242
Property appraisal and other fees	359,832	352,357	358,903
Indirect equity issuance and trading costs	209,168	181,309	160,695
Marketing expenses	1,328,200	1,136,642	1,078,389
Other	1,405,893	1,223,070	1,220,641
	12,434,907	10,376,551	8,765,164
Long-term incentive - Note 16	1,477,031	860,125	1,067,316
Total	$ 13,911,938	$ 11,236,676	$ 9,832,480

13. Income taxes

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

13.1 Income taxes are as follows:

	2017	2016	2015
ISR expense:			
Current	$ 15,137,320	$ 6,134,040	$ 2,501,584
Deferred	16,393,917	48,862,618	35,363,577
Total income taxes	$ 31,531,237	$ 54,996,658	$ 37,865,161

13.2 The effective ISR rates for fiscal 2017, 2016 and 2015 differ from the statutory rate as follows:

	2017	2016	2015
Statutory rate	30%	30%	30%
Effects of exchange rates on tax balances	(6)%	27%	90%
Effects of inflation	(5)%	(4)%	(12)%
Other	1%	2%	3%
Effective rate	20%	55%	111%

13.3 The main items originating the deferred ISR liability are:

	2017	2016	2015
Deferred ISR assets (liabilities):			
Investment property	$ (207,074,235)	$ (199,134,089)	$ (160,640,067)
Effect of tax loss carryforwards	4,097,337	14,205,287	15,635,979
Other provisions and prepaid expenses	(1,228,463)	(804,262)	863,558
Deferred income taxes - Net	$ (204,205,361)	$ (185,733,064)	$ (144,140,530)

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

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

	2017	2016	2015
Deferred tax liability at the beginning of the period	$ (185,733,064)	$ (144,140,530)	$ (115,641,120)
Movement included in profit or loss	(16,393,916)	(48,862,618)	(35,363,577)
Movement included in equity		-	2,545,905
Movement included in other comprehensive income	(2,078,381)	7,270,084	4,318,262
Deferred tax liability at the end of the year	$ (204,205,361)	$ (185,733,064)	$ (144,140,530)

13.2 The benefits of restated tax loss carryforwards for which the deferred ISR asset has been recognized can be recovered subject to certain conditions. Restated amounts as of December 31, 2017 and expiration dates are:

Year of Expiration	Tax Loss Carryforwards
2023	$ 2,024,588
2025	2,729,064
2026	8,904,140
	$ 13,657,792

14. Financial instruments

14.1 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 9 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 10). The Entity is not subject to any externally imposed capital requirements.

14.2 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:

	2017	2016	2015
Debt	$ 581,994,879	$ 340,871,417	$ 344,759,009
Cash, cash equivalents and restricted cash	(91,737,021)	(51,456,063)	(28,442,365)
Financial assets held for trading	(677,828)	(613,015)	(203,563,025)
Net debt	489,580,030	288,802,339	112,753,619
Equity	1,022,332,124	959,384,899	974,786,984
Net debt to equity ratio	48%	30%	12%

14.3 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 2 to the consolidated financial statements.

The Entity's principal financial assets are bank balances, cash equivalents and restricted cash as disclosed in Note 4, recoverable taxes and operating lease receivables as disclosed in Notes 6 and 7, respectively and financial assets held for trading in Note 5. The Entity's principal financial liability is long-term debt as disclosed in Note 9.

14.4 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.

14.5 Market risk

The Entity's activities expose it primarily to the financial risks of changes in interest rates (see 14.7 below) and foreign currency exchange rates (see 14.7 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.

14.6 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:

	2017	2016	2015
Exchange rates			
Mexican pesos per US dollar at the end of the period	19.7354	20.6640	17.2065
Mexican pesos per US dollar average during the year	18.9302	18.6567	15.8546
Monetary assets			
Mexican pesos	651,151,481	515,823,400	3,982,261,268
US dollars	$ 445,751	$ 335,050	$ 361,656
Monetary liabilities			
Mexican pesos	51,171,796	22,097,747	11,669,674
US dollars	$ 26,992,726	$ 26,992,726	$ 38,691,165

14.7 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:

	2017	2016	2015
Profit or loss impact			
Mexican peso - 10% appreciation - gain	$ (2,763,745)	$ (2,654,782)	$ (20,978,286)
Mexican peso - 10% depreciation - loss	3,377,910	2,172,094	25,640,127
U.S. dollar - 10% appreciation – loss	(52,391,517)	(33,932,951)	(45,868,530)
U.S. dollar - 10% depreciation - gain	52,391,517	33,932,951	45,868,530

14.8 Interest rate risk management

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

Interest rate swap contracts

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

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

Cash flow hedges

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

14.9 Credit risk management

Credit risk refers to the risk that a 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 9% of its total portfolio's gross leasable area (unaudited), and 40%, 29% and 20% of its operating lease receivable balance and 7%, 11% and 12% its annualized rents as of and for the years ended December 31, 2017, 2016 and 2015, 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.

14.10 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, 2017 is as follows:

	Weighted average interest rate %	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Long-term debt		$	$	$ 150,000,000	$ 440,500,000	$ 590,500,000
Accrued interest	4.27%	5,730,059	18,218,243	88,394,936	66,727,678	179,070,916
		$ 5,730,059	$ 18,218,243	$ 238,394,936	$ 507,227,678	$ 769,570,916

14.11 Fair value of financial instruments

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

The Entity's financial assets held for trading 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.

14.11.2 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, 2017, 2016 and 2015 is $590,500,000, $347,500,000 and $357,219,742, 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.

15. Transactions and balances with related parties

15.1 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:

	2017	2016	2015
Short-term benefits	$ 3,804,628	$ 4,244,325	$ 3,932,214
Share-based compensation expense	1,477,031	860,125	1,067,316
	$ 5,281,659	$ 5,104,450	$ 4,999,530

16. Share-based payments

16.1 Details of the share-based plans of the Entity

The Entity has granted shares to its executives and employees under two different plans as follows:

i. Under the Vesta 20-20 Long-term Incentive Plan (the Vesta 20-20 Incentive Plan), as approved by the Board of Directors, the Entity will use a "Relative Total Return" methodology to calculate the total number of shares to be granted. The shares granted each year will vest over the three years following the grant date.

ii. The total number of shares to be granted during the six year period is 10,428,222 shares, the shares to be used to settle this plan were issued by the Entity during January 2015; no awards will be paid in cash.

iii. The total number of shares to be granted in each of the six years ranges from 695,215 to 1,738,037 shares, at the expected performance level, to a maximum of 2,607,055 shares, if the Entity's shares perform at peak performance compared to other publicly traded entities in each year.

iv. The shares to be granted in each of the six years will be contributed to a trust and delivered in three equal settlement dates to the executives after 24, 36 and 48 months from the grant date, provided that the eligible executives remain in the employment of the Entity.

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.

16.2 Fair value of share options granted in the year

i. Vesta 20-20 Incentive plan - Based on the performance of the Entity's shares for the years ended December 31, 2017 and 2016, the shares granted were 637,200 and 863,499, respectively. For the year ended December 31, 2015, there were no shares granted during the year under this plan; however, a share-based payment expense of $773,382 was recognized. This expense was calculated as the grant date fair value of the awards as determined using a Monte Carlo model which took into consideration the probability of the performance of the Entity's shares during the year. As this performance is considered a market vesting condition in accordance with IFRS 2, *Share-based Payments*, the compensation expense, as determined on grant date, is not revised even if no awards are ultimately granted. This expense has no effect in the cash position of the Entity.

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.

16.3 Compensation expense recognized

The long-term incentive expense for the years ended December 31, 2017, 2016 and 2015 was as follows:

	2017	2016	2015
Vesta 20-20 Incentive Plan	$ 1,430,143	$ 840,985	$ 773,382
2014 Incentive Plan	46,888	19,140	293,934
Total long-term incentive expense	$ 1,477,031	$ 860,125	$ 1,067,316

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

16.4 Share awards outstanding at the end of the year

As of December 31, 2017, there are 970,988 shares outstanding with a weighted average remaining contractual life of 23 months.

17. Litigation, other contingencies and commitments

Litigation

In the ordinary course of business, the Entity is party to various legal proceedings. The Entity is not involved in any litigation or arbitration proceeding for which the Entity believes it is not adequately insured or indemnified, or which, if determined adversely, would have a material adverse effect on the Entity or its financial position, results of operations or cash flows.

Commitments

As mentioned in Note 8, all rights to construction, improvements and infrastructure built by the Entity in the Queretaro Aerospace Park and in the DSP Park automatically revert back to the government of the State of Queretaro and to Nissan at the end of the concessions, which is approximately in 42 and 36 years, respectively.

18. Financial statements issuance authorization

On February 13, 2018 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.

* * * * * *

II. Presentation, discussion, modification, or in its case, approval of the annual report of the board of directors referred to in paragraph e) section IV of article 28 of the Securities Market Law and article 172 section b) of the General Corporations Law, with respect to the fiscal year from January 1 to December 31, 2017

See document attached

Translation for Informational Purposes Only

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

FISCAL YEAR 2017

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

ANNUAL REPORT

I. Report of the Corporate Practices Committee.

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

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

II. Report of the Audit Committee.

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

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

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

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

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

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

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

IV. Report by the Investment Committee.

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

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

V. Report by the Ethics Committee

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

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

VI. Report of the Environmental and Social Responsibility Committee

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

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

VII. Report of the Debt and Equity Committee

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

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

VIII. Principal Accounting and Administrative Policies and Criteria

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

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

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

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

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

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

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

g) Labor responsibilities are registered as they occur.

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

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

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

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

IX. Transactions in which the Board of Directors Intervened.

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

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

X. Subsequent Events

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

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

Mexico City, February 14th, 2018

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

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

Fiscal Year 2017

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

Based on that set forth in article 43 section I of the Securities Market Law, the undersigned in my character of chairman of the corporate practices committee of Corporación Inmobiliaria Vesta, S.A.B. de C.V. (the "Company"), hereby submit to your consideration the annual activity report of the corporate practices committee during the fiscal year ended on December 31st, 2017.

The corporate practices committee during the year of 2017 reviewed the performance evaluations and the general compensation packages of the employees of the Company.

I. Activities

During the fiscal year ended on December 31st, 2017, the Corporate Practices Committee, met on the dates listed, and adopted the resolutions summarized below.

A. October 6th, 2017:

1. Reviewed the progress of the Company's strategy "Vesta Vision 2040".
2. Commenced the analysis of the succession planning progress
3. Resolved on the update of the severance package of certain key employees.
4. Took note on the issue of certain former employees of the Company becoming a competitor.

B. November 22nd, 2017:

1. Reviewed the increase on the headcount.
2. Approved the general salary adjustment for 2018.
3. Approved an additional amount to salary increase as incentive to certain employees considering their individual performance.
4. Approved general working conditions and the acquisition and assignment of cars to certain employees of the Company.
5. Approved an increase to the target amount of shares for the long term incentive plan for the executives, and approved to review this increase annually during the next 2 years.
6. Approved the payment of a performance bonus to certain executives.
7. Continue discussions on the succession plan for the CEO.

C. December 18th, 2017:

1. Recommendation for the board of directors to approve the succession plan of the CEO.
2. Determination to proceed with individual interviews to the internal candidates to occupy the office of CEO.

II. Related Party Transactions. During the fiscal year of 2017, the committee had no knowledge of related party transactions, other than those among the subsidiaries of the Company, which were verified by the external auditor and revealed as part of the annual audit to the financial statements of the Company.

III. Waivers. During the fiscal year of 2017, the committee did not granted or recommended any waiver to any executive to benefit from business opportunities of the Company.

Mexico City, this 17th day of January of 2018.

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

Desarrollo Inmobiliario Industrial

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

Fiscal Year of 2017

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

The undersigned in my character of president of the audit committee of Corporación Inmobiliaria Vesta, S.A.B. de C.V. (the "Company"), and in compliance to the provisions of article 43 of the Securities Market Law, hereby submit the annual report of the committee I chaired during the fiscal year ended on December 31st, 2017.

The work of the audit committee during the fiscal year of 2017, was performed based on that set forth in the Securities Market Law, the General Provisions Applicable to Issuers of Securities and other Participants of the Securities Market (*Disposiciones de Carácter General Aplicables a las Emisoras de Valores y otros Participantes en el Mercado de Valores*), the best corporate practices code, and all other laws, rules and regulations applicable to the Company.

During the fiscal year ended on December 31st, 2017, the audit committee met regularly on the dates and adopted the resolutions summarized below.

I. Meetings and Approvals

A. February 13th, 2017:

i) Recommended to the board of directors the approval and further recommendation to the shareholders of the Company, of the audited and consolidated financial statements of the Company and its subsidiaries prepared for the fiscal year ended on December 31st, 2016.
ii) Review of the operative budget of the Company.
iii) Review of the internal audit report corresponding to the human resources area.

B. April 24th, 2017:

i) Recommended to the board of directors the approval of the financial statements of the Company and its subsidiaries, prepared for the closing of the first quarter of the fiscal year of 2017.
ii) Follow up to the Company's operative budget.
iii) Review of the internal audit reports and follow up of previous findings.

C. July 24th, 2017:

i) Recommended to the board of directors the approval of the financial statements of the Company and its subsidiaries, prepared for the closing of the second quarter of the fiscal year of 2017.
ii) Follow up to the Company's operative budget.
iv) Review of the internal audit reports and follow up of previous findings.

D. October 24th, 2017:

i) Recommended to the board of directors the approval of the financial statements of the Company and its subsidiaries, prepared for the closing of the third quarter of the fiscal year of 2017.
ii) Follow up to the Company's operative budget.
iii) Review of the internal audit reports and follow up of previous findings.

This 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.

II. Company's Internal Control

The Company and the entities controlled by it, 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.

The Company and the entities controlled by it, have an internal audit area which verified the application of said internal control policies and procedures.

III. Preventive and Corrective Measures

During the fiscal year 2017, there were certain differences in some of the policies of accounting registry of the Company; therefore, the management developed corrective and preventive actions plans in each case.

IV. Evaluation of the External Auditor

The external auditor of the Company during the fiscal year ended on December 31st, 2017 was Galaz, Yamasaki, Ruiz Urquiza, S.C. (member of Deloitte Touche Tomatsu Limited) acting through its auditing partners Mr. Erick Calvillo and Mr. Pedro Luis Castañeda Herrera, whose offices are located at Paseo de la Reforma 489, Piso 6, Colonia Cuauhtémoc, Ciudad de Mexico, C.P. 06500.

It is important to point out the change of the auditing partner responsible for the audit of the financial statements of the Company and its subsidiaries, which took place in order to comply with the provisions of article 343 of the Securities Market Law and article 83 X of the General Provisions Applicable to Issuers of Securities and other Participants of the Securities Market (*Disposiciones de Carácter General Aplicables a las Emisoras de Valores y otros Participantes en el Mercado de Valores*).

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 31st, 2017.

V. Additional Services from the External Auditor

During the fiscal year ended on December 31st 2017, the external auditor provided services related to verification of information submitted within the tax reports to the relevant tax authorities, which were provided under market conditions and in the terms agreed in each case between the Company and the external auditor.

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

VI. Modifications to the Accounting Policies.

During the fiscal year ended on December 31st, 2017, this committee performed periodical reviews to the quarterly and annual financial statements of the Company and its subsidiaries, without noting modifications 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.

VII. Comments Regarding the Internal and External Audits.

During the fiscal year of 2017, the internal audit department of the Company carried out several reviews to specific areas and projects of the Company and its subsidiaries according to the internal audit statute previously submitted to the audit committee and approved by the board of directors of the Company.

Findings of said reviews were submitted to the audit committee during the fiscal year of 2017, and the internal audit department followed up said findings and periodically informed to the audit committee on the progress of the preventive and corrective measures adopted by the management.

Internal audit department's comments, have been attended in the ordinary course of business by the relevant areas according to the recommendations made in each case.

During the fiscal year subject matter of this report, this committee did not receive any comments by shareholders, board members, relevant officers, employees or third parties in connection with internal controls and related issues, or any accusation as to irregular situations.

IX. Follow up of Resolutions.

The audit committee monitored the fulfilment of the resolutions adopted by the general shareholders' assembly and by the board of directors of the Company. For the period of time subject matter of this report, this audit committee has no observations on that regard.

X. Differences with Management

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

Mexico City, January 17th, 2018

José Humberto López Niederer
President of the Audit Committee

Translation for Informational Purposes Only

ANNUAL REPORT OF THE CHIEF EXECUTIVE OFFICER ("CEO")
CORPORACIÓN INMOBILIARIA VESTA, S.A.B DE C.V. (the "Company")

Fiscal Year 2017

I am proud and pleased to inform you that 2017 has been our best year yet. We had the strongest leasing activity in our history and have increased our stabilized portfolio through solid organic growth and opportunistic acquisitions that have translated into attractive returns for our investors. This was a year of extraordinary results, amidst times of transformation and challenges to the economy.

Our revenue grew 20.9%, reaching US$ 109.4 million, allowing us to surpass upper range guidance. We added to our portfolio 4.1 million square feet, to reach a total of 26.7 million, which represents a growth of 18.4% compared to 2016.

This year we also set a new leasing record as we reached 6.4 million square feet, of which 2.8 million were new contracts and 3.6 million came from renewals. As a result, we reached an all-time high in our stabilized portfolio occupancy rate, which rose to 95.3% in 2017. Anticipated renewals helped Vesta achieve the best leasing maturity profile of the industry, with a 5.3-year average.

This operational success translated into our best financial results yet, achieving an EBITDA margin of 84.03%. Additionally, I am pleased to inform that this year we strengthened our balance sheet by reducing the cost of our debt, increasing its term and improving our capital structure.

All these efforts resulted in an increase of 20.2% of our FFO per share.

Our disciplined implementation of the strategic Vesta Vision 2020 Plan will allow us to reach the objectives we established and continue creating sustained value for our shareholders. In order to keep improving our organizational structure to continue transforming the Company into an exponential organization, we expanded the role of Guillermo Diaz as Chief Investment and Innovation Officer. Also, with the aim of building a solid integrity culture, we have evolved Alfredo Paredes's role from Chief Human Resources Officer to Chief Integrity Officer.

In the sustainability department, we have reinforced our strategy and commitment by adding 330 thousand square feet to our LEED certified portfolio, and achieving Gold level in the Well Building Standard certification for our headquarters. Our social responsibility programs have spread to all the regions where we operate. The Mexican Stock Exchange has recognized us again, including Vesta in their Sustainability Index for the fourth consecutive year. Additionally, EcoVadis, a global leader in sustainability rankings, has given us the first place in the Americas as part of their Sustainability Leadership Awards.

This has been a year of intense activity and I am very pleased to share with you that our efforts were recognized by "Institutional Investor", who awarded us the first place in the CEO and

CFO in the overall and small-cap Latin America ranking, and second place as executive team of real estate companies.

Finally, I want to reinforce our commitment to continue innovating Mexico's industrial platform, with the solid conviction that it will keep playing a key role in the industrial system of North America.

We firmly believe that our country has solid institutions that have become stronger through the last three democratic transitions, and that this will be confirmed once more in July 2018.

Also, I hereby inform you that none of the properties owned by the Company was affected by reason of the September 19th, earthquake. Likewise, as part of our sustainability policy, we carried out a series of activities in favor of the communities where are properties are and that were affected by the earthquake.

Your trust as investors, the effort of a great team and the resilience of our country have allowed us to make 2017 our best year yet.

Having said that, and in terms of the provisions of article 44 of the Securities Market Law, I hereby submit the annual report of the CEO corresponding to the fiscal year ended on December 31st, 2017.

I. Business Strategy

The business of the Company and of its subsidiaries during the fiscal year from January 1st, through December 31st, 2017, was conducted according to the organizational objectives established for that purpose and according to the Vesta Vision 20/20 Strategic Plan, which was approved by the board of directors.

For the fiscal year from January 1st to December 31st, 2018, new organizational objectives and strategies for the business have been set, and will serve as directive for the actions of the Company and its subsidiaries for such fiscal year.

II. Compliance to Shareholders and Board Resolutions

It is hereby reported that all agreements and resolutions adopted by the shareholders meeting and by the board of directors during the fiscal year from January 1st to December 31st, 2017, were duly fulfilled and executed within such fiscal year, except for those that due to their own nature are intended to exceed the fiscal year; however, with respect to the latter, the Company and its subsidiaries have adopted the corresponding actions to that end.

III. Internal Audit

During this year the internal auditor of the Company worked according to the internal audit statute approved by the board of directors, and carried out revisions to projects and specific areas of the Company. The results thereof have been periodically presented to the audit committee, and the management is taking all necessary actions to correct the findings thereof, so to ensure that the internal processes of the Company are fully complied with.

IV. Information and Relevant Events

All information and the relevant events of the Company and its subsidiaries have been duly presented and informed to the corporate bodies of the Company and to the relevant authorities in terms of the provisions of the applicable law and in compliance with the requirements of the corresponding authorities.

As of the date hereof, no relevant information has been reserved in terms of the provisions of the Securities Market Law.

V. Shares Repurchase

(A) The General Ordinary Shareholders' Meeting held on March 25th, 2015, approved a shares' repurchase program of the Company in order to establish the executives' compensation plan for an amount of up to US$3 million dollars.

During the fiscal year from January 1st to December 31st, 2017, the Company did not purchase any shares in addition to those purchased by December 31st, 2015.

(B) Likewise, the General Ordinary Shareholders Meeting of the Company held on March 2nd, 2017, approved to increase the shares' repurchase program previously approved on April 2nd, 2016, in order for the shares' repurchase program to reach an amount equivalent to US$75 million dollars.

The table below, shows the quarterly activity of the shares' repurchase program from January 1st, to December 31st, 2017.

Period	# of Shares	Avg. Price	Pesos	USD
2016	10,603,349	23.5226	249,418,322	12,136,303
1Q2017	8,883,790	23.5242	208,984,097	10,184,748
2Q2017	1,998,800	26.0831	52,134,861	2,794,560
3Q2017	2,861,295	25.7783	73,759,193	4,134,266
4Q2017	7,592,893	23.9988	182,220,332	9,668,838
2017	21,336,778	24.2351	517,098,484	26,782,412
Total	31,940,127		766,516,806	38,918,715

VI. Corrective and Responsibility Actions

During the fiscal year from January 1st, to December 31st, 2017 and up to the date hereof, the Company has just applied the corrective actions to the internal processes of the Company, resulting from the reviews conducted by the internal audit department.

Notwithstanding the foregoing, none of the findings by the internal auditor has required to initiate responsibility actions against the persons involved in the Company's administration, and in all cases the audit committee has verified in detail and has followed on the corrective actions so determined.

VII. Capital Contributions

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

VIII. Dividend Payments

Dividends from previous fiscal years, have been paid in full according to the resolutions adopted by the shareholders of the Company, following the recommendations of the board of directors and in compliance with the applicable legal provisions.

IX. Accounting and Information Systems

The accounting and information systems of the Company and its subsidiaries are being kept in a complete and correct manner and in compliance with the International Financial Report Standards, issued by the International Accounting Bureau of Rules.

X. Financial Information

In order to comply with the provisions of article 44 section XI of the Securities Market Law and article 172 of the General Corporations Law, it is hereby informed that the business of the Company and of its subsidiaries, has been at all times in compliance with the strategic objectives and goals established by the management at the beginning of each calendar year and according to Plan Vesta Vision 20/20.

Attached hereto as Exhibit "1", are: (i) the audited and consolidated financial statements of the Company and its subsidiaries, which truly, completely and accurately reflects the financial situation of the Company and its subsidiaries, (ii) the consolidated profit and losses statement of the Company and its Subsidiaries, (iii) a statement of changes to the financial situation of the Company and its subsidiaries for the fiscal year from January 1st to December 31st, 2017, (iv) a statement of changes to the Company's patrimony, expressed on a consolidated manner, for the fiscal year from January 1st to December 31st, 2017, (v) the notes required to complement and explain the information and (vi) the report by the external auditor of the Company with respect to his review of the consolidated financial statements of the Company and its subsidiaries for the fiscal year from January 1st to December 31st, 2017.

XI. Responsibility Actions against Third Parties

During the fiscal year from January 1st to December 31st, 2017, neither the Company nor its subsidiaries exercised any legal action against third parties in connection with damages suffered by the Company and/or its Subsidiaries; other than the normal legal proceedings derived from the ordinary course of the business of the Company and its subsidiaries.

Mexico City, February 14th, 2018

/s/
Lorenzo Manuel Berho Corona
Chief Executive Offcier of
Corporación Inmobiliaria Vesta, S.A.B. de C.V.

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

Consolidated Financial Statements for the Years Ended December 31, 2017, 2016 and 2015, and Independent Auditors' Report Dated February 13, 2018

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

Independent Auditors' Report and Consolidated Financial Statements for 2017, 2016 and 2015

Table of contents	Page

Galaz, Yamazaki,
Ruiz Urquiza, S.C.
Paseo de la Reforma 505, piso 28
Colonia Cuauhtémoc
06500 Ciudad de México
México

Tel: +52 (55) 5080 6000
www.deloitte.com/mx

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 accompanying 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, 2017, 2016 and 2015, and the consolidated statements of profit (loss) 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 consolidated financial statements present fairly, in all material respects, the financial position of the Entity as of December 31, 2017, 2016 and 2015 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit 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.

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.

Deloitte.

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 which 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 the 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 expert on valuation 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 8 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 33Ib) of Title Four, Chapter One, of the General Provisions Applicable to Issuers of Securities and Other Participants in the Securities Market in Mexico. As of the date of our auditor's 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.

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 International Financial Reporting Standards, 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.

Deloitte.

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 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 Company'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 Company'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 Company 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.

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.

Deloitte

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. Pedro Luis Castañeda Herrera

February 13, 2018

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

Consolidated Statements of Financial Position

As of December 31, 2017, 2016 and 2015
(In US dollars)

Assets	Notes	31/12/2017	31/12/2016	31/12/2015
Current assets:				
Cash, cash equivalents and restricted cash	4	$ 91,001,709	$ 50,720,751	$ 27,745,055
Financial assets held for trading	5	677,828	613,015	203,563,025
Recoverable taxes	6	26,678,697	21,794,481	20,822,580
Operating lease receivables	7	5,221,517	7,028,975	4,148,109
Prepaid expenses		369,675	37,191	505,450
Guarantee deposits made		-	-	2,750,579
Total current assets		123,949,426	80,194,413	259,534,798
Non-current assets:				
Investment property	8	1,701,006,371	1,415,714,762	1,214,930,005
Office furniture - Net		1,868,778	1,965,192	1,842,468
Derivative financial instruments	14.8	827,251	-	-
Guarantee deposits made and restricted cash		4,440,163	2,920,475	1,210,131
Total non-current assets		1,708,142,563	1,420,600,429	1,217,982,604
Total assets		$ 1,832,091,989	$ 1,500,794,842	$ 1,477,517,402
Liabilities and stockholders' equity				
Current liabilities:				
Current portion of long-term debt	9	$ -	$ -	$ 298,069,960
Accrued interest		3,772,187	1,609,233	3,202,040
Accounts payable and client advances		4,082,166	1,795,748	1,409,555
Taxes payable, mainly income taxes		344,599	550,557	314,896
Accrued expenses		3,821,201	1,981,263	1,698,410
Total current liabilities		12,020,153	5,936,801	304,694,861
Non-current liabilities:				
Long-term debt	9	581,994,879	340,871,417	46,689,049
Guarantee deposits received		11,539,472	8,868,661	7,205,978
Deferred income taxes	13.3	204,205,361	185,733,064	144,140,530
Total non-current liabilities		797,739,712	535,473,142	198,035,557
Total liabilities		809,759,865	541,409,943	502,730,418
Litigation and other contingencies	17			
Stockholders' equity:				
Capital stock	10	439,843,107	450,880,150	455,741,735
Additional paid-in capital		327,270,539	343,037,228	349,557,056
Retained earnings		288,671,405	201,751,251	185,494,148
Share-based payments reserve		3,300,560	1,973,372	1,391,080
Foreign currency translation		(37,332,563)	(38,257,102)	(17,397,035)
Valuation of derivative financial instruments	14.8	579,076	-	-
Total stockholders' equity		1,022,332,124	959,384,899	974,786,984
Total liabilities and stockholders' equity		$ 1,832,091,989	$ 1,500,794,842	$ 1,477,517,402

See accompanying notes to consolidated financial statements.

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

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

For the years ended December 31, 2017, 2016 and 2015
(In US dollars)

	Notes	31/12/2017	31/12/2016	31/12/2015
Revenues:				
Rental income		$ 109,427,282	$ 90,511,822	$ 78,562,329
Property operating costs:				
Related to properties that generated rental income	12.1	(4,106,403)	(3,384,389)	(2,576,520)
Related to properties that did not generate rental income	12.1	(886,688)	(992,057)	(953,487)
Gross profit		104,434,191	86,135,376	75,032,322
Administration expenses	12.2	(13,911,938)	(11,236,676)	(9,832,480)
Depreciation		(356,727)	(322,627)	(188,267)
Other Income and Expenses:				
Interest income		55,171	3,368,382	6,138,652
Other income (expense)		449,193	722,439	639,637
Transaction costs on debt		(395,559)	(947,875)	-
Interest expense		(19,668,274)	(19,862,673)	(23,373,256)
Exchange gain (loss)		2,897,256	(24,781,506)	(45,820,677)
Gain on revaluation of investment property		84,058,105	67,004,611	31,444,058
Total other income and expenses		67,395,892	25,503,378	(30,971,586)
Profit before income taxes		157,561,418	100,079,451	34,039,989
Income tax expense	13.1	(31,531,237)	(54,996,658)	(37,865,161)
Profit (loss) for the year		126,030,181	45,082,793	(3,825,172)
Other comprehensive (loss) income - net of tax:				
Items that may be reclassified subsequently to profit or loss –				
Fair value gains on derivative instruments	14.8	579,076	-	-
Exchange differences on translating other functional currency operations		924,539	(20,860,067)	(20,930,806)
Total other comprehensive loss		1,503,615	(20,860,067)	(20,930,806)
Total comprehensive income (loss) for the year		$ 127,533,796	$ 24,222,726	$ (24,755,978)
Basic and diluted earnings (loss) per share	11	$ 0.207	$ 0.072	$ (0.006)

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, 2017, 2016 and 2015
(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, 2015	$ 370,368,712	$ 211,869,157	$ 211,640,460	$ 323,764	$ 3,533,771	$ -	$ 797,735,864
Equity issuance	85,749,137	138,310,418	-	-	-	-	224,059,555
Share-based payments	-	-	-	1,067,316	-	-	1,067,316
Dividends declared	-	-	(22,321,140)	-	-	-	(22,321,140)
Repurchase of shares	(376,114)	(622,519)	-	-	-	-	(998,633)
Comprehensive income (loss)	-	-	(3,825,172)	-	(20,930,806)	-	(24,755,978)
Balances as of December 31, 2015	455,741,735	349,557,056	185,494,148	1,391,080	(17,397,035)	-	974,786,984
Share-based payments	-	-	-	860,125	-	-	860,125
Vested shares	104,640	173,193	-	(277,833)	-	-	-
Dividends declared	-	-	(28,825,690)	-	-	-	(28,825,690)
Repurchase of shares	(4,966,225)	(6,693,021)	-	-	-	-	(11,659,246)
Comprehensive income (loss)	-	-	45,082,793	-	(20,860,067)	-	24,222,726
Balances as of December 31, 2016	450,880,150	343,037,228	201,751,251	1,973,372	(38,257,102)	-	959,384,899
Share-based payments	-	-	-	1,477,158	-	-	1,477,158
Vested shares	58,201	91,769		(149,970)	-	-	-
Dividends declared	-	-	(39,110,027)	-	-	-	(39,110,027)
Repurchase of shares	(11,095,244)	(15,858,458)	-	-	-	-	(26,953,702)
Comprehensive income (loss)	-	-	126,030,181	-	924,539	579,076	127,533,796
Balances as of December 31, 2017	$ 439,843,107	$ 327,270,539	$ 288,671,405	$ 3,300,560	$ (37,332,563)	$ 579,076	$ 1,022,332,124

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, 2017, 2016 and 2015
(In US dollars)

	31/12/2017	31/12/2016	31/12/2015
Cash flows from operating activities:			
Profit before income taxes	$ 157,561,418	$ 100,079,451	$ 34,039,989
Adjustments:			
Depreciation	356,727	322,627	188,267
Gain on revaluation of investment property	(84,058,105)	(67,004,611)	(31,444,058)
Unrealized effect of foreign exchange rates	(2,897,256)	24,781,506	45,820,677
Interest income	(55,171)	(3,368,382)	(6,138,652)
Interest expense	19,668,274	19,862,673	23,373,256
Expense recognized in respect of share-based payments	1,477,158	860,125	1,067,316
Working capital adjustments:			
(Increase) decrease in:			
Operating lease receivables - Net	1,807,458	(2,880,866)	3,357,117
Recoverable taxes	(14,325,040)	(6,147,505)	(1,492,217)
Prepaid expenses	(332,484)	468,259	(58,298)
Guarantee deposits made	-	-	(379,428)
Increase (decrease) in:			
Accounts payable and client advances	3,363,652	(190,045)	736,254
Guarantee deposits received	-	1,662,683	1,499,869
Accrued expenses	1,839,939	553,705	62,049
Income taxes paid	(2,242,043)	(722,775)	(1,943,319)
Net cash generated by operating activities	82,164,527	68,276,845	68,688,822
Cash flows from investing activities:			
Purchases of investment property	(196,210,053)	(157,437,522)	(116,674,635)
Acquisition of office furniture	(260,314)	(716,203)	(1,609,395)
Financial assets held for trading	(64,813)	178,168,504	(154,357,714)
Interest received	55,171	3,368,382	6,138,652
Net cash (used in) generated by investing activities	(196,480,009)	23,383,161	(266,503,092)
Cash flows from financing activities:			
Proceeds from equity issuance	-	-	224,059,555
Guarantee deposits made	(1,519,688)	(1,672,342)	-
Guarantee deposits collected	2,670,811	2,750,579	-
Interest paid	(15,907,052)	(21,455,480)	(23,239,628)
Repayments of borrowings	-	(298,069,960)	(8,629,108)
Dividends paid	(39,110,027)	(28,825,690)	(22,321,140)
Repurchase of treasury shares	(26,953,702)	(11,659,246)	(998,633)
Proceeds from borrowings	243,000,000	300,000,000	47,500,000
Debt issuance costs	(3,474,806)	(5,817,632)	(850,951)
Net cash generated by (used in) financing activities	158,705,536	(64,749,771)	215,520,095
Effects of exchange rates changes on cash	(4,109,096)	(3,896,537)	61,770
Net increase in cash, cash equivalents and restricted cash	40,280,958	23,013,698	17,767,595
Cash, cash equivalents and restricted cash at the beginning of year	51,456,063	28,442,365	10,674,770
Cash, cash equivalents and restricted cash at the end of year - Note 4	$ 91,737,021	$ 51,456,063	$ 28,442,365

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

For the years ended December 31, 2017, 2016 and 2015
(In US dollars)

1. **General information**

Corporación Inmobiliaria Vesta, S. A. B. de C. V. ("Vesta") is a corporation incorporated in Mexico. The address of its registered office and principal place of business is Paseo de los Tamarindos 90, 28th floor, Mexico City.

Vesta and subsidiaries (collectively, the "Entity") are engaged in the development, acquisition and operation of industrial buildings and distribution facilities that are rented to corporations in eleven states throughout Mexico.

On January 28, 2015, the Entity issued a total of 124,272,111 shares, including the overallotment option, through a follow-on public offering of shares in the Mexican Stock Exchange and through a private offering of shares in international markets under the Rule 144A of the United States of America and Regulations S under the Securities Act of 1933. The offering price was 27 Mexican pesos per share and the net proceeds of this offering which amounted to $224,059,555 were received on February 4, 2015.

On July 22, 2016, the Entity entered into a five-year credit agreement with various financial institutions for an aggregated amount of $150,000,000, the proceeds of this loan were received on the same date. This credit agreement also includes a revolving credit facility up to $100,000,000 which as of December 31, 2016 has not been utilized. On July 27, 2016, the Entity entered into a 10-year loan agreement with Metropolitan Life Insurance Company for a total amount of $150,000,000. The proceeds of both of the aforementioned credit facilities were used to settle the Entity's debt with Blackstone.

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

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

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

2. **Application of new and revised IFRSs that are mandatorily effective for the current year**

In the current year, the Entity has applied a number of amendments to IFRSs issued by the International Accounting Standards Board ("IASB") that are mandatorily effective beginning January 1, 2017, none of which had a material impact on the accompanying consolidated financial statements.

Amendments to IAS 7 Disclosure Initiative

The Entity has not applied these amendments as are considered not material to the consolidated financial statements.

2.1 *New and revised IFRSs in issue but not yet effective*

The Entity has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers[1]
IFRS 16	Leases[2]
Amendments to IFRS 2	Classification and measurement of share-based payments[1]
Amendments to IAS 40	Transfers of Investment Property[1]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]

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

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition and in November 2014 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

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

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

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

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

The Entity's management is in the process of determining the potential impacts that will derive from the adoption of this standard in its consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

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

The Entity recognizes revenue from rental income, from lease contracts, which are not within the scope of IFRS 15. Additionally, revenues from non-lease components are not considered material to the Entity's consolidated financial information. Therefore the Entity's management does not anticipate that the application of IFRS 15 will have a material impact on the amounts reported and disclosures made in its consolidated financial statements.

IFRS 16, *Leases*

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 was issued in January 2017 and will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

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

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

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

Furthermore, extensive disclosures are required by IFRS 16.

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

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

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

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

The amendments clarify the following:

1. In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments.
2. Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority, i.e. the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

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

   (i) The original liability is derecognised;
   (ii) The equity-settled share-based payment is recognised at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and
   (iii) Any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should be recognised in profit or loss immediately.

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

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in IAS 40 may evidence a change in use, and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

The amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the amendments either retrospectively (if this is possible without the use of hindsight) or prospectively. Specific transition provisions apply.

The management of the Entity expects that there will be no impacts a result of these amendments.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (e.g. a non-refundable deposit or deferred revenue).

The Interpretation specifies that the date of transaction is the date on which the entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the Interpretation either retrospectively or prospectively. Specific transition provisions apply to prospective application.

The directors of the Entity do not anticipate that the application of the amendments in the future will have an impact on the Entity's consolidated financial statements. This is because the Entity already accounts for transactions involving the payment or receipt of advance consideration in a foreign currency in a way that is consistent with the amendments.

3. Significant accounting policies

3.1 Statement of compliance

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

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

3.3 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 tbe 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.

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 2017	2016	2015	Activity
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 Bajio, 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
CIV Infraestructura, 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

3.4 *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.

3.5 *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.

Financial instruments

Financial assets and financial liabilities are recognized when Vesta or its subsidiaries become a party to the contract governing such financial instruments.

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.

3.5.A Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. 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.

3.5.B Financial assets at FVTPL

A financial asset other than a financial asset held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as of FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group 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 IAS 39 permits the entire combined contract to be designated as of FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. 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.

The Entity has not designated any asset as at FVTPL.

3.5.C Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows expected to be,received (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 debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as of FVTPL.

3.5.D Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including operating lease receivables and others) are measured at amortized cost using the effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

3.5.E Derecognition of financial assets

The Entity derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

3.6 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 assct) is included in profit or loss in the period in which the property is derecognized.

3.7 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 dereeognized 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.

3.8 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 12). 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.

3.9 *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.

3.10 Financial liabilities

3.10.A Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss ("at FVTPL") or other financial liabilities.

3.10.B Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (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 incurred 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 that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition ineonsistency that would otherwise arise; or

- The financial liability forms part of a group 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 IAS 39 permits the entire combined contract to be designated as of FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the statement of profit (loss) and other comprehensive income. Fair value is determined in the manner described in Note 14.

3.10.C Other financial liabilities

Other financial liabilities (including borrowings) are subsequently measured 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.

3.10.D 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.

3.11 *Short term and other long term employee benefits and 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 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.

PTU is determined based on taxable income, according to Section I of Article 9 of that Law.

3.12 *Derivative financial instruments*

The Entity enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including interest rate swaps. Further details of derivative financial instruments are disclosed in Note 14.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. 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.

3.13 *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.

- 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.

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 gaiu 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.

3.14 *Employee benefits for termination*

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

3.15 *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 16.

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.

3.16 Leasing

Leases are classified as finance leases whenever the terms of the lease agreement transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

- 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.

- The Entity as lessee

  Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss. Contingent rentals are recognized as expenses in the periods in which they are incurred.

  Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

  In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.17 Income taxes

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

3.17.A Current tax

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

3.17.B 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.

3.17.C 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.

3.18 *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).

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.

3.19 *Earnings per share*

Basic earnings per common share are calculated by dividing net income of the controlling interest by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share are determined by adjusting consolidated net income and common shares on the assumption that the Entity's commitments to issue or exchange its own shares would be fulfilled, unless the impacts of such instruments would be anti-dilutive (for example in a year in which the Entity incurred a loss).

3.20 *Critical accounting judgments and key sources of estimation uncertainty*

In the application of the Entity's accounting policies, which are described in Note 2, 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 8, 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 8 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-observahle 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 8 and 14.

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

4. Cash, cash equivalents and restricted cash

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

	2017	2016	2015
Cash and cash equivalents	$ 90,415,448	$ 48,054,432	$ 21,632,285
Current restricted cash	586,261	2,666,319	6,112,770
	91,001,709	50,720,751	27,745,055
Non-current restricted cash	735,312	735,312	697,310
Total	$ 91,737,021	$ 51,456,063	$ 28,442,365

Restricted eash represents balances held by the Entity that are only available for use under certain eonditions 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 positon.

5. Financial assets held for trading

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

6. Recoverable taxes

		2017		2016		2015
Recoverable value-added tax ("VAT")	$	15,100,478	$	10,438,157	$	9,216,603
Recoverable income taxes		11,145,715		11,320,220		11,541,336
Other receivables		432,504		36,104		64,641
	$	26,678,697	$	21,794,481	$	20,822,580

7. Operating lease receivables

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

		2017		2016		2015
0-30 days	$	4,508,045	$	4,541,467	$	2,955,085
30-60 days		223,456		1,588,869		424,763
60-90 days		229,591		551,533		332,338
Over 90 days		260,425		347,106		435,923
Total	$	5,221,517	$	7,028,975	$	4,148,109

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, 86 %, 64% and 71% of all operating lease receivables are current at December 31, 2017, 2016 and 2015, 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%, 23% and 10% of all operating lease receivables at December 31, 2017, 2016 and 2015, respectively. Operating lease receivables outstanding for more than 60 and less than 90 days represent 4%, 8% and 8% of all operating lease receivable at December 31, 2017, 2016 and 2015. Operating lease receivables outstanding greater than 90 days represent 5%, 5% and 11% as of December 31, 2017, 2016 and 2015, respectively.

7.2 Movement in the allowance for doubtful accounts receivable

The Entity individually reviews each of its operating lease receivables and according to the aging report determines the need to create an allowance for the recoverability of such receivables. The balance as of December 31, 2017 is $283,538. During 2015 there were no increases to the allowance for doubtful accounts.

7.3 Client concentration risk

As of December 31, 2017, 2016 and 2015 one of the Entity's clients account for 40% or $2,093,433, 29% or $2,040,061 and 20% or $830,135, respectively, of the operating lease receivables balance. The same client accounted for 7%, 11% and 12% of the total rental income of Entity for the years ended December 31, 2017, 2016 and 2015, respectively.

7.4 Leasing agreements

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

7.5 Non-cancellable operating lease receivables

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

	2017	2016	2015
Not later than 1 year	$ 155,696,225	$ 100,997,236	$ 85,322,145
Later than 1 year and not later than 3 years	283,657,472	170,779,851	145,954,674
Later than 3 year and not later than 5 years	345,303,613	191,181,511	147,512,967
Later than 5 years	177,311,050	159,893,939	140,891,280
	$ 961,968,360	$ 622,852,537	$ 519,681,066

8. Investment property

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

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

Property	Fair value hierarchy	Valuation techniques	Significant unobservable inputs	Value/range	Relationship of unobservable inputs to fair value
Buildings and land	Level 3	Discounted cash flows	Discount rate	2017: 9.35 % 2016: 9.75% 2015: 9.5%	The higher the discount rate, the lower the fair value.
			Exit eap rate	2017: 8.75 % 2016: 9.00 % 2015: 9.00 %	The higher the exit cap rate, the lower the fair value.
			Long-term NOI	Based on contractual rent and then on market related rents	The higher the NOI, the higher the fair value.
			Inflation rates	Mexico: 4.10 % in 2017, 3.5% in 2016 and 3.4% in 2015 U.S.:2.1% in 2017,2.2% in 2016 and 2.1% in 2015	The higher the inflation rate, the higher the fair value.

Property	Fair value hierarchy	Valuation techniques	Significant unobservable inputs	Value/range	Relationship of unobservable inputs to 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	2017: 18.80 2016: 20.00 2015: 16.03	The higher the exchange rate the lower the fair value
Land reserves	Level 3	Market value	Price per acre	Weighted average price per acre in 2017 $111,786 and $105,893 in 2016.	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:

	2017	2016	2015
Buildings and land	$ 1,679,059,000	$ 1,393,000,000	$ 1,198,208,983
Land improvements	18,815,371	9,652,444	2,770,159
Land reserves	87,631,000	79,377,000	58,602,000
	1,785,505,371	1,482,029,444	1,259,581,142
Less: Cost to complete construction in-progress	(84,499,000)	(66,314,682)	(44,651,137)
Balance at end of year	$ 1,701,006,371	$ 1,415,714,762	$ 1,214,930,005

The reconciliation of investment property is as follows:

	2017	2016	2015
Balance at beginning of year	$ 1,415,714,762	$ 1,214,930,005	$ 1,101,352,822
Additions	195,132,819	158,013,760	103,125,702
Investment properties sold		-	-
Foreign currency translation effect	6,100,685	(24,233,614)	(20,992,577)
Gain on revaluation of investment property	84,058,105	67,004,611	31,444,058
Balance at end of year	$ 1,701,006,371	$ 1,415,714,762	$ 1,214,930,005

A total of $1,077,234 additions to investment property related to land reserves and new buildings which were acquired from third parties, were not paid as of December 31, 2016 and were therefore excluded from the consolidated statements of cash flows for that year. Such additions were paid during 2017 and were included in the 2017 consolidated statement of cash flows; no other unpaid amounts existed as of December 31, 2017. As of December 31, 2015, a total of $500,996 additions to investment property, which were acquired from a third party, were not paid; these additions were paid during the year ended December 31, 2016.

During 2007, the Entity entered into an agreement to build the Querétaro Aerospace Park, which consists of a trust created by the Government of the State of Querétaro, as grantor *(fideicomitente)*, Aeropuerto Intercontinental de Querétaro, S. A. de C. V., as a participant for the purposes of granting its consent, Bombardier Aerospace México, S.A. de C.V., as beneficiary (*fideicomisario*), and BBVA Bancomer, S.A., as trustee (*fiduciario*), to which the Entity, through its subsidiary, Proyectos Aeroespaciales, adhered as grantee and beneficiary. The Government of the State of Queretaro contributed certain rights to the trust, including rights to use the land and the infrastructure built by the state of Queretaro, allowing Proyectos Aeroespaciales to build and lease buildings for a total period equivalent to the term of the concession granted to the Aerospace Park; the remaining term is approximately 41 years as of December 31, 2017.

Proyectos Aeroespaciales is the only designated real estate developer and was granted the right to use the land and infrastructure to develop industrial facilities thereon, lease such industrial facilities to companies in the aerospace and related industries and to collect the rents derived from the lease of the industrial facilities, for a period of time equivalent to the remaining term of the airport concession (approximately 41 years as of December 31, 2017). With respect to such rights, all construction, addition and improvements made by Proyectos Aeroespaciales to the contributed land (including without limitation, the industrial facilities) will revert in favor of the Government of the State of Queretaro at the end of the term of the trust, for zero consideration.

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

As of December 31, 2017, 2016 and 2015, the Entity's investment properties have a gross leasable area (unaudited) of 26,721,171 square feet (or 2,482,478 square meters), 22,569,585 square feet (or 2,096,783 square meters) and 20,052,909 square feet (or 1,862,981 square meters), respectively, and they were 92.3%, 89.2% and 86.7% occupied by tenants (unaudited), respectively. As of December 31, 2017, 2016 and 2015, investment properties with a gross leasable area (unaudited) of 2,330,549 square feet (or 216,515 square meters), 2,008,397 square feet (or 186,586 square meters) and 1,272,670 square feet (or 118,235 square meters), respectively, were under construction, representing an additional 8.7%, 8.9% and 14.31% of the Entity's total leasable area.

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

9. Long-term debt

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

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

On July 22, 2016, the Entity entered into a new five-year credit agreement with various financial institutions for an aggregated amount of $150,000,000; the proceeds were received on the same date (the "Syndicated Loan"). The Syndicated Loan also includes a revolving credit facility up to $100,000,000 which as of December 31, 2017 and 2016 has not been utilized. On July 27, 2016, the Entity entered into a 10-year loan agreement with Metropolitan Life Insurance Company ("MetLife") for a total amount of $150,000,000. The proceeds of both of the aforementioned credit facilities were used to settle the Entity's debt with Blackstone which matured on August 1, 2016. The long-term debt is comprised by the following notes:

Issue date	Original amount	Annual interest rate	Monthly amortization	Maturity	2017	2016	2015
July 2016	$ 150,000,000	Variable rate plus margin(1)	(1)	July 2021	$ 150,000,000	$ 150,000,000	$ -
July 2016	150,000,000	4.55%	(2)	August 2026	150,000,000	150,000,000	-
April 2015	47,500,000	4.35%	(3)	April 2022	47,500,000	47,500,000	47,500,000
September, 2017	60,000,000	5.31%	(5)	September 2027	60,000,000	-	-
September, 2017	65,000,000	5.03%	(5)	September 2024	65,000,000	-	-
November, 2017	118,000,000	4.75%	(4)	December 2027	118,000,000	-	-
September 2003				August 2016	-	-	4,990,210
April 2005				August 2016	-	-	1,393,073
August 2005				August 2016	-	-	4,437,481
August 2005				August 2016	-	-	10,247,179
November 2005				August 2016	-	-	21,237,473
March 2006				August 2016	-	-	7,767,320
July 2006				August 2016	-	-	47,256,946
July 2006				August 2016	-	-	10,609,960
September 2006				August 2016	-	-	8,961,734
October 2006				August 2016	-	-	6,887,259
November 2006				August 2016	-	-	8,006,030
November 2006				August 2016	-	-	11,343,196
May 2007				August 2016	-	-	5,475,496
September 2007				August 2016	-	-	6,905,008
April 2008				August 2016	-	-	28,271,033
April 2008				August 2016	-	-	1,437,785
April 2008 *				August 2016	-	-	11,718,557
August 2008				August 2016	-	-	4,570,012
August 2008				August 2016	-	-	5,431,327
April 2009				August 2016	-	-	16,167,177
December 2009				August 2016	-	-	24,171,582
July 2012				August 2016	-	-	16,778,331
July 2012				August 2016	-	-	24,392,657
July 2012				August 2016	-	-	4,364,210
March 2013				August 2016	-	-	5,248,924
					590,500,000	347,500,000	345,569,960
Less: Current portion					-	-	(298,069,960)
Less: direct issuance cost					(8,505,121)	(6,628,583)	(810,951)
Total long-term debt					$ 581,994,879	$ 340,871,417	$ 46,689,049

* These notes payable had bi-annual amortization.

(1) Five-year Syndicated Loan, interest is paid on a quarterly basis and calculated using LIBOR (London interbank offered rate) plus an applicable margin. The applicable margin varies depending on the Entity's leverage ratio (higher or lower than 40%) and the number of months that the Syndicated Loan has been outstanding. Currently the applicable margin is 200 basis points; if leverage ratio is higher than 40% the margin would increase to 225 basis points. Principal amortization will commence on July 22, 2019; thereafter the Syndicated Loan will have quarterly principal payments equal to 1.25% of the loan amount.

(2) 10-year loan agreement with MetLife, interest on this loan is paid on a monthly basis and calculated using an annual fixed rate of 4.55%. Principal amortization will commence on September 1, 2023.This loan is guaranteed with 48 of the Entity's properties.

(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.

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, 2017.

The credit agreements also entitles MetLife to withhold certain amounts deposited by the Entity in a separate fund as guarantee deposits for the debt service and tenants guarantee deposits of the Entity's investment properties pledged as collateral. Such amounts are presented as guarantee deposit assets in the statement of financial position.

Scheduled maturities and periodic amortization of long-term debt are as follows:

As of December 2018	$ 123,019
As of December 2019	763,388
As of December 2020	791,939
As of December 2021	833,388
Thereafter	587,988,266
Less: direct issuance cost	(8,505,121)
Total long-term debt	$ 581,994,879

10. Capital stock

10.1 Capital stock as of December 31, 2017, 2016 and 2015 is as follows:

	2017		2016		2015	
	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	600,262,388	439,839,411	621,092,663	450,876,454	631,132,923	455,738,039
Total	600,267,388	$439,843,107	621,097,663	$450,880,150	631,137,923	$455,741,735

Stockholders' equity, except restated paid-in capital and tax retained earnings will be subject to ISR payable by the Entity at the rate in effect upon distribution. Any tax paid on such distribution may be credited against annual and estimated income taxes of the year in which the tax on dividends is paid and the following two fiscal years. As of December 31, 2017, 2016 and 2015, there were a total of 20,948,945, 10,203,349 and 586,200, respectively, shares in treasury.

10.2 Fully paid ordinary shares

	Number of shares	Amount	Additional paid-in capital
Balance as of December 31, 2015	631,137,923	$ 455,741,735	$ 349,557,056
Vested shares	163,089	104,640	173,193
Repurchase of shares	(10,203,349)	(4,966,225)	(6,693,021)
Balance as of December 31, 2016	621,097,663	450,880,150	343,037,228
Vested shares	118,670	58,201	91,769
Repurchase of shares	(20,948,945)	(11,095,244)	(15,858,458)
Balance as of December 31, 2017	600,267,388	$ 439,843,107	$ 327,270,539

10.3 Dividend payments

Pursuant to a resolution of the general ordinary stockholders' meeting on March 2, 2017, the Entity declared a dividend of approximately $0.064 per share, for a total dividend of $39,110,027. The dividend was paid on March 30, 2017 in cash.

Pursuant to a resolution of the general ordinary stockholders' meeting on April 4, 2016, the Entity declared a dividend of approximately $0.046 per share, for a total dividend of $28,825,690. The dividend was paid on April 19, 2016 in cash.

Pursuant to a resolution of the general ordinary stockholders' meeting on March 25, 2015, the Entity declared a dividend of approximately $0.035 per share, for a total dividend of $22,321,140. The dividend was paid on April 30, 2015 in cash.

11. Earnings per share

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

	2017		
	Earnings	Weighted-average number of shares	Dollars per share
Profit for the year	$ 126,030,181	609,850,516	$ 0.207

	2016		
	Earnings	Weighted-average number of shares	Dollars per share
Profit for the year	$ 45,082,793	630,259,650	$ 0.072

	2015		
	Loss	Weighted-average number of shares	Dollars per share
Loss for the year	$ (3,825,172)	622,206,426	$ (0.006)

For the years ended December, 31, 2017 and 2016, basic and diluted earnings per share are the same because the weighted average number of instruments that are considered potentially dilutive, 1,253,358 and 226,159, respectively, have no impact on the per share amount. For the year ended December 31, 2015 all potentially dilutive instruments are considered to be anti-dilutive because the Entity incurred a loss for the year.

12. Property operating costs and administration expenses

12.1 Property operating costs consist of the following:

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

	2017	2016	2015
Real estate tax	$ 1,285,697	$ 1,090,743	$ 943,499
Insurance	366,613	302,400	274,669
Maintenance	873,367	748,043	468,528
Structural maintenance accrual	168,502	-	-
Other property related expenses	1,412,224	1,243,203	889,824
	$ 4,106,403	$ 3,384,389	$ 2,576,520

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

	2017	2016	2015
Real estate tax	$ 268,448	$ 293,602	$ 343,443
Insurance	53,731	51,280	52,879
Maintenance	100,440	148,689	91,689
Other property related expenses	464,069	498,486	465,476
	886,688	992,057	953,487
Total property operating	$ 4,993,091	$ 4,376,446	$ 3,530,007

12.2 Administration expenses consist of the following:

	2017	2016	2015
Employee direct benefits	$ 7,849,558	$ 6,270,379	$ 5,044,294
Auditing, legal and consulting expenses	1,282,256	1,212,794	902,242
Property appraisal and other fees	359,832	352,357	358,903
Indirect equity issuance and trading costs	209,168	181,309	160,695
Marketing expenses	1,328,200	1,136,642	1,078,389
Other	1,405,893	1,223,070	1,220,641
	12,434,907	10,376,551	8,765,164
Long-term incentive - Note 16	1,477,031	860,125	1,067,316
Total	$ 13,911,938	$ 11,236,676	$ 9,832,480

13. Income taxes

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

13.1 Income taxes are as follows:

	2017	2016	2015
ISR expense:			
Current	$ 15,137,320	$ 6,134,040	$ 2,501,584
Deferred	16,393,917	48,862,618	35,363,577
Total income taxes	$ 31,531,237	$ 54,996,658	$ 37,865,161

13.2 The effective ISR rates for fiscal 2017, 2016 and 2015 differ from the statutory rate as follows:

	2017	2016	2015
Statutory rate	30%	30%	30%
Effects of exchange rates on tax balances	(6)%	27%	90%
Effects of inflation	(5)%	(4)%	(12)%
Other	1%	2%	3%
Effective rate	20%	55%	111%

13.3 The main items originating the deferred ISR liability are:

	2017	2016	2015
Deferred ISR assets (liabilities):			
Investment property	$ (207,074,235)	$ (199,134,089)	$ (160,640,067)
Effect of tax loss carryforwards	4,097,337	14,205,287	15,635,979
Other provisions and prepaid expenses	(1,228,463)	(804,262)	863,558
Deferred income taxes - Net	$ (204,205,361)	$ (185,733,064)	$ (144,140,530)

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

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

	2017	2016	2015
Deferred tax liability at the beginning of the period	$ (185,733,064)	$ (144,140,530)	$ (115,641,120)
Movement included in profit or loss	(16,393,916)	(48,862,618)	(35,363,577)
Movement included in equity		-	2,545,905
Movement included in other comprehensive income	(2,078,381)	7,270,084	4,318,262
Deferred tax liability at the end of the year	$ (204,205,361)	$ (185,733,064)	$ (144,140,530)

13.2 The benefits of restated tax loss carryforwards for which the deferred ISR asset has been recognized can be recovered subject to certain conditions. Restated amounts as of December 31, 2017 and expiration dates are:

Year of Expiration		Tax Loss Carryforwards
2023	$	2,024,588
2025		2,729,064
2026		8,904,140
	$	13,657,792

14. Financial instruments

14.1 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 9 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 10). The Entity is not subject to any externally imposed capital requirements.

14.2 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:

		2017		2016		2015
Debt	$	581,994,879	$	340,871,417	$	344,759,009
Cash, cash equivalents and restricted cash		(91,737,021)		(51,456,063)		(28,442,365)
Financial assets held for trading		(677,828)		(613,015)		(203,563,025)
Net debt		489,580,030		288,802,339		112,753,619
Equity		1,022,332,124		959,384,899		974,786,984
Net debt to equity ratio		48%		30%		12%

14.3 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 2 to the consolidated financial statements.

The Entity's principal financial assets are bank balances, cash equivalents and restricted cash as disclosed in Note 4, recoverable taxes and operating lease receivables as disclosed in Notes 6 and 7, respectively and financial assets held for trading in Note 5. The Entity's principal financial liability is long-term debt as disclosed in Note 9.

14.4 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.

14.5 Market risk

The Entity's activities expose it primarily to the financial risks of changes in interest rates (see 14.7 below) and foreign currency exchange rates (see 14.7 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.

14.6 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:

		2017		2016		2015
Exchange rates						
Mexican pesos per US dollar at the end of the period		19.7354		20.6640		17.2065
Mexican pesos per US dollar average during the year		18.9302		18.6567		15.8546
Monetary assets						
Mexican pesos		651,151,481		515,823,400		3,982,261,268
US dollars	$	445,751	$	335,050	$	361,656
Monetary liabilities						
Mexican pesos		51,171,796		22,097,747		11,669,674
US dollars	$	26,992,726	$	26,992,726	$	38,691,165

14.7 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:

		2017		2016		2015
Profit or loss impact						
Mexican peso - 10% appreciation - gain	$	(2,763,745)	$	(2,654,782)	$	(20,978,286)
Mexican peso - 10% depreciation - loss		3,377,910		2,172,094		25,640,127
U.S. dollar - 10% appreciation – loss		(52,391,517)		(33,932,951)		(45,868,530)
U.S. dollar - 10% depreciation - gain		52,391,517		33,932,951		45,868,530

14.8 Interest rate risk management

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

Interest rate swap contracts

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

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

Cash flow hedges

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

14.9 Credit risk management

Credit risk refers to the risk that a 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 9% of its total portfolio's gross leasable area (unaudited), and 40%, 29% and 20% of its operating lease receivable balance and 7%, 11% and 12% its annualized rents as of and for the years ended December 31, 2017, 2016 and 2015, 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.

14.10 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, 2017 is as follows:

	Weighted average interest rate %	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Long-term debt		$	$	$ 150,000,000	$ 440,500,000	$ 590,500,000
Accrued interest	4.27%	5,730,059	18,218,243	88,394,936	66,727,678	179,070,916
		$ 5,730,059	$ 18,218,243	$ 238,394,936	$ 507,227,678	$ 769,570,916

14.11 Fair value of financial instruments

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

The Entity's financial assets held for trading 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.

14.11.2 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, 2017, 2016 and 2015 is $590,500,000, $347,500,000 and $357,219,742, 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.

15. Transactions and balances with related parties

15.1 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:

	2017	2016	2015
Short-term benefits	$ 3,804,628	$ 4,244,325	$ 3,932,214
Share-based compensation expense	1,477,031	860,125	1,067,316
	$ 5,281,659	$ 5,104,450	$ 4,999,530

16. Share-based payments

16.1 Details of the share-based plans of the Entity

The Entity has granted shares to its executives and employees under two different plans as follows:

i. Under the Vesta 20-20 Long-term Incentive Plan (the Vesta 20-20 Incentive Plan), as approved by the Board of Directors, the Entity will use a "Relative Total Return" methodology to calculate the total number of shares to be granted. The shares granted each year will vest over the three years following the grant date.

ii. The total number of shares to be granted during the six year period is 10,428,222 shares, the shares to be used to settle this plan were issued by the Entity during January 2015; no awards will be paid in cash.

iii. The total number of shares to be granted in each of the six years ranges from 695,215 to 1,738,037 shares, at the expected performance level, to a maximum of 2,607,055 shares, if the Entity's shares perform at peak performance compared to other publicly traded entities in each year.

iv. The shares to be granted in each of the six years will be contributed to a trust and delivered in three equal settlement dates to the executives after 24, 36 and 48 months from the grant date, provided that the eligible executives remain in the employment of the Entity.

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.

16.2 Fair value of share options granted in the year

i. Vesta 20-20 Incentive plan - Based on the performance of the Entity's shares for the years ended December 31, 2017 and 2016, the shares granted were 637,200 and 863,499, respectively. For the year ended December 31, 2015, there were no shares granted during the year under this plan; however, a share-based payment expense of $773,382 was recognized. This expense was calculated as the grant date fair value of the awards as determined using a Monte Carlo model which took into consideration the probability of the performance of the Entity's shares during the year. As this performance is considered a market vesting condition in accordance with IFRS 2, *Share-based Payments*, the compensation expense, as determined on grant date, is not revised even if no awards are ultimately granted. This expense has no effect in the cash position of the Entity.

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.

16.3 Compensation expense recognized

The long-term incentive expense for the years ended December 31, 2017, 2016 and 2015 was as follows:

		2017		2016		2015
Vesta 20-20 Incentive Plan	$	1,430,143	$	840,985	$	773,382
2014 Incentive Plan		46,888		19,140		293,934
Total long-term incentive expense	$	1,477,031	$	860,125	$	1,067,316

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

16.4 Share awards outstanding at the end of the year

As of December 31, 2017, there are 970,988 shares outstanding with a weighted average remaining contractual life of 23 months.

17. Litigation, other contingencies and commitments

Litigation

In the ordinary course of business, the Entity is party to various legal proceedings. The Entity is not involved in any litigation or arbitration proceeding for which the Entity believes it is not adequately insured or indemnified, or which, if determined adversely, would have a material adverse effect on the Entity or its financial position, results of operations or cash flows.

Commitments

As mentioned in Note 8, all rights to construction, improvements and infrastructure built by the Entity in the Queretaro Aerospace Park and in the DSP Park automatically revert back to the government of the State of Queretaro and to Nissan at the end of the concessions, which is approximately in 42 and 36 years, respectively.

18. Financial statements issuance authorization

On February 13, 2018 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.

* * * * * *

VESTA
Desarrollo Inmobiliario Industrial

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

Fiscal Year of 2017

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 the board of directors the annual activity report of the committee chaired by me during the fiscal year ended on December 31st, 2017.

During the fiscal year ended on December 31st, 2017, the investment committee met on the following dates:

A. January 26th, 2017, adopting the following resolutions:

i) Approval of first phase of the infrastructure of the Vesta Park Aguascalientes to be invested or committed in 2017 in the amount of USD$10,230,000.00

ii) Approval of second phase of the infrastructure of the Vesta Park Aguascalientes to be invested or committed in 2018 in the amount of US$4,620,000.00

B. April 18th, 2017, adopting the following resolutions:

i) Approval of the development of a 80,428 SF expansion for CPW, in Lagos de Moreno to be invested in 2017, in the amount of US$2,600,000.00

ii) Approval of the development of a 68,655 SF expansion for Nestlé, in Lagos de Moreno to be invested in 2017, in the amount of US$2,400,000.00

iii) Approval of the acquisition of 12.2 Has of land in El Florido and development of infrastructure, in the amount of US$13,350,000.00

iv) Approval of development of a 216,026 SF inventory building in Ciudad Juarez, Chihuahua in the amount of US$7,300,000.00

v) Approval of development of a 210,207 SF inventory building in Vesta Park Puebla I, in the amount of US$6,270,000.00

vi) Approval of the acquisition of 111 acres to expand the Vesta Park Aguascalientes, in the amount of US$7,900,000.00

vii) Recommendation to the board to approve the acquisition of up to 1'779,673 SF land in Matamoros and development of a built to suit building of approximately 586,590 SF, for up to the amount of US$38,200,000.00

C. July 5th, 2017, adopting the following resolutions:

i) Approval of an additional investment for the construction of an electric express mid voltage circuit in the Vesta Park DSP, offices, replacement of asphalts and fire protection system in the amount of US$1'798,736.00

ii) Additional investment to complete development improvements for ILN and Toyota Tsusho, in the amount of US$220,000.00

D. July 20th, 2017, adopting the following resolutions:

i) Recommendation to the board to approve acquisition of the ATISA Portfolio in Tijuana, comprising a total investment of US$73'500,000.00
ii) Development of two inventory buildings in Lagoeste, Tijuana in the amount of US$16'248,061.00
iii) Acquisition of industrial building in Tijuana in the amount of US$9'610,475.72
iv) Acquisition of land reserves in *Parque Industrial Toluca* 2000 and development of an inventory building with an investment of US$7'900,000.00
v) Development of two inventory buildings in Cd Juarez, one for the amount of US$5,700,000.00 and the second for the amount of US$5'800,000.00
vi) Development 2 inventory buildings in Queretaro (La Aurora) for the amount of US$17,100,000.00
vii) Development of an inventory building in *Parque Industrial Tres Naciones* in San Luis Potosí, for the amount of US$5'500,000.00, and a development of an expansion to an existing building leased to *Contitech* for the amount of up to US$7'200,000.00

E. October 12th, 2017, adopting the following resolutions:

i) Approval to invest up to US$2,100,000.00 to expand the BRP buildings in Queretaro and Ciudad Juarez.
ii) Approval to invest up to US$14,600,000.00 for the acquisition of a land at *Parque Industrial Logistik II* in San Luis Potosí.
iii) Development of two inventory buildings in Vesta Park Aguascalientes, for the amount of US$10,120,000.00
iv) Development of an expansion to the Polymer building in San Luis Potosí, for up to the amount of US$2,200,000.00

The above listed approvals represent approximately an investment of **US$272'500,000.00** (two hundred seventy two million five hundred thousand 00/100) dollars, legal currency of the United States of America.

Mexico City, January 17th, 2018

John Andrew Foster
President of the Investment Committee

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

Fiscal Year of 2017

The undersigned in my character of president of the ethics committee of Corporación Inmobiliaria Vesta, S.A.B. de C.V. (the "Company"), I hereby submit to the board of directors the annual activity report of the committee I presided during the fiscal year of 2017.

I. Activities

1. On January 25, 2017, the ethics committee received an anonymous claim in connection with corruption practices by a member of the asset management team. The ethics committee with the support of the internal audit department immediately initiated the relevant investigation, which resulted in the lay off of 2 members of the asset management team.

2. On July 7, 2017, the president of the ethics committee had a meeting with the new personnel of the Company at the corporate headquarters, in order to present them with the ethics code of the Company and the ethics committee.

3. On November 2017, the ethics committee met with Mr. Fernando Caloca to prepare a session with with all employees of the Company in order to review and update the ethics code of the Company.

4. On December 15, 2017, the ethics committee with the support of Mr. Fernando Caloca had a general session with most of the employees of the Company in order to review and get feedback for updating the ethics code, and to incorporate the initiatives in connection with anticorruption.

The ethics committee stills working on the update of the ethics code, which will be presented to the personnel during 2018.

II. Responsibility Actions

During the fiscal year ended on December 31st, 2017, the ethics committee only attended the matter described in number 1 of section I above, and issued the relevant recommendation to the human resources area, who proceeded immediately to lay off the employees involved.

Mexico City, January 17th, 2018.

Mr. Jose Antonio Pujals Fuentes
President of the Ethics Committee

VESTA
Desarrollo Inmobiliario Industrial

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

Fiscal Year of 2017

The undersigned in my character of president of the Social and Environmental Responsibility Committee of Corporación Inmobiliaria Vesta, S.A.B. de C.V. (the "Company"), hereby submit to the board of directors the annual activity report of the committee I chaired during the fiscal year ended on December 31st, 2017.

During the fiscal year ended on December 31st, 2017, the Social Responsibility and Environmental Committee met on the dates and adopted the resolutions summarized below:

A. December 14th, 2017:

i) Approval of the minute of the meeting held on November 15th, 2016
ii) Review of the structure of the Social and Environmental Responsibility Committee
iii) Report on the budget and activities during the fiscal year 2017
iv) Approval of budget for 2018
v) Approval of projects in 2018
vi) Approval of Sustainability Policy
vii) EFICINE projects

Mexico City, January 17th, 2018

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

Desarrollo Inmobiliario Industrial

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

Fiscal Year of 2017

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 to the board of Directors the annual activity report of the committee I chaired during the fiscal year ended on December 31st, 2017.

During the fiscal year ended on December 31st, 2017, the Debt & Equity committee met on the dates and adopted the resolutions summarized below.

A. March 30th, 2017:

i) Analysis of the financing needs of the Company.
ii) Recommendation to the board of directors to issue unsecured debt instruments.
iii) Recommendation to the board of directors to hired secured and/or unsecured debt through commercial banking institutions and/ or private lending institutions.

B. June 27th, 2017:

i) Based on the authority delegated on the committee, approved the hiring of a secured loan of up to US$150,000,000.00 with MetLife.
ii) Based on the authority delegated on the committee approved a private placement of debt of the Company for the amount of up to US$110,000,000.00 with a reduced number of private institutions.
iii) Authorized the attorneys in fact of the Company to carry out all necessary negotiations in connection with said financing alternatives.

Mexico City, January 17th, 2018

Wilfrido Castillo Sánchez Mejorada
President of the Debt & Equity Committee

Date of elaboration: December 2017

Review Frequency: Annual

Index

INTRODUCTION

Vesta is an industrial Real Estate Company dedicated to the development and acquisition of industrial parks and industrial buildings in Mexico.

Vesta is aware that the economic growth and development of our country, is closely linked to environmental and social impacts of short, medium and long term. Through our Sustainability and Social Responsibility Policy Vesta reaffirms its commitment to sustainable development by aligning its strategies and using best practices in the industry.

It is important to mention, that Vesta´s environmental and social commitments are mainly focus on reducing the impacts of our developments and operations. However, we also consider important to encourage and inform about the benefits of having a social responsibility and sustainability strategy in our company, to our main stakeholders.

VISION

"To develop sustainable industrial real estate for the enhancement of human wellbeing"

MISSION

"To achieve excellence in the development of industrial real estate through an entrepreneurial team that generates efficient and sustainable solutions"

SUSTENTAINABILITY

"To contribute to the competitiveness of our clients and wellbeing of the society, while reducing the environmental and social impacts of our developments and operations. "

1. OBJECTIVE

The objective of this policy is to define the basic principles under which social responsibility and sustainability practices will operate in Vesta in all its operations, as well as establishing the overall framework of action in their management, enabling their integration within the business model and daily operations of the company, promoting effective corporate citizenship.

This policy is created due to the need to standardize concepts, practices, and attitudes in regard to social responsibility and sustainability within Vesta, so that its adoption is encouraged in all areas and levels in the company, fostering a sustainability culture that enables to contribute enhancing the well-being of its main internal and external audiences.

2. APPLICATION SCOPE

This is a mandatory policy for all operations in Vesta, as well as for all the collaborators in the company, either directly or through any of its subsidiary enterprises.

Likewise, it is applicable to contractors whose personnel work, either full or part time in our facilities (as security and cleaning personnel) and for all those who carry out construction activities in the buildings.

Vesta is committed to communicating this policy among the different regions and suppliers, searching to have their own policies align with ours. The ones responsible for the compliance of this policy are the directors of the company, with the support of the Social Responsibility and Environmental Committee (CRSA) and Sustainability Management.

3. REFERENCE DOCUMENTS

- Vesta's Code of Ethics
- OECD's Code
- GRI *Sustainability Reporting Guidelines*
- Sustainable Development Goals (SDG)
- Global Compact

4. TERMINOLOGY

Term	Definition
Benchmark	Comparison of the systems, processes, results or good practices of a company versus the ones in other enterprises in the same or other sectors. Enables learning trends or identifying improvement opportunities
Value chain	Complete sequence of activities or parts provided by (suppliers, subcontracted workers, contractors, and others) or receive value (clients, consumers, members, and other users) as products or services.
Corporate citizenship	Management of all relationships between a company and the communities where it operates at a local, national, and world level.
Human Rights	Human rights are based in the recognition of the intrinsic dignity, equality, and inalienability of the rights of all the members of the human family and represent the foundation of freedom, righteousness, and peace in the world. These rights are defined in the Universal Declaration of Human Rights from 1948; it is strictly respected and observed in accordance with this declaration, as well as with the Mexican Laws.
Sustainable development	Carrying out human and commercial activities that satisfy the present needs without jeopardizing the ability for the future generations to satisfy their own needs.
Corporate philanthropy	Voluntary contribution of economic resources or in kind from the company for social causes of different types that do not require payback or a benefit in exchange for the donation.

***Global Reporting Initiative* (GRI)**	International initiative that created the first world standard for the elaboration of sustainability report guidelines as a tool so that the organizations may report their economic, environmental, and social performance.
Corporate Governance	Set of relations between the direction of a company, its board of directors, its shareholders and other stakeholders which specifies the distribution of rights and obligations among its different parts (board, directors, shareholders and other stakeholders) and establishes the rules for business decision making. Governance of the company also enables the structure to establish its objectives, the means to achieve them, as well as to control its results.
Gender equity	Gender refers to social concepts of functions, behaviors, activities, and attributes that each society considers appropriate for men and women. The different functions and behaviors may generate gender inequalities, that is, differences between men and women which systematically benefit one of the two groups. Gender equality is understood as the impartial treatment of men and women, according to their corresponding needs, either with equitable treatment or with a differentiated one but considered equivalent in regards to rights, benefits, obligations and possibilities.

5. DEVELOPMENT

Activities at Vesta are intended to contribute in a sustainable way with the development of the communities where it operates recognizing the social, economic, and environmental impact it has in each one of them.

The RS and Sustainability actions at Vesta will focus on the following axes:

- **Our Collaborators:** Corporate governance, human rights, labor practices, and responsible citizenship.
- **Environment:** Measurement and reduction of water and energy consumption, promotion of waste reutilization and/or recycling, development of mitigation and adaptation actions for climate change, and reduction of environmental footprint in our developments promoting continuous improvement practices in our real estate.
- **Responsible Citizenship:** Active participation with the community.

The strategic lines suggested take Vesta stakeholders as the basis, the collaborators, and may be adjusted in accordance to the benchmark of the initiatives carried out due to the trends in the sector, aligned with the objectives defined annually by Vesta and considering the needs and interests of each one of its regions.

Environment

Vesta is committed to reducing the environmental impact in our developments as well as in operations, for the benefit or our tenants, the real estate, and the community where we operate. Vesta is aware that the participation of our stakeholders will be key in order to achieve the sustainable development expected by this policy.

In this respect, Vesta seeks:

- To reduce the environmental impact in our developments fostering continuous improvement practices in bioclimatic design and real estate construction.
- Measuring and reducing our water and energy consumptions, promoting the use of innovating technologies.
- Promoting waste reutilization and/or recycling and materials coming from the developments, as well as the appropriate disposal of waste in accordance to its classification, mitigating our impact in local and national landfills.
- Participating and implementing mitigation initiatives and adaptation to climate change.

Responsible Citizenship

Vesta recognizes itself as part of the communities where it operates, reason why through collaboration projects it seeks to create a dialogue, recognizing the local needs as possibilities for development.

This is why the projects linked with the community and developed by Vesta must always consider human rights and gender equality criteria. All projects and strategies developed by Vesta will focus in a priority but not exclusive manner, on the following lines of action:

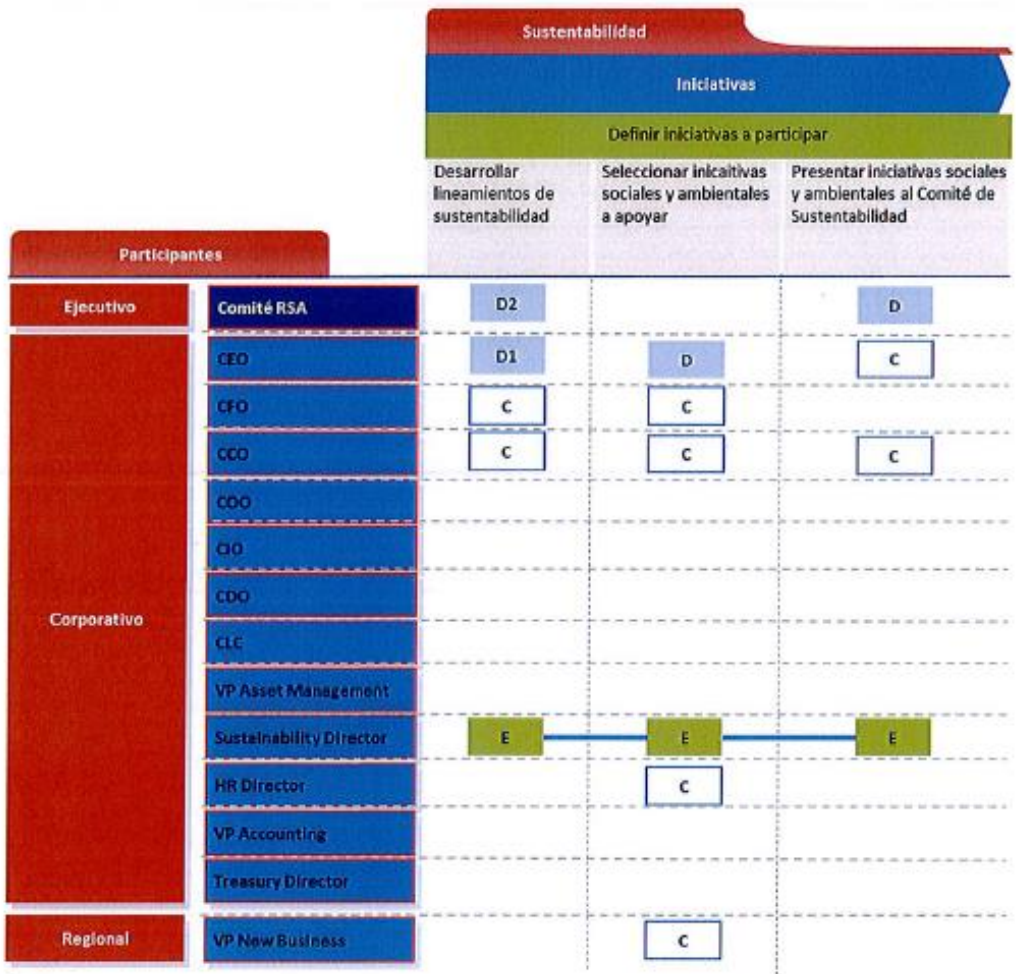
- Fostering active participation in the community from a sustainability approach through the creation of programs that promote education, inclusion for all kinds of people, and improvement in social well-being of the communities where we operate.
- Promoting strategies and projects that reduce our environmental footprint in the communities where we operate.
- Identifying, standardizing, and sharing Vesta best practices at a national level.
- Improving the work environment and *engagement* among collaborators.

Guidelines for the approval of social projects

The scope of the guidelines for social and environmental projects that will be supported or carried out by Vesta covers all business operations, that is, the regions and corporate, either directly or through any of the subsidiary enterprises.

Approval process for initiatives

The approval of social and environmental projects falls under the Social Responsibility and Environmental Committee (CRSA) and requires the previous approval of the General Director of the company. The approval process is established in Image A.



Nota:

E – Ejecuta: posición/persona responsable en la ejecución de una actividad

D – Decide: posición/persona responsable de autorizar alguna actividad

C – Consultado: posición/persona que provee información y apoyo para una actividad o decisión

UNITED NATIONS GLOBAL COMPACT

Vesta is committed to respecting human rights, labor standards, care for the environment, transparency, and fighting against corruption in all its operations and relations with its stakeholders, taking the ten principles of the United Nations Global Compact as reference and promoting actions focused on their compliance.

Human Rights

- Principle 1: Businesses should Support and respect the protection of internationally proclaimed human rights.
- Principle 2: Make sure that they are not complicit in human rights abuses.

Labor

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
- Principle 4: The elimination of all forms of forced and compulsory labor.
- Principle 5: The effective abolition of child labor.
- Principle 6: The elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7: Businesses should Support a precautionary approach to environmental challenges.
- Principle 8: Undertake initiatives to promote greater environmental responsibility.
- Principle 9: Encourage the development and diffusion of environmental friendly technologies.

Anti-Corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

SUSTAINABLE DEVELOPMENT GOALS

Based on the international development agenda 2015-2030 proposed by the United Nations and signed by the member countries, Vesta will work to ensure its RS and Sustainability actions adhere to the 17 Sustainable Development Objectives, specifically assuming its work as key player within the objectives where we have greater incidence or impact:

- SDG 4: Quality Education
- SDG 6: Clean Water and Sanitation
- SDG 7: Affordable and Clean Energy
- SDG 8: Decent Work and Economic Growth

- SDG 9: Industry, Innovation and Infrastructure
- SDG 11: Sustainablity Cities and Communities

RELATIONSHIP WITH STAKEHOLDERS

Vesta will actively foster engagement with the community recognizing the different cultural and social contexts where it operates. In a proactive manner it will maintain and strengthen positive, transparent, and relevant links with the stakeholders in order to create a mutual benefit relationship for all those involved, as well as strengthening the trust relations with the different communities with which it interacts.

Vesta will seek to create collaborative relations with international organizations and with civil society organizations present in the communities where it operates that are close to its strategic lines, in particular in the development of initiatives for active participation in the community.

Non-government organizations (NGOs) will be considered as strategic allies and shall adhere to this policy. Vesta will be able to develop joint projects and initiatives with public institutions and other private sector players while this does not represent a conflict of interest for the company, and are consistent with its strategic lines in regards to RS and Sustainability.

Vesta will develop the appropriate communication lines for its key audiences, issuing complete, timely and reliable information and will establish a permanent and open communication means with the stakeholders and public in general.

RELATIONSHIP WITH SUPPLIERS

Vesta will guarantee that its suppliers meet the principles and values in this policy and adhere to them in all transactions and commercial relationships held with our company.

At the same time, Vesta will promote along the value chain the value of business ethics and a transparent management, labor practices, health and safety, environment, quality and security of the products and services commercialized, as well as developing responsible practices in the value chain, fostering strict respect for human and labor rights in the development of their activity.

The Sustainability area, together with the different areas working with suppliers, will be responsible for communicating this policy along its value chain, as well as promoting activities for communication and awareness in regards to RS and Sustainability.

RESPONSIBLE PURCHASING

Vesta will establish commercial relations with suppliers that respect the universally recognized fundamental human rights of their workers, who support elimination of every kind of forced and child labor, who contribute in abolishing discrimination practices at work and work against corruption, including extortion and bribery. Likewise, will establish links with enterprises that maintain an approach that benefits the environment and promote initiatives for social responsibility.

TRANSPARENCY AND ACCOUNTABILITY

Vesta will act with transparency and promote accountability among its main audiences, always conforming to what is established in its Ethics Code.

In addition, Vesta will generate annual sustainability reports under methodologies such as *Global Reporting Initiative* and United Nations World Compact. Every process for sustainability reports generation will be led and coordinated by the Sustainability area with the support of a representative from each of the areas in the company who shall collaborate actively, giving follow-up to the process with their stakeholders, communicating the progress achieved and gathering and standardizing the information that is required in time and form.

The RS and Sustainability activities and initiatives will always align to what is established in the Ethics Code guaranteeing that the established criteria are not infringed.

DIVERSITY AND INCLUSION

Vesta will seek to promote diversity and inclusion within the company, from talent attraction to professional development within the company. Likewise, in all its RS actions will seek to have those criteria adopted.

SANCTIONS IN CASE OF INFRINGEMENT TO THE RS AND SUSTAINABILITY POLICY

All violations of the RS and Sustainability Policy will be reviewed by the Social Responsibility and Environmental Committee (CRSA), who, in accordance to the severity of the infringement, will define the specific actions.

6. RESPONSIBILITIES

Function	Responsibility
Social Responsibility and Environmental Committee (CRSA)	Permanent committee responsible for determining the strategy, verifying compliance and assessing performance of the company in regards to social responsibility and sustainability. Integrated by experts in these topics and includes at least one member of the Board of Directors at Vesta. All the projects put forward for approval of the Investment Committee must have a recommendation from this committee to guarantee compliance of this policy and assess potential environmental risks. Will be the one approving the strategy and budget for the Sustainability area with prior approval of the General Director of the company.
Sustainability Management	Responsible for managing the needs in the regions and businesses in regards to social and environmental matters, promoting communication between the parties, coordinating and organizing all activities at CRSA and developing tools that help the regions in meeting the RS and Sustainability strategy at Vesta. Responsible for: • Identifying, validating and signing local and national NGOs. • Generating the Annual Report following GRI methodology and with the support of the areas involved.

	• Sharing references and good practices with the local areas. • Suggesting projects and initiatives that contribute in complying this Policy.
Regional Areas	Responsible for communicating this policy and the RS activities established by CRSA, as well as awareness in RS and Sustainability matters. Likewise, actively collaborates with Sustainability Management in the generation of the Annual Report. Also in charge of the relationship with NGOs, specifically: • Identifying the needs for collaboration with local NGOs. • Follow-up and managing relationship with local NGOs. • Managing corporate volunteering activities at a local level.
Vesta's employees	To know this policy and to update their knowledge of these guidelines.

7. ANNEXES (NONE)

Succession policy statement

VESTA

PURPOSE

In order to ensure that provision is made for leadership continuity for the company, the Board has a documented process in place for succession should the Chief Executive Officer (CEO) position become vacant due to sudden loss, resignation, retirement or termination. Should the CEO require an extended leave of absence due to personal, health or other reasons, the succession plan specifies the process for appointing an interim CEO.

POLICY STATEMENT

The Board will have the CEO succession plan to ensure the stability of operations. During the Board session when the CEO is evaluated, the Board should identify which member of senior leadership is recommended to fill the role of interim CEO, if a sudden loss of the CEO occurs. In addition, the Board will also have a "succession discussion" once a year. The appointment of an interim CEO is the responsibility of the Board, although, the CEO should provide recommendations.

SCENARIOS

Sudden Succession (e.g. death, illness, resignation, termination, extended leave)

When succession is unexpected:

- The Board, with the assistance of the CEO, will consider identifying an immediate successor.
- When the vacancy occurs, the Chair will meet with the identified prospect and determine his (her) willingness to assume the position.
- The Corporate Practices Committee will support the Chair in making the necessary arrangements.
- The committee will consider any leadership requirements before appointing a CEO successor
- The Board should not hesitate to call in external candidates and / or the assistance of a search firm for interim support, if it is not convinced the internal candidate is the best person for the job.

Planned Succession (e.g. retirement)

When succession is planned:

- The Board appointed the Corporate Practices Committee, with participation of the Board Chair, to conduct the necessary search, evaluation and selection of a new CEO
- The Corporate Practices Committee may, at its discretion and with Board approval, select a search firm to assist with the process
- The Board shall determine what the critical issues will be for the company to be successful in the future and identify the skills, competencies and character traits required
- The Committee should interview a short list of candidates and recommend to the Board their candidate of choice

Succession policy statement (conclusion)

SUCCESSION PROCEDURES

Within 5 business days the Board will appoint an ***interim CEO*** according to the following line of succession:

1. As approved by the Board in the succession policy statement
2. Chief Finance Officer (CFO)
3. Any other Officer of the Company/ C Suite as designated by the Board
4. A designated Board member

Before 30 days from appointment of the interim CEO the Board shall ratify him as permanent CEO or initiate the procedure as described below.

Within 10 business days the Board will instruct the Corporate Practices Committee to implement the following preliminary transition plan:

- Communicate with key stakeholders regarding the appointment of the interim CEO and the succession process. The Company shall maintain a current list of key stakeholders who must be contacted, such as lenders and investors, and others and general guidelines for these communications
- Consider the need for consulting assistance (i.e., transition management or executive search consultant) based on the circumstances of the transition
- Review the Company's strategy and conduct a brief assessment of strengths, weaknesses, opportunities and threats to identify priority issues that may need to be addressed during the transition process
- Identify attributes and characteristics that are important to consider in the selection of the next permanent leader
- Establish a time frame and plan for the recruitment and selection process
- The Board should use similar procedures in case of an executive transition that simultaneously involves the Chief Executive Officer and other key management.

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 committee, with respect to the fiscal year from January 1 to December 31, 2017

See attached documents

VESTA
Desarrollo Inmobiliario Industrial

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

Fiscal Year of 2017

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

The undersigned in my character of president of the audit committee of Corporación Inmobiliaria Vesta, S.A.B. de C.V. (the "Company"), and in compliance to the provisions of article 43 of the Securities Market Law, hereby submit the annual report of the committee I chaired during the fiscal year ended on December 31st, 2017.

The work of the audit committee during the fiscal year of 2017, was performed based on that set forth in the Securities Market Law, the General Provisions Applicable to Issuers of Securities and other Participants of the Securities Market (*Disposiciones de Carácter General Aplicables a las Emisoras de Valores y otros Participantes en el Mercado de Valores*), the best corporate practices code, and all other laws, rules and regulations applicable to the Company.

During the fiscal year ended on December 31st, 2017, the audit committee met regularly on the dates and adopted the resolutions summarized below.

I. Meetings and Approvals

A. February 13th, 2017:

i) Recommended to the board of directors the approval and further recommendation to the shareholders of the Company, of the audited and consolidated financial statements of the Company and its subsidiaries prepared for the fiscal year ended on December 31st, 2016.
ii) Review of the operative budget of the Company.
iii) Review of the internal audit report corresponding to the human resources area.

B. April 24th, 2017:

i) Recommended to the board of directors the approval of the financial statements of the Company and its subsidiaries, prepared for the closing of the first quarter of the fiscal year of 2017.
ii) Follow up to the Company's operative budget.
iii) Review of the internal audit reports and follow up of previous findings.

C. July 24th, 2017:

i) Recommended to the board of directors the approval of the financial statements of the Company and its subsidiaries, prepared for the closing of the second quarter of the fiscal year of 2017.
ii) Follow up to the Company's operative budget.
iv) Review of the internal audit reports and follow up of previous findings.

D. October 24th, 2017:

i) Recommended to the board of directors the approval of the financial statements of the Company and its subsidiaries, prepared for the closing of the third quarter of the fiscal year of 2017.

ii) Follow up to the Company's operative budget.

iii) Review of the internal audit reports and follow up of previous findings.

This 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.

II. Company's Internal Control

The Company and the entities controlled by it, 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.

The Company and the entities controlled by it, have an internal audit area which verified the application of said internal control policies and procedures.

III. Preventive and Corrective Measures

During the fiscal year 2017, there were certain differences in some of the policies of accounting registry of the Company; therefore, the management developed corrective and preventive actions plans in each case.

IV. Evaluation of the External Auditor

The external auditor of the Company during the fiscal year ended on December 31st, 2017 was Galaz, Yamasaki, Ruiz Urquiza, S.C. (member of Deloitte Touche Tomatsu Limited) acting through its auditing partners Mr. Erick Calvillo and Mr. Pedro Luis Castañeda Herrera, whose offices are located at Paseo de la Reforma 489, Piso 6, Colonia Cuauhtémoc, Ciudad de Mexico, C.P. 06500.

It is important to point out the change of the auditing partner responsible for the audit of the financial statements of the Company and its subsidiaries, which took place in order to comply with the provisions of article 343 of the Securities Market Law and article 83 X of the General Provisions Applicable to Issuers of Securities and other Participants of the Securities Market (*Disposiciones de Carácter General Aplicables a las Emisoras de Valores y otros Participantes en el Mercado de Valores*).

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 31st, 2017.

V. Additional Services from the External Auditor

During the fiscal year ended on December 31st 2017, the external auditor provided services related to verification of information submitted within the tax reports to the relevant tax authorities, which were provided under market conditions and in the terms agreed in each case between the Company and the external auditor.

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

VI. Modifications to the Accounting Policies.

During the fiscal year ended on December 31st, 2017, this committee performed periodical reviews to the quarterly and annual financial statements of the Company and its subsidiaries, without noting modifications 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.

VII. Comments Regarding the Internal and External Audits.

During the fiscal year of 2017, the internal audit department of the Company carried out several reviews to specific areas and projects of the Company and its subsidiaries according to the internal audit statute previously submitted to the audit committee and approved by the board of directors of the Company.

Findings of said reviews were submitted to the audit committee during the fiscal year of 2017, and the internal audit department followed up said findings and periodically informed to the audit committee on the progress of the preventive and corrective measures adopted by the management.

Internal audit department's comments, have been attended in the ordinary course of business by the relevant areas according to the recommendations made in each case.

During the fiscal year subject matter of this report, this committee did not receive any comments by shareholders, board members, relevant officers, employees or third parties in connection with internal controls and related issues, or any accusation as to irregular situations.

IX. Follow up of Resolutions.

The audit committee monitored the fulfilment of the resolutions adopted by the general shareholders' assembly and by the board of directors of the Company. For the period of time subject matter of this report, this audit committee has no observations on that regard.

X. Differences with Management

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

Mexico City, January 17th, 2018

José Humberto López Niederer
President of the Audit Committee

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

Fiscal Year 2017

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

Based on that set forth in article 43 section I of the Securities Market Law, the undersigned in my character of chairman of the corporate practices committee of Corporación Inmobiliaria Vesta, S.A.B. de C.V. (the "Company"), hereby submit to your consideration the annual activity report of the corporate practices committee during the fiscal year ended on December 31st, 2017.

The corporate practices committee during the year of 2017 reviewed the performance evaluations and the general compensation packages of the employees of the Company.

I. Activities

During the fiscal year ended on December 31st, 2017, the Corporate Practices Committee, met on the dates listed, and adopted the resolutions summarized below.

A. October 6th, 2017:

1. Reviewed the progress of the Company's strategy "Vesta Vision 2040".
2. Commenced the analysis of the succession planning progress
3. Resolved on the update of the severance package of certain key employees.
4. Took note on the issue of certain former employees of the Company becoming a competitor.

B. November 22nd, 2017:

1. Reviewed the increase on the headcount.
2. Approved the general salary adjustment for 2018.
3. Approved an additional amount to salary increase as incentive to certain employees considering their individual performance.
4. Approved general working conditions and the acquisition and assignment of cars to certain employees of the Company.
5. Approved an increase to the target amount of shares for the long term incentive plan for the executives, and approved to review this increase annually during the next 2 years.
6. Approved the payment of a performance bonus to certain executives.
7. Continue discussions on the succession plan for the CEO.

C. December 18th, 2017:

1. Recommendation for the board of directors to approve the succession plan of the CEO.
2. Determination to proceed with individual interviews to the internal candidates to occupy the office of CEO.

II. Related Party Transactions. During the fiscal year of 2017, the committee had no knowledge of related party transactions, other than those among the subsidiaries of the Company, which were verified by the external auditor and revealed as part of the annual audit to the financial statements of the Company.

III. Waivers. During the fiscal year of 2017, the committee did not granted or recommended any waiver to any executive to benefit from business opportunities of the Company.

Mexico City, this 17th day of January of 2018.

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

Desarrollo Inmobiliario Industrial

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

Fiscal Year of 2017

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 the board of directors the annual activity report of the committee chaired by me during the fiscal year ended on December 31st, 2017.

During the fiscal year ended on December 31st, 2017, the investment committee met on the following dates:

A. January 26th, 2017, adopting the following resolutions:

i) Approval of first phase of the infrastructure of the Vesta Park Aguascalientes to be invested or committed in 2017 in the amount of USD$10,230,000.00

ii) Approval of second phase of the infrastructure of the Vesta Park Aguascalientes to be invested or committed in 2018 in the amount of US$4,620,000.00

B. April 18th, 2017, adopting the following resolutions:

i) Approval of the development of a 80,428 SF expansion for CPW, in Lagos de Moreno to be invested in 2017, in the amount of US$2,600,000.00

ii) Approval of the development of a 68,655 SF expansion for Nestlé, in Lagos de Moreno to be invested in 2017, in the amount of US$2,400,000.00

iii) Approval of the acquisition of 12.2 Has of land in El Florido and development of infrastructure, in the amount of US$13,350,000.00

iv) Approval of development of a 216,026 SF inventory building in Ciudad Juarez, Chihuahua in the amount of US$7,300,000.00

v) Approval of development of a 210,207 SF inventory building in Vesta Park Puebla I, in the amount of US$6,270,000.00

vi) Approval of the acquisition of 111 acres to expand the Vesta Park Aguascalientes, in the amount of US$7,900,000.00

vii) Recommendation to the board to approve the acquisition of up to 1'779,673 SF land in Matamoros and development of a built to suit building of approximately 586,590 SF, for up to the amount of US$38,200,000.00

C. July 5th, 2017, adopting the following resolutions:

i) Approval of an additional investment for the construction of an electric express mid voltage circuit in the Vesta Park DSP, offices, replacement of asphalts and fire protection system in the amount of US$1'798,736.00

ii) Additional investment to complete development improvements for ILN and Toyota Tsusho, in the amount of US$220,000.00

D. July 20th, 2017, adopting the following resolutions:

i) Recommendation to the board to approve acquisition of the ATISA Portfolio in Tijuana, comprising a total investment of US$73'500,000.00
ii) Development of two inventory buildings in Lagoeste, Tijuana in the amount of US$16'248,061.00
iii) Acquisition of industrial building in Tijuana in the amount of US$9'610,475.72
iv) Acquisition of land reserves in *Parque Industrial Toluca* 2000 and development of an inventory building with an investment of US$7'900,000.00
v) Development of two inventory buildings in Cd Juarez, one for the amount of US$5,700,000.00 and the second for the amount of US$5'800,000.00
vi) Development 2 inventory buildings in Queretaro (La Aurora) for the amount of US$17,100,000.00
vii) Development of an inventory building in *Parque Industrial Tres Naciones* in San Luis Potosí, for the amount of US$5'500,000.00, and a development of an expansion to an existing building leased to *Contitech* for the amount of up to US$7'200,000.00

E. October 12th, 2017, adopting the following resolutions:

i) Approval to invest up to US$2,100,000.00 to expand the BRP buildings in Queretaro and Ciudad Juarez.
ii) Approval to invest up to US$14,600,000.00 for the acquisition of a land at *Parque Industrial Logistik II* in San Luis Potosí.
iii) Development of two inventory buildings in Vesta Park Aguascalientes, for the amount of US$10,120,000.00
iv) Development of an expansion to the Polymer building in San Luis Potosí, for up to the amount of US$2,200,000.00

The above listed approvals represent approximately an investment of **US$272'500,000.00** (two hundred seventy two million five hundred thousand 00/100) dollars, legal currency of the United States of America.

Mexico City, January 17th, 2018

John Andrew Foster
President of the Investment Committee

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

Fiscal Year of 2017

The undersigned in my character of president of the ethics committee of Corporación Inmobiliaria Vesta, S.A.B. de C.V. (the "Company"), I hereby submit to the board of directors the annual activity report of the committee I presided during the fiscal year of 2017.

I. Activities

1. On January 25, 2017, the ethics committee received an anonymous claim in connection with corruption practices by a member of the asset management team. The ethics committee with the support of the internal audit department immediately initiated the relevant investigation, which resulted in the lay off of 2 members of the asset management team.

2. On July 7, 2017, the president of the ethics committee had a meeting with the new personnel of the Company at the corporate headquarters, in order to present them with the ethics code of the Company and the ethics committee.

3. On November 2017, the ethics committee met with Mr. Fernando Caloca to prepare a session with with all employees of the Company in order to review and update the ethics code of the Company.

4. On December 15, 2017, the ethics committee with the support of Mr. Fernando Caloca had a general session with most of the employees of the Company in order to review and get feedback for updating the ethics code, and to incorporate the initiatives in connection with anticorruption.

The ethics committee stills working on the update of the ethics code, which will be presented to the personnel during 2018.

II. Responsibility Actions

During the fiscal year ended on December 31st, 2017, the ethics committee only attended the matter described in number 1 of section I above, and issued the relevant recommendation to the human resources area, who proceeded immediately to lay off the employees involved.

Mexico City, January 17th, 2018.

Mr. Jose Antonio Pujals Fuentes
President of the Ethics Committee

Desarrollo Inmobiliario Industrial

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

Fiscal Year of 2017

The undersigned in my character of president of the Social and Environmental Responsibility Committee of Corporación Inmobiliaria Vesta, S.A.B. de C.V. (the "Company"), hereby submit to the board of directors the annual activity report of the committee I chaired during the fiscal year ended on December 31st, 2017.

During the fiscal year ended on December 31st, 2017, the Social Responsibility and Environmental Committee met on the dates and adopted the resolutions summarized below:

A. December 14th, 2017:

i) Approval of the minute of the meeting held on November 15th, 2016
ii) Review of the structure of the Social and Environmental Responsibility Committee
iii) Report on the budget and activities during the fiscal year 2017
iv) Approval of budget for 2018
v) Approval of projects in 2018
vi) Approval of Sustainability Policy
vii) EFICINE projects

Mexico City, January 17th, 2018

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

VESTA
Desarrollo Inmobiliario Industrial

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

Fiscal Year of 2017

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 to the board of Directors the annual activity report of the committee I chaired during the fiscal year ended on December 31st, 2017.

During the fiscal year ended on December 31st, 2017, the Debt & Equity committee met on the dates and adopted the resolutions summarized below.

A. March 30th, 2017:

i) Analysis of the financing needs of the Company.
ii) Recommendation to the board of directors to issue unsecured debt instruments.
iii) Recommendation to the board of directors to hired secured and/or unsecured debt through commercial banking institutions and/ or private lending institutions.

B. June 27th, 2017:

i) Based on the authority delegated on the committee, approved the hiring of a secured loan of up to US$150,000,000.00 with MetLife.
ii) Based on the authority delegated on the committee approved a private placement of debt of the Company for the amount of up to US$110,000,000.00 with a reduced number of private institutions.
iii) Authorized the attorneys in fact of the Company to carry out all necessary negotiations in connection with said financing alternatives.

Mexico City, January 17th, 2018

Wilfrido Castillo Sánchez Mejorada
President of the Debt & Equity Committee

IV. Report on the compliance of the fiscal obligations of the Company during the fiscal year from January 1 to December 21, 2017

It is hereby informed that, as of the date hereof, Corporación Inmobiliaria Vesta, S.A.B. de C.V. and its subsidiaries, have submitted in due time and manner, each and every one of the applicable tax returns and have paid each and every one of the taxes and contributions which they are bound to pay according to the applicable law.

As of the date hereof, there is no pending legal or administrative proceeding by the tax authorities against any of Corporación Inmobiliaria Vesta, S.A.B. de C.V. or its subsidiaries, by reason of having ommitted any tax obligation.

Mexico City, February 22, 2018

/s/
Juan Felipe Sottil Achutegui
CFO

V. Presentation, discussion, modification, or in its case, approval of the audited and consolidated financial statements of the Company and its subsidiaries, with respect to the fiscal year from January 1 to December 31, 2017

See document attached

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

Consolidated Financial Statements for the Years Ended December 31, 2017, 2016 and 2015, and Independent Auditors' Report Dated February 13, 2018

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

Independent Auditors' Report and Consolidated Financial Statements for 2017, 2016 and 2015

Table of contents **Page**

Deloitte.

Galaz, Yamazaki,
Ruiz Urquiza, S.C.
Paseo de la Reforma 505, piso 28
Colonia Cuauhtémoc
06500 Ciudad de México
México

Tel: +52 (55) 5080 6000
www.deloitte.com/mx

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 accompanying 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, 2017, 2016 and 2015, and the consolidated statements of profit (loss) 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 consolidated financial statements present fairly, in all material respects, the financial position of the Entity as of December 31, 2017, 2016 and 2015 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit 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.

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.

Deloitte.

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 which 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 the 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 expert on valuation 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 8 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 33Ib) of Title Four, Chapter One, of the General Provisions Applicable to Issuers of Securities and Other Participants in the Securities Market in Mexico. As of the date of our auditor's 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.

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 International Financial Reporting Standards, 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.

Deloitte.

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 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 Company'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 Company'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 Company 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.

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.

Deloitte

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. Pedro Luis Castañeda Herrera

February 13, 2018

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

Consolidated Statements of Financial Position

As of December 31, 2017, 2016 and 2015
(In US dollars)

Assets	Notes	31/12/2017	31/12/2016	31/12/2015
Current assets:				
Cash, cash equivalents and restricted cash	4	$ 91,001,709	$ 50,720,751	$ 27,745,055
Financial assets held for trading	5	677,828	613,015	203,563,025
Recoverable taxes	6	26,678,697	21,794,481	20,822,580
Operating lease receivables	7	5,221,517	7,028,975	4,148,109
Prepaid expenses		369,675	37,191	505,450
Guarantee deposits made		-	-	2,750,579
Total current assets		123,949,426	80,194,413	259,534,798
Non-current assets:				
Investment property	8	1,701,006,371	1,415,714,762	1,214,930,005
Office furniture - Net		1,868,778	1,965,192	1,842,468
Derivative financial instruments	14.8	827,251	-	-
Guarantee deposits made and restricted cash		4,440,163	2,920,475	1,210,131
Total non-current assets		1,708,142,563	1,420,600,429	1,217,982,604
Total assets		$ 1,832,091,989	$ 1,500,794,842	$ 1,477,517,402
Liabilities and stockholders' equity				
Current liabilities:				
Current portion of long-term debt	9	$ -	$ -	$ 298,069,960
Accrued interest		3,772,187	1,609,233	3,202,040
Accounts payable and client advances		4,082,166	1,795,748	1,409,555
Taxes payable, mainly income taxes		344,599	550,557	314,896
Accrued expenses		3,821,201	1,981,263	1,698,410
Total current liabilities		12,020,153	5,936,801	304,694,861
Non-current liabilities:				
Long-term debt	9	581,994,879	340,871,417	46,689,049
Guarantee deposits received		11,539,472	8,868,661	7,205,978
Deferred income taxes	13.3	204,205,361	185,733,064	144,140,530
Total non-current liabilities		797,739,712	535,473,142	198,035,557
Total liabilities		809,759,865	541,409,943	502,730,418
Litigation and other contingencies	17			
Stockholders' equity:				
Capital stock	10	439,843,107	450,880,150	455,741,735
Additional paid-in capital		327,270,539	343,037,228	349,557,056
Retained earnings		288,671,405	201,751,251	185,494,148
Share-based payments reserve		3,300,560	1,973,372	1,391,080
Foreign currency translation		(37,332,563)	(38,257,102)	(17,397,035)
Valuation of derivative financial instruments	14.8	579,076	-	-
Total stockholders' equity		1,022,332,124	959,384,899	974,786,984
Total liabilities and stockholders' equity		$ 1,832,091,989	$ 1,500,794,842	$ 1,477,517,402

See accompanying notes to consolidated financial statements.

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

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

For the years ended December 31, 2017, 2016 and 2015
(In US dollars)

	Notes	31/12/2017	31/12/2016	31/12/2015
Revenues:				
Rental income		$ 109,427,282	$ 90,511,822	$ 78,562,329
Property operating costs:				
Related to properties that generated rental income	12.1	(4,106,403)	(3,384,389)	(2,576,520)
Related to properties that did not generate rental income	12.1	(886,688)	(992,057)	(953,487)
Gross profit		104,434,191	86,135,376	75,032,322
Administration expenses	12.2	(13,911,938)	(11,236,676)	(9,832,480)
Depreciation		(356,727)	(322,627)	(188,267)
Other Income and Expenses:				
Interest income		55,171	3,368,382	6,138,652
Other income (expense)		449,193	722,439	639,637
Transaction costs on debt		(395,559)	(947,875)	-
Interest expense		(19,668,274)	(19,862,673)	(23,373,256)
Exchange gain (loss)		2,897,256	(24,781,506)	(45,820,677)
Gain on revaluation of investment property		84,058,105	67,004,611	31,444,058
Total other income and expenses		67,395,892	25,503,378	(30,971,586)
Profit before income taxes		157,561,418	100,079,451	34,039,989
Income tax expense	13.1	(31,531,237)	(54,996,658)	(37,865,161)
Profit (loss) for the year		126,030,181	45,082,793	(3,825,172)
Other comprehensive (loss) income - net of tax:				
Items that may be reclassified subsequently to profit or loss –				
Fair value gains on derivative instruments	14.8	579,076	-	-
Exchange differences on translating other functional currency operations		924,539	(20,860,067)	(20,930,806)
Total other comprehensive loss		1,503,615	(20,860,067)	(20,930,806)
Total comprehensive income (loss) for the year		$ 127,533,796	$ 24,222,726	$ (24,755,978)
Basic and diluted earnings (loss) per share	11	$ 0.207	$ 0.072	$ (0.006)

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, 2017, 2016 and 2015
(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, 2015	$ 370,368,712	$ 211,869,157	$ 211,640,460	$ 323,764	$ 3,533,771	$ -	$ 797,735,864
Equity issuance	85,749,137	138,310,418	-	-	-	-	224,059,555
Share-based payments	-	-	-	1,067,316	-	-	1,067,316
Dividends declared	-	-	(22,321,140)	-	-	-	(22,321,140)
Repurchase of shares	(376,114)	(622,519)	-	-	-	-	(998,633)
Comprehensive income (loss)	-	-	(3,825,172)	-	(20,930,806)	-	(24,755,978)
Balances as of December 31, 2015	455,741,735	349,557,056	185,494,148	1,391,080	(17,397,035)	-	974,786,984
Share-based payments	-	-	-	860,125	-	-	860,125
Vested shares	104,640	173,193	-	(277,833)	-	-	-
Dividends declared	-	-	(28,825,690)	-	-	-	(28,825,690)
Repurchase of shares	(4,966,225)	(6,693,021)	-	-	-	-	(11,659,246)
Comprehensive income (loss)	-	-	45,082,793	-	(20,860,067)	-	24,222,726
Balances as of December 31, 2016	450,880,150	343,037,228	201,751,251	1,973,372	(38,257,102)	-	959,384,899
Share-based payments	-	-	-	1,477,158	-	-	1,477,158
Vested shares	58,201	91,769		(149,970)	-	-	-
Dividends declared	-	-	(39,110,027)	-	-	-	(39,110,027)
Repurchase of shares	(11,095,244)	(15,858,458)	-	-	-	-	(26,953,702)
Comprehensive income (loss)	-	-	126,030,181	-	924,539	579,076	127,533,796
Balances as of December 31, 2017	$ 439,843,107	$ 327,270,539	$ 288,671,405	$ 3,300,560	$ (37,332,563)	$ 579,076	$ 1,022,332,124

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, 2017, 2016 and 2015
(In US dollars)

	31/12/2017	31/12/2016	31/12/2015
Cash flows from operating activities:			
Profit before income taxes	$ 157,561,418	$ 100,079,451	$ 34,039,989
Adjustments:			
Depreciation	356,727	322,627	188,267
Gain on revaluation of investment property	(84,058,105)	(67,004,611)	(31,444,058)
Unrealized effect of foreign exchange rates	(2,897,256)	24,781,506	45,820,677
Interest income	(55,171)	(3,368,382)	(6,138,652)
Interest expense	19,668,274	19,862,673	23,373,256
Expense recognized in respect of share-based payments	1,477,158	860,125	1,067,316
Working capital adjustments:			
(Increase) decrease in:			
Operating lease receivables - Net	1,807,458	(2,880,866)	3,357,117
Recoverable taxes	(14,325,040)	(6,147,505)	(1,492,217)
Prepaid expenses	(332,484)	468,259	(58,298)
Guarantee deposits made	-	-	(379,428)
Increase (decrease) in:			
Accounts payable and client advances	3,363,652	(190,045)	736,254
Guarantee deposits received	-	1,662,683	1,499,869
Accrued expenses	1,839,939	553,705	62,049
Income taxes paid	(2,242,043)	(722,775)	(1,943,319)
Net cash generated by operating activities	82,164,527	68,276,845	68,688,822
Cash flows from investing activities:			
Purchases of investment property	(196,210,053)	(157,437,522)	(116,674,635)
Acquisition of office furniture	(260,314)	(716,203)	(1,609,395)
Financial assets held for trading	(64,813)	178,168,504	(154,357,714)
Interest received	55,171	3,368,382	6,138,652
Net cash (used in) generated by investing activities	(196,480,009)	23,383,161	(266,503,092)
Cash flows from financing activities:			
Proceeds from equity issuance	-	-	224,059,555
Guarantee deposits made	(1,519,688)	(1,672,342)	-
Guarantee deposits collected	2,670,811	2,750,579	-
Interest paid	(15,907,052)	(21,455,480)	(23,239,628)
Repayments of borrowings	-	(298,069,960)	(8,629,108)
Dividends paid	(39,110,027)	(28,825,690)	(22,321,140)
Repurchase of treasury shares	(26,953,702)	(11,659,246)	(998,633)
Proceeds from borrowings	243,000,000	300,000,000	47,500,000
Debt issuance costs	(3,474,806)	(5,817,632)	(850,951)
Net cash generated by (used in) financing activities	158,705,536	(64,749,771)	215,520,095
Effects of exchange rates changes on cash	(4,109,096)	(3,896,537)	61,770
Net increase in cash, cash equivalents and restricted cash	40,280,958	23,013,698	17,767,595
Cash, cash equivalents and restricted cash at the beginning of year	51,456,063	28,442,365	10,674,770
Cash, cash equivalents and restricted cash at the end of year - Note 4	$ 91,737,021	$ 51,456,063	$ 28,442,365

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

For the years ended December 31, 2017, 2016 and 2015
(In US dollars)

1. General information

Corporación Inmobiliaria Vesta, S. A. B. de C. V. ("Vesta") is a corporation incorporated in Mexico. The address of its registered office and principal place of business is Paseo de los Tamarindos 90, 28th floor, Mexico City.

Vesta and subsidiaries (collectively, the "Entity") are engaged in the development, acquisition and operation of industrial buildings and distribution facilities that are rented to corporations in eleven states throughout Mexico.

On January 28, 2015, the Entity issued a total of 124,272,111 shares, including the overallotment option, through a follow-on public offering of shares in the Mexican Stock Exchange and through a private offering of shares in international markets under the Rule 144A of the United States of America and Regulations S under the Securities Act of 1933. The offering price was 27 Mexican pesos per share and the net proceeds of this offering which amounted to $224,059,555 were received on February 4, 2015.

On July 22, 2016, the Entity entered into a five-year credit agreement with various financial institutions for an aggregated amount of $150,000,000, the proceeds of this loan were received on the same date. This credit agreement also includes a revolving credit facility up to $100,000,000 which as of December 31, 2016 has not been utilized. On July 27, 2016, the Entity entered into a 10-year loan agreement with Metropolitan Life Insurance Company for a total amount of $150,000,000. The proceeds of both of the aforementioned credit facilities were used to settle the Entity's debt with Blackstone.

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

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

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

2. Application of new and revised IFRSs that are mandatorily effective for the current year

In the current year, the Entity has applied a number of amendments to IFRSs issued by the International Accounting Standards Board ("IASB") that are mandatorily effective beginning January 1, 2017, none of which had a material impact on the accompanying consolidated financial statements.

Amendments to IAS 7 Disclosure Initiative

The Entity has not applied these amendments as are considered not material to the consolidated financial statements.

2.1 *New and revised IFRSs in issue but not yet effective*

The Entity has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers[1]
IFRS 16	Leases[2]
Amendments to IFRS 2	Classification and measurement of share-based payments[1]
Amendments to IAS 40	Transfers of Investment Property[1]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]

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

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition and in November 2014 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

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

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

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

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

The Entity's management is in the process of determining the potential impacts that will derive from the adoption of this standard in its consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

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

The Entity recognizes revenue from rental income, from lease contracts, which are not within the scope of IFRS 15. Additionally, revenues from non-lease components are not considered material to the Entity's consolidated financial information. Therefore the Entity's management does not anticipate that the application of IFRS 15 will have a material impact on the amounts reported and disclosures made in its consolidated financial statements.

IFRS 16, *Leases*

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 was issued in January 2017 and will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

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

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

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

Furthermore, extensive disclosures are required by IFRS 16.

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

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

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

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

The amendments clarify the following:

1. In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments.
2. Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority, i.e. the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

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

   (i) The original liability is derecognised;
   (ii) The equity-settled share-based payment is recognised at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and
   (iii) Any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should be recognised in profit or loss immediately.

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

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in IAS 40 may evidence a change in use, and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

The amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the amendments either retrospectively (if this is possible without the use of hindsight) or prospectively. Specific transition provisions apply.

The management of the Entity expects that there will be no impacts a result of these amendments.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (e.g. a non-refundable deposit or deferred revenue).

The Interpretation specifies that the date of transaction is the date on which the entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the Interpretation either retrospectively or prospectively. Specific transition provisions apply to prospective application.

The directors of the Entity do not anticipate that the application of the amendments in the future will have an impact on the Entity's consolidated financial statements. This is because the Entity already accounts for transactions involving the payment or receipt of advance consideration in a foreign currency in a way that is consistent with the amendments.

3. Significant accounting policies

3.1 Statement of compliance

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

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

3.3 ***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 tbe 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.

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 2017	2016	2015	Activity
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 Bajio, 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
CIV Infraestructura, 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

3.4 *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.

3.5 *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.

Financial instruments

Financial assets and financial liabilities are recognized when Vesta or its subsidiaries become a party to the contract governing such financial instruments.

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.

3.5.A Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. 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.

3.5.B Financial assets at FVTPL

A financial asset other than a financial asset held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as of FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group 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 IAS 39 permits the entire combined contract to be designated as of FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. 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.

The Entity has not designated any asset as at FVTPL.

3.5.C Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows expected to be,received (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 debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as of FVTPL.

3.5.D Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including operating lease receivables and others) are measured at amortized cost using the effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

3.5.E Derecognition of financial assets

The Entity derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

3.6 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.

3.7 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.

3.8 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 12). 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.

3.9 *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.

3.10 Financial liabilities

3.10.A <u>Financial liabilities</u>

Financial liabilities are classified as either financial liabilities at fair value through profit or loss ("at FVTPL") or other financial liabilities.

3.10.B <u>Financial liabilities at FVTPL</u>

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (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 incurred 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 that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition ineonsistency that would otherwise arise; or

- The financial liability forms part of a group 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 IAS 39 permits the entire combined contract to be designated as of FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the statement of profit (loss) and other comprehensive income. Fair value is determined in the manner described in Note 14.

3.10.C Other financial liabilities

Other financial liabilities (including borrowings) are subsequently measured 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.

3.10.D 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.

3.11 Short term and other long term employee benefits and 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 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.

PTU is determined based on taxable income, according to Section I of Article 9 of that Law.

3.12 Derivative financial instruments

The Entity enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including interest rate swaps. Further details of derivative financial instruments are disclosed in Note 14.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. 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.

3.13 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.

– 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.

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 gaiu 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.

3.14 Employee benefits for termination

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

3.15 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 16.

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.

3.16 Leasing

Leases are classified as finance leases whenever the terms of the lease agreement transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

- 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.

- The Entity as lessee

  Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss. Contingent rentals are recognized as expenses in the periods in which they are incurred.

  Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

  In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.17 Income taxes

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

3.17.A Current tax

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

3.17.B 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.

3.17.C 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.

3.18 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).

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.

3.19 Earnings per share

Basic earnings per common share are calculated by dividing net income of the controlling interest by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share are determined by adjusting consolidated net income and common shares on the assumption that the Entity's commitments to issue or exchange its own shares would be fulfilled, unless the impacts of such instruments would be anti-dilutive (for example in a year in which the Entity incurred a loss).

3.20 *Critical accounting judgments and key sources of estimation uncertainty*

In the application of the Entity's accounting policies, which are described in Note 2, 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 8, 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 8 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-observahle 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 8 and 14.

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

4. Cash, cash equivalents and restricted cash

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

	2017	2016	2015
Cash and cash equivalents	$ 90,415,448	$ 48,054,432	$ 21,632,285
Current restricted cash	586,261	2,666,319	6,112,770
	91,001,709	50,720,751	27,745,055
Non-current restricted cash	735,312	735,312	697,310
Total	$ 91,737,021	$ 51,456,063	$ 28,442,365

Restricted eash represents balances held by the Entity that are only available for use under certain eonditions 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 positon.

5. Financial assets held for trading

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

6. Recoverable taxes

	2017	2016	2015
Recoverable value-added tax ("VAT")	$ 15,100,478	$ 10,438,157	$ 9,216,603
Recoverable income taxes	11,145,715	11,320,220	11,541,336
Other receivables	432,504	36,104	64,641
	$ 26,678,697	$ 21,794,481	$ 20,822,580

7. Operating lease receivables

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

	2017	2016	2015
0-30 days	$ 4,508,045	$ 4,541,467	$ 2,955,085
30-60 days	223,456	1,588,869	424,763
60-90 days	229,591	551,533	332,338
Over 90 days	260,425	347,106	435,923
Total	$ 5,221,517	$ 7,028,975	$ 4,148,109

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, 86 %, 64% and 71% of all operating lease receivables are current at December 31, 2017, 2016 and 2015, 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%, 23% and 10% of all operating lease receivables at December 31, 2017, 2016 and 2015, respectively. Operating lease receivables outstanding for more than 60 and less than 90 days represent 4%, 8% and 8% of all operating lease receivable at December 31, 2017, 2016 and 2015. Operating lease receivables outstanding greater than 90 days represent 5%, 5% and 11% as of December 31, 2017, 2016 and 2015, respectively.

7.2 Movement in the allowance for doubtful accounts receivable

The Entity individually reviews each of its operating lease receivables and according to the aging report determines the need to create an allowance for the recoverability of such receivables. The balance as of December 31, 2017 is $283,538. During 2015 there were no increases to the allowance for doubtful accounts.

7.3 Client concentration risk

As of December 31, 2017, 2016 and 2015 one of the Entity's clients account for 40% or $2,093,433, 29% or $2,040,061 and 20% or $830,135, respectively, of the operating lease receivables balance. The same client accounted for 7%, 11% and 12% of the total rental income of Entity for the years ended December 31, 2017, 2016 and 2015, respectively.

7.4 Leasing agreements

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

7.5 Non-cancellable operating lease receivables

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

	2017	2016	2015
Not later than 1 year	$ 155,696,225	$ 100,997,236	$ 85,322,145
Later than 1 year and not later than 3 years	283,657,472	170,779,851	145,954,674
Later than 3 year and not later than 5 years	345,303,613	191,181,511	147,512,967
Later than 5 years	177,311,050	159,893,939	140,891,280
	$ 961,968,360	$ 622,852,537	$ 519,681,066

8. Investment property

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

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

Property	Fair value hierarchy	Valuation techniques	Significant unobservable inputs	Value/range	Relationship of unobservable inputs to fair value
Buildings and land	Level 3	Discounted cash flows	Discount rate	2017: 9.35 % 2016: 9.75% 2015: 9.5%	The higher the discount rate, the lower the fair value.
			Exit cap rate	2017: 8.75 % 2016: 9.00 % 2015: 9.00 %	The higher the exit cap rate, the lower the fair value.
			Long-term NOI	Based on contractual rent and then on market related rents	The higher the NOI, the higher the fair value.
			Inflation rates	Mexico: 4.10 % in 2017, 3.5% in 2016 and 3.4% in 2015 U.S.:2.1% in 2017,2.2% in 2016 and 2.1% in 2015	The higher the inflation rate, the higher the fair value.

Property	Fair value hierarchy	Valuation techniques	Significant unobservable inputs	Value/range	Relationship of unobservable inputs to 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	2017: 18.80 2016: 20.00 2015: 16.03	The higher the exchange rate the lower the fair value
Land reserves	Level 3	Market value	Price per acre	Weighted average price per acre in 2017 $111,786 and $105,893 in 2016.	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:

	2017	2016	2015
Buildings and land	$ 1,679,059,000	$ 1,393,000,000	$ 1,198,208,983
Land improvements	18,815,371	9,652,444	2,770,159
Land reserves	87,631,000	79,377,000	58,602,000
	1,785,505,371	1,482,029,444	1,259,581,142
Less: Cost to complete construction in-progress	(84,499,000)	(66,314,682)	(44,651,137)
Balance at end of year	$ 1,701,006,371	$ 1,415,714,762	$ 1,214,930,005

The reconciliation of investment property is as follows:

	2017	2016	2015
Balance at beginning of year	$ 1,415,714,762	$ 1,214,930,005	$ 1,101,352,822
Additions	195,132,819	158,013,760	103,125,702
Investment properties sold		-	-
Foreign currency translation effect	6,100,685	(24,233,614)	(20,992,577)
Gain on revaluation of investment property	84,058,105	67,004,611	31,444,058
Balance at end of year	$ 1,701,006,371	$ 1,415,714,762	$ 1,214,930,005

A total of $1,077,234 additions to investment property related to land reserves and new buildings which were acquired from third parties, were not paid as of December 31, 2016 and were therefore excluded from the consolidated statements of cash flows for that year. Such additions were paid during 2017 and were included in the 2017 consolidated statement of cash flows; no other unpaid amounts existed as of December 31, 2017. As of December 31, 2015, a total of $500,996 additions to investment property, which were acquired from a third party, were not paid; these additions were paid during the year ended December 31, 2016.

During 2007, the Entity entered into an agreement to build the Querétaro Aerospace Park, which consists of a trust created by the Government of the State of Querétaro, as grantor *(fideicomitente)*, Aeropuerto Intercontinental de Querétaro, S. A. de C. V., as a participant for the purposes of granting its consent, Bombardier Aerospace México, S.A. de C.V., as beneficiary *(fideicomisario)*, and BBVA Bancomer, S.A., as trustee *(fiduciario)*, to which the Entity, through its subsidiary, Proyectos Aeroespaciales, adhered as grantee and beneficiary. The Government of the State of Queretaro contributed certain rights to the trust, including rights to use the land and the infrastructure built by the state of Queretaro, allowing Proyectos Aeroespaciales to build and lease buildings for a total period equivalent to the term of the concession granted to the Aerospace Park; the remaining term is approximately 41 years as of December 31, 2017.

Proyectos Aeroespaciales is the only designated real estate developer and was granted the right to use the land and infrastructure to develop industrial facilities thereon, lease such industrial facilities to companies in the aerospace and related industries and to collect the rents derived from the lease of the industrial facilities, for a period of time equivalent to the remaining term of the airport concession (approximately 41 years as of December 31, 2017). With respect to such rights, all construction, addition and improvements made by Proyectos Aeroespaciales to the contributed land (including without limitation, the industrial facilities) will revert in favor of the Government of the State of Queretaro at the end of the term of the trust, for zero consideration.

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

As of December 31, 2017, 2016 and 2015, the Entity's investment properties have a gross leasable area (unaudited) of 26,721,171 square feet (or 2,482,478 square meters), 22,569,585 square feet (or 2,096,783 square meters) and 20,052,909 square feet (or 1,862,981 square meters), respectively, and they were 92.3%, 89.2% and 86.7% occupied by tenants (unaudited), respectively. As of December 31, 2017, 2016 and 2015, investment properties with a gross leasable area (unaudited) of 2,330,549 square feet (or 216,515 square meters), 2,008,397 square feet (or 186,586 square meters) and 1,272,670 square feet (or 118,235 square meters), respectively, were under construction, representing an additional 8.7%, 8.9% and 14.31% of the Entity's total leasable area.

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

9. Long-term debt

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

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

On July 22, 2016, the Entity entered into a new five-year credit agreement with various financial institutions for an aggregated amount of $150,000,000; the proceeds were received on the same date (the "Syndicated Loan"). The Syndicated Loan also includes a revolving credit facility up to $100,000,000 which as of December 31, 2017 and 2016 has not been utilized. On July 27, 2016, the Entity entered into a 10-year loan agreement with Metropolitan Life Insurance Company ("MetLife") for a total amount of $150,000,000. The proceeds of both of the aforementioned credit facilities were used to settle the Entity's debt with Blackstone which matured on August 1, 2016. The long-term debt is comprised by the following notes:

Issue date	Original amount	Annual interest rate	Monthly amortization	Maturity	2017	2016	2015
July 2016	$ 150,000,000	Variable rate plus margin(1)	(1)	July 2021	$ 150,000,000	$ 150,000,000	$ -
July 2016	150,000,000	4.55%	(2)	August 2026	150,000,000	150,000,000	-
April 2015	47,500,000	4.35%	(3)	April 2022	47,500,000	47,500,000	47,500,000
September, 2017	60,000,000	5.31%	(5)	September 2027	60,000,000	-	-
September, 2017	65,000,000	5.03%	(5)	September 2024	65,000,000	-	-
November, 2017	118,000,000	4.75%	(4)	December 2027	118,000,000	-	-
September 2003				August 2016	-	-	4,990,210
April 2005				August 2016	-	-	1,393,073
August 2005				August 2016	-	-	4,437,481
August 2005				August 2016	-	-	10,247,179
November 2005				August 2016	-	-	21,237,473
March 2006				August 2016	-	-	7,767,320
July 2006				August 2016	-	-	47,256,946
July 2006				August 2016	-	-	10,609,960
September 2006				August 2016	-	-	8,961,734
October 2006				August 2016	-	-	6,887,259
November 2006				August 2016	-	-	8,006,030
November 2006				August 2016	-	-	11,343,196
May 2007				August 2016	-	-	5,475,496
September 2007				August 2016	-	-	6,905,008
April 2008				August 2016	-	-	28,271,033
April 2008				August 2016	-	-	1,437,785
April 2008 *				August 2016	-	-	11,718,557
August 2008				August 2016	-	-	4,570,012
August 2008				August 2016	-	-	5,431,327
April 2009				August 2016	-	-	16,167,177
December 2009				August 2016	-	-	24,171,582
July 2012				August 2016	-	-	16,778,331
July 2012				August 2016	-	-	24,392,657
July 2012				August 2016	-	-	4,364,210
March 2013				August 2016	-	-	5,248,924
					590,500,000	347,500,000	345,569,960
Less: Current portion					-	-	(298,069,960)
Less: direct issuance cost					(8,505,121)	(6,628,583)	(810,951)
Total long-term debt					$ 581,994,879	$ 340,871,417	$ 46,689,049

* These notes payable had bi-annual amortization.

(1) Five-year Syndicated Loan, interest is paid on a quarterly basis and calculated using LIBOR (London interbank offered rate) plus an applicable margin. The applicable margin varies depending on the Entity's leverage ratio (higher or lower than 40%) and the number of months that the Syndicated Loan has been outstanding. Currently the applicable margin is 200 basis points; if leverage ratio is higher than 40% the margin would increase to 225 basis points. Principal amortization will commence on July 22, 2019; thereafter the Syndicated Loan will have quarterly principal payments equal to 1.25% of the loan amount.

(2) 10-year loan agreement with MetLife, interest on this loan is paid on a monthly basis and calculated using an annual fixed rate of 4.55%. Principal amortization will commence on September 1, 2023.This loan is guaranteed with 48 of the Entity's properties.

(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.

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, 2017.

The credit agreements also entitles MetLife to withhold certain amounts deposited by the Entity in a separate fund as guarantee deposits for the debt service and tenants guarantee deposits of the Entity's investment properties pledged as collateral. Such amounts are presented as guarantee deposit assets in the statement of financial position.

Scheduled maturities and periodic amortization of long-term debt are as follows:

As of December 2018	$ 123,019
As of December 2019	763,388
As of December 2020	791,939
As of December 2021	833,388
Thereafter	587,988,266
Less: direct issuance cost	(8,505,121)
Total long-term debt	$ 581,994,879

10. Capital stock

10.1 Capital stock as of December 31, 2017, 2016 and 2015 is as follows:

	2017		2016		2015	
	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	600,262,388	439,839,411	621,092,663	450,876,454	631,132,923	455,738,039
Total	600,267,388	$439,843,107	621,097,663	$450,880,150	631,137,923	$455,741,735

Stockholders' equity, except restated paid-in capital and tax retained earnings will be subject to ISR payable by the Entity at the rate in effect upon distribution. Any tax paid on such distribution may be credited against annual and estimated income taxes of the year in which the tax on dividends is paid and the following two fiscal years. As of December 31, 2017, 2016 and 2015, there were a total of 20,948,945, 10,203,349 and 586,200, respectively, shares in treasury.

10.2 Fully paid ordinary shares

	Number of shares	Amount	Additional paid-in capital
Balance as of December 31, 2015	631,137,923	$ 455,741,735	$ 349,557,056
Vested shares	163,089	104,640	173,193
Repurchase of shares	(10,203,349)	(4,966,225)	(6,693,021)
Balance as of December 31, 2016	621,097,663	450,880,150	343,037,228
Vested shares	118,670	58,201	91,769
Repurchase of shares	(20,948,945)	(11,095,244)	(15,858,458)
Balance as of December 31, 2017	600,267,388	$ 439,843,107	$ 327,270,539

10.3 Dividend payments

Pursuant to a resolution of the general ordinary stockholders' meeting on March 2, 2017, the Entity declared a dividend of approximately $0.064 per share, for a total dividend of $39,110,027. The dividend was paid on March 30, 2017 in cash.

Pursuant to a resolution of the general ordinary stockholders' meeting on April 4, 2016, the Entity declared a dividend of approximately $0.046 per share, for a total dividend of $28,825,690. The dividend was paid on April 19, 2016 in cash.

Pursuant to a resolution of the general ordinary stockholders' meeting on March 25, 2015, the Entity declared a dividend of approximately $0.035 per share, for a total dividend of $22,321,140. The dividend was paid on April 30, 2015 in cash.

11. Earnings per share

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

	2017		
	Earnings	Weighted-average number of shares	Dollars per share
Profit for the year	$ 126,030,181	609,850,516	$ 0.207

	2016		
	Earnings	Weighted-average number of shares	Dollars per share
Profit for the year	$ 45,082,793	630,259,650	$ 0.072

	2015		
	Loss	Weighted-average number of shares	Dollars per share
Loss for the year	$ (3,825,172)	622,206,426	$ (0.006)

For the years ended December, 31, 2017 and 2016, basic and diluted earnings per share are the same because the weighted average number of instruments that are considered potentially dilutive, 1,253,358 and 226,159, respectively, have no impact on the per share amount. For the year ended December 31, 2015 all potentially dilutive instruments are considered to be anti-dilutive because the Entity incurred a loss for the year.

12. Property operating costs and administration expenses

12.1 Property operating costs consist of the following:

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

	2017	2016	2015
Real estate tax	$ 1,285,697	$ 1,090,743	$ 943,499
Insurance	366,613	302,400	274,669
Maintenance	873,367	748,043	468,528
Structural maintenance accrual	168,502	-	-
Other property related expenses	1,412,224	1,243,203	889,824
	$ 4,106,403	$ 3,384,389	$ 2,576,520

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

	2017	2016	2015
Real estate tax	$ 268,448	$ 293,602	$ 343,443
Insurance	53,731	51,280	52,879
Maintenance	100,440	148,689	91,689
Other property related expenses	464,069	498,486	465,476
	886,688	992,057	953,487
Total property operating	$ 4,993,091	$ 4,376,446	$ 3,530,007

12.2 Administration expenses consist of the following:

	2017	2016	2015
Employee direct benefits	$ 7,849,558	$ 6,270,379	$ 5,044,294
Auditing, legal and consulting expenses	1,282,256	1,212,794	902,242
Property appraisal and other fees	359,832	352,357	358,903
Indirect equity issuance and trading costs	209,168	181,309	160,695
Marketing expenses	1,328,200	1,136,642	1,078,389
Other	1,405,893	1,223,070	1,220,641
	12,434,907	10,376,551	8,765,164
Long-term incentive - Note 16	1,477,031	860,125	1,067,316
Total	$ 13,911,938	$ 11,236,676	$ 9,832,480

13. Income taxes

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

13.1 Income taxes are as follows:

	2017	2016	2015
ISR expense:			
Current	$ 15,137,320	$ 6,134,040	$ 2,501,584
Deferred	16,393,917	48,862,618	35,363,577
Total income taxes	$ 31,531,237	$ 54,996,658	$ 37,865,161

13.2 The effective ISR rates for fiscal 2017, 2016 and 2015 differ from the statutory rate as follows:

	2017	2016	2015
Statutory rate	30%	30%	30%
Effects of exchange rates on tax balances	(6)%	27%	90%
Effects of inflation	(5)%	(4)%	(12)%
Other	1%	2%	3%
Effective rate	20%	55%	111%

13.3 The main items originating the deferred ISR liability are:

	2017	2016	2015
Deferred ISR assets (liabilities):			
Investment property	$ (207,074,235)	$ (199,134,089)	$ (160,640,067)
Effect of tax loss carryforwards	4,097,337	14,205,287	15,635,979
Other provisions and prepaid expenses	(1,228,463)	(804,262)	863,558
Deferred income taxes - Net	$ (204,205,361)	$ (185,733,064)	$ (144,140,530)

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

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

	2017	2016	2015
Deferred tax liability at the beginning of the period	$ (185,733,064)	$ (144,140,530)	$ (115,641,120)
Movement included in profit or loss	(16,393,916)	(48,862,618)	(35,363,577)
Movement included in equity		-	2,545,905
Movement included in other comprehensive income	(2,078,381)	7,270,084	4,318,262
Deferred tax liability at the end of the year	$ (204,205,361)	$ (185,733,064)	$ (144,140,530)

13.2 The benefits of restated tax loss carryforwards for which the deferred ISR asset has been recognized can be recovered subject to certain conditions. Restated amounts as of December 31, 2017 and expiration dates are:

Year of Expiration	Tax Loss Carryforwards
2023	$ 2,024,588
2025	2,729,064
2026	8,904,140
	$ 13,657,792

14. Financial instruments

14.1 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 9 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 10). The Entity is not subject to any externally imposed capital requirements.

14.2 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:

	2017	2016	2015
Debt	$ 581,994,879	$ 340,871,417	$ 344,759,009
Cash, cash equivalents and restricted cash	(91,737,021)	(51,456,063)	(28,442,365)
Financial assets held for trading	(677,828)	(613,015)	(203,563,025)
Net debt	489,580,030	288,802,339	112,753,619
Equity	1,022,332,124	959,384,899	974,786,984
Net debt to equity ratio	48%	30%	12%

14.3 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 2 to the consolidated financial statements.

The Entity's principal financial assets are bank balances, cash equivalents and restricted cash as disclosed in Note 4, recoverable taxes and operating lease receivables as disclosed in Notes 6 and 7, respectively and financial assets held for trading in Note 5. The Entity's principal financial liability is long-term debt as disclosed in Note 9.

14.4 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.

14.5 Market risk

The Entity's activities expose it primarily to the financial risks of changes in interest rates (see 14.7 below) and foreign currency exchange rates (see 14.7 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.

14.6 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:

	2017	2016	2015
Exchange rates			
Mexican pesos per US dollar at the end of the period	19.7354	20.6640	17.2065
Mexican pesos per US dollar average during the year	18.9302	18.6567	15.8546
Monetary assets			
Mexican pesos	651,151,481	515,823,400	3,982,261,268
US dollars	$ 445,751	$ 335,050	$ 361,656
Monetary liabilities			
Mexican pesos	51,171,796	22,097,747	11,669,674
US dollars	$ 26,992,726	$ 26,992,726	$ 38,691,165

14.7 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:

	2017	2016	2015
Profit or loss impact			
Mexican peso - 10% appreciation - gain	$ (2,763,745)	$ (2,654,782)	$ (20,978,286)
Mexican peso - 10% depreciation - loss	3,377,910	2,172,094	25,640,127
U.S. dollar - 10% appreciation – loss	(52,391,517)	(33,932,951)	(45,868,530)
U.S. dollar - 10% depreciation - gain	52,391,517	33,932,951	45,868,530

14.8 Interest rate risk management

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

Interest rate swap contracts

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

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

Cash flow hedges

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

14.9 Credit risk management

Credit risk refers to the risk that a 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 9% of its total portfolio's gross leasable area (unaudited), and 40%, 29% and 20% of its operating lease receivable balance and 7%, 11% and 12% its annualized rents as of and for the years ended December 31, 2017, 2016 and 2015, 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.

14.10 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, 2017 is as follows:

	Weighted average interest rate %	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Long-term debt		$	$	$ 150,000,000	$ 440,500,000	$ 590,500,000
Accrued interest	4.27%	5,730,059	18,218,243	88,394,936	66,727,678	179,070,916
		$ 5,730,059	$ 18,218,243	$ 238,394,936	$ 507,227,678	$ 769,570,916

14.11 Fair value of financial instruments

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

The Entity's financial assets held for trading 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.

14.11.2 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, 2017, 2016 and 2015 is $590,500,000, $347,500,000 and $357,219,742, 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.

15. Transactions and balances with related parties

15.1 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:

	2017	2016	2015
Short-term benefits	$ 3,804,628	$ 4,244,325	$ 3,932,214
Share-based compensation expense	1,477,031	860,125	1,067,316
	$ 5,281,659	$ 5,104,450	$ 4,999,530

16. Share-based payments

16.1 Details of the share-based plans of the Entity

The Entity has granted shares to its executives and employees under two different plans as follows:

i. Under the Vesta 20-20 Long-term Incentive Plan (the Vesta 20-20 Incentive Plan), as approved by the Board of Directors, the Entity will use a "Relative Total Return" methodology to calculate the total number of shares to be granted. The shares granted each year will vest over the three years following the grant date.

ii. The total number of shares to be granted during the six year period is 10,428,222 shares, the shares to be used to settle this plan were issued by the Entity during January 2015; no awards will be paid in cash.

iii. The total number of shares to be granted in each of the six years ranges from 695,215 to 1,738,037 shares, at the expected performance level, to a maximum of 2,607,055 shares, if the Entity's shares perform at peak performance compared to other publicly traded entities in each year.

iv. The shares to be granted in each of the six years will be contributed to a trust and delivered in three equal settlement dates to the executives after 24, 36 and 48 months from the grant date, provided that the eligible executives remain in the employment of the Entity.

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.

16.2 Fair value of share options granted in the year

i. Vesta 20-20 Incentive plan - Based on the performance of the Entity's shares for the years ended December 31, 2017 and 2016, the shares granted were 637,200 and 863,499, respectively. For the year ended December 31, 2015, there were no shares granted during the year under this plan; however, a share-based payment expense of $773,382 was recognized. This expense was calculated as the grant date fair value of the awards as determined using a Monte Carlo model which took into consideration the probability of the performance of the Entity's shares during the year. As this performance is considered a market vesting condition in accordance with IFRS 2, *Share-based Payments*, the compensation expense, as determined on grant date, is not revised even if no awards are ultimately granted. This expense has no effect in the cash position of the Entity.

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.

16.3 Compensation expense recognized

The long-term incentive expense for the years ended December 31, 2017, 2016 and 2015 was as follows:

	2017	2016	2015
Vesta 20-20 Incentive Plan	$ 1,430,143	$ 840,985	$ 773,382
2014 Incentive Plan	46,888	19,140	293,934
Total long-term incentive expense	$ 1,477,031	$ 860,125	$ 1,067,316

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

16.4 Share awards outstanding at the end of the year

As of December 31, 2017, there are 970,988 shares outstanding with a weighted average remaining contractual life of 23 months.

17. Litigation, other contingencies and commitments

Litigation

In the ordinary course of business, the Entity is party to various legal proceedings. The Entity is not involved in any litigation or arbitration proceeding for which the Entity believes it is not adequately insured or indemnified, or which, if determined adversely, would have a material adverse effect on the Entity or its financial position, results of operations or cash flows.

Commitments

As mentioned in Note 8, all rights to construction, improvements and infrastructure built by the Entity in the Queretaro Aerospace Park and in the DSP Park automatically revert back to the government of the State of Queretaro and to Nissan at the end of the concessions, which is approximately in 42 and 36 years, respectively.

18. Financial statements issuance authorization

On February 13, 2018 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.

* * * * * *

VI. Presentation, discussion, modification or in its case, approval of the declaration and payment of a dividend in cash, considering the current dividend policy and the recommendation of the board of directors

	Cumulative		
	4Q 31/12/2015	4Q 31/12/2016	4Q 31/12/2017
Dividend Calculation			
Plus (Loss) / Minus (Profit) Before Income Taxes	34,039,989	100,079,451	157,561,418
Depreciation	188,267	322,627	356,727
Foreign Exchange Loss (Profit)	45,820,677	24,781,506	(2,897,256)
Non Cash Share Compensation Plans	773,382	773,382	773,382
Loss (Gain) on revaluation	(31,444,058)	(67,004,611)	(84,058,105)
Non Cash Adjustments	15,338,268	(41,127,096)	(85,825,252)
Available Cash	49,378,257	58,952,355	71,736,166
Principal Repayment	(5,221,141)	(3,927,592)	(3,474,806)
Taxes Paid in Cash	(1,914,896)	(2,150,557)	(2,397,385)
Maintanence, Broker Reserve	(2,000,000)	(2,000,000)	(2,000,000)
Cash Adjustment	(9,136,037)	(8,078,149)	(7,872,191)
Distributable Profit	40,242,220	50,874,206	63,863,975
Dividend Recomendation	28,825,690	37,138,170	47,897,981
Dividend Ratio	71.6%	73.0%	75.0%

VII. Presentation, discussion, and in its case, approval of the report on the repurchased shares of the Company by using the repurchase fund, as well as on its resale, during the fiscal year from January 1 to December 31, 2017

Period	# of Shares	Avg. Price	Pesos	USD
2016	10,603,349	23.5226	249,418,322	12,136,303
1Q2017	8,883,790	23.5242	208,984,097	10,184,748
2Q2017	1,998,800	26.0831	52,134,861	2,794,560
3Q2017	2,861,295	25.7783	73,759,193	4,134,266
4Q2017	7,592,893	23.9988	182,220,332	9,668,838
2017	21,336,778	24.2351	517,098,484	26,782,412
4Q -> Today	988,045	23.7579	23,473,875	1,216,782
Total	32,928,172		789,990,681	40,135,497
MTM	5.22%	23.8000	(6,300,187.18)	(325,704)

VIII. Presentation, discussion and, in its case, authorization to increase the amount to be destined for the repurchase of shares of the Company

The board of directors of the Company, during its meeting held on January 26, 2018, and concluded on February 14, 2018, issued a recommendation for the general shaeholders meeting to approved an increase the shares repurchase program previously approved on March 2, 2017, in an amount in Pesos of US$25’000,000.00, from the retained earnings of the Company, for the acquisition of single series, nominative shares representative of the variable portion of the capital stock of the Company.

This increase has the purpose to invest a portion of the financial resources of the Company in its own shares to create value for the shareholders.

IX. Appointment or ratification of the members comprising the board of directors, as well as the presidents of the audit and corporate practices committee, and determination of the applicable compensations for the fiscal year from January 1 to December 31, 2018

Integration of the board of directors during 2017

Proprietary	Character	Alternate	Character	Office
Lorenzo Manuel Berho Corona	Patrimonial	Lorenzo Dominique Berho Carranza	Patrimonial	President
Stephen B. Williams	Independent	Michael Peckham	Independent	Member
Mr. Jose Manuel Dominguez Díaz Ceballos	Independent	José Humberto López Niederer	Independent	Member
Enrique Carlos Lorente Ludlow	Independent	Luis Javier Solloa Hernández	Independent	Member
Marlene Hormes (f/k/a Marlene Carvajal)	Independent	Craig Wieland	Independent	Member
Wilfrido Castillo Sánchez Mejorada	Independent	José Antonio Pujals Fuentes	Independent	Member
John Andrew Foster	Patrimonial	Craig Gladstone Vought	Patrimonial	Member
Oscar Francisco Cazares Elias	Independent	Daniela Berho Carranza	Patrimonial	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	Non Member	Claudia Alejandra Márquez Rueda	Non Member	Secretary

Proposed integration of the Board of Directors for the fiscal year 2018

Proprietary	Character	Alternate	Character	Office
Lorenzo Manuel Berho Corona	Patrimonial	Lorenzo Dominique Berho Carranza	Patrimonial	President
Stephen B. Williams	Independent	Douglas M. Arthur	Independent	Member
Mr. Jose Manuel Dominguez Díaz Ceballos	Independent	José Humberto López Niederer	Independent	Member
Craig Wieland	Independent	Luis Javier Solloa Hernández	Independent	Member
Thomas J. McDonald	Patrimonial	Daniela Berho Carranza	Patrimonial	Member
Wilfrido Castillo Sánchez Mejorada	Independent	José Antonio Pujals Fuentes	Independent	Member
John Andrew Foster	Independent	Craig Gladstone Vought	Independent	Member
Oscar Francisco Cazares Elias	Independent	Enrique Carlos Lorente Ludlow	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	Non Member	Claudia Alejandra Márquez Rueda	Non Member	Secretary

VESTA

Integration of the Audit and Corporate Practices Committes during 2017

Audit Committee	
José Humberto López Niederer	President **
Stephen B. Williams	Member
Marlene Hormes	Member
José Manuel Domínguez Díaz Ceballos	Member

Corporate Practices Committee	
Javier Mancera Arrigunaga	President **
Stephen B. Williams	Member
José Antonio Pujals Fuentes	Member
Oscar Francisco Cazares Elías	Member

*** Need to be approved by the shareholders*

Integration of the Audit and Corporate Practices Committee for 2018

Audit Committee	
Luis Javier Solloa Hernández	President**
Stephen B. Williams	Member
José Humberto López Niederer	Member
José Manuel Domínguez Díaz Ceballos	Member

Corporate Practices Committee	
Javier Mancera Arrigunaga	President **
Stephen B. Williams	Member
José Antonio Pujals Fuentes	Member
Oscar Francisco Cázares Elías	Member

*** Need approval by the shareholders*

Integration of the Committes for 2018

(for informational purposes)

Ethics Committee	
José Antonio Pujals Fuentes	President
Elías Laniado Laborin	Member
Alejandro Pucheu Romero	Member
Alfredo Paredes Calderón	Member

Investment Committee	
John Andrew Foster	President
Stephen B. Williams	Member
Lorenzo Manuel Berho Corona	Member
Craig Wieland	Member
Thomas J. McDonald	Member

Social and Environmental Responsibility Committe	
Jorge Alberto de Jesús Delgado Herrera	President
José Manuel Domínguez Díaz Ceballos	Member
Daniela Berho Carranza	Member

Debt and Equity Commitee	
Wilfrido Castillo Sánchez Mejorada	President
Stephen B. Williams	Member
John Andrew Foster	Member
Lorenzo Manuel Berho Corona	Member

Compensations of the members of the board and of the committees for 2018

Corporate Body	Compensation per Session
Members of the Board of Directors	US$3,800.00
President of the Corporate Practices Committee	US$4,000.00
President of the Audit Committee	US$4,000.00
Members of the Corporate Practices Committee	US$3,000.00
Members of the Audit Committee	US$3,000.00
Presidents and members of other committees	US$3,000.00

1. All members of the board of directors have the right to receive compensation for their participation in the board of directors and/or in the Company's committees.
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 the Banco de México in the payment date.
4. Compensations will only be paid with respect to the sessions in which the relevant member was present.
5. In case of assistance of the proprietary and alternate, only the proprietary member has the right to receive compensation, except that the board determines otherwise, if the presence of the alternate was required for an specific purpose.
6. The employees of the Company participating in the board of directors and/or in the committees will have no right to receive compensation.

X. Proposal, discussion, modification, or in its case, approval of the determination of obligations and authority to the president of the board of directors

The chairman of the board of directors, acting in such character, will have the following authority and obligations, having for the fulfillment of the same with the most ample authority for acts of domain, administration and lawsuits and collections in terms of Article 2554 of the Federal Civil Code and its correlatives in the other civil codes of the states of the Mexican Republic and of Mexico City, as necessary:

(A) Conduct the meetings of the board of directors and the shareholders' meetings, including:

- Propose, review and define the standards, practices and proceedings of corporate governance, promoting ethics and professional standards for the board of directors, and complying with the applicable provisions.
- Propose the approval or modification, as well as the preparation of the codes and manuals with respect to corporate governance necessary or convenient for the Company.
- Within the scope of his authority, follow up on the resolutions of the board of directors and of the shareholders' meetings, including to give instructions ot the CEO and other relevant executives.
- Define, with the CEO, the schedule and agendas for the meetings of the board of directors and of the shareholders' meetings.
- Organize and conduct the shareholders' meetings and the meetings of the board of directors including the agendas thereof, and complying with applicable laws.

- Coordinate the efforts to select new members to the board of directors and to carry out the induction of said members, suggesting the engagement of external advisors as required to that end, without invading the authority or the corporate practices committee.
- Proposed and adopt the actions necessary to complete the annual evaluation of the members of the board of directors.

(B) Communications and Public Affairs, including:

- Conduct the communications with relevant investors, clients, financial institutions, analysts and communities, without intervening with the obligation of the CEO to reveal relevant events of the Company.
- Relationship with relevant authorities, whether federal, state or municipal, press and media, as well as with critical clients.
- Represent the Company in relevant fora.

(C) Analyze and issue opinions to the CEO and other relevant executives, in connection with:

- Strategic Plan and its implementation.
- Initiatives for expanding business (new products, regions and businesses).
- Mergers, acquisitions, relevant transactions and liquidity events.
- Financing options to develop the strategies.
- Relevant risks of the Company and the manner to attack them, including supervision f the relevant investigations.
- Succession plans for the relevant executives.
- Ethics code and other internal relevant codes.
- Evaluation of the CEO.

XI. Proposal, discussion, and in its case, approval to increase the debt program of the Company, which includes incurring debt, whether in one or several transactions, for financing of the growth program known as “Vesta Vision 20-20 Plan”, either by obtaining financing from commercial banking institutions, or private institutions, or through the issuance of debt instruments among institutional investors, or through the issuance of debt instruments (notwithstanding their denomination and subject to the laws of any jurisdiction), with or without guarantee, to be placed in Mexico, whether privately or through the Mexican Stock Exchange and/or in the United States of America and/or in other markets abroad, under the laws applicable

Recitals: General Ordinary Shareholders' Meeting

VESTA

Securities Market Law requires the specific approval by the shareholders, through the General Ordinary Shareholders' Meeting, of any transaction or series of Transactions which amount exceeds 20% of the total assets of the Company (Art. 47).

	Debt (US$)
Debt program approved by the Shareholders in 2015	**675,000,000**
Debt at closing of 2017	581,994,879
Additional debt proposed	268,005,121
Proposed Debt Program 2018	**850,000,000**

2017	
Debt 2017	590,500,000
Total Assets 2017	1,832,091,989
Debt/ TA	**31.8%**

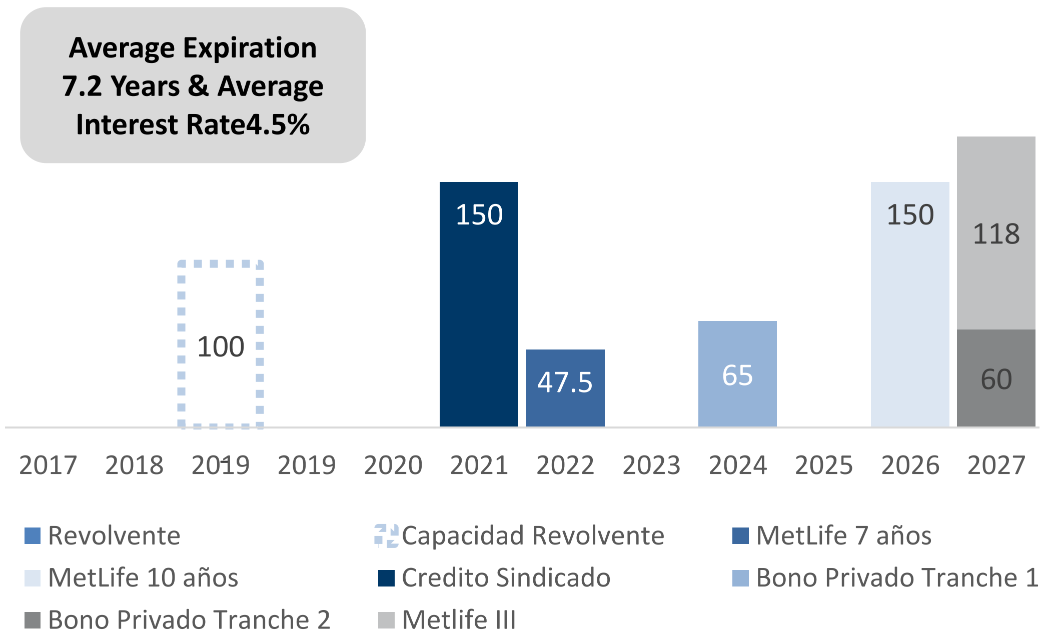
2020	
Debt 2020	850,000,000
Total Assets 2020	2,092,000,000
Proposed Additional Debt	*259,500,000*
Debt /TA	**40.6%**

Consistent with our internal leverage policy

Debt Profile

Amounts in Million USD	12/31/2017
Secured Debt	
MetLife I	$48
MetLife II	$150
MetLife III	$118
Total Secured Debt	**$316**
Un Secured Debt	
Revolving Line	
Syndicated Loan	$150
Private Placement	
Tranche 1	$65
Tranche 2	$60
Total Unsecured Debt	**$275**
Total Debt	**$591**

Expiration Profile



Solid Liquidity Position

Cash Reserve
- $91 M to December 31, 2017

Important leverage capability
- Current Debt/TA at 32.3% vs 40% of máximum leverage according to internal policy

Proved access to public and private markets
- 3 transactions in capital markets: equity raising for US$660 M
- 3 transactions with financial agents for US$465 M
- Private bond placement for US$125 M with US insurance companies

Annual working capital of US$ 120 M already covered for 2018

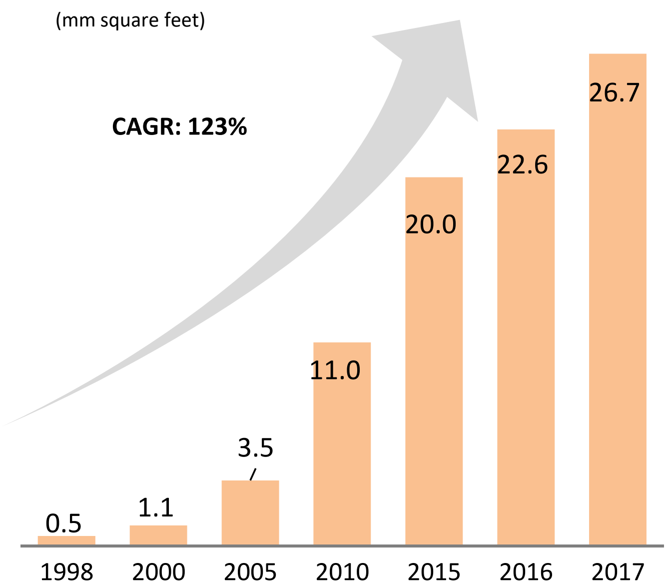
Vesta Vision 20/20

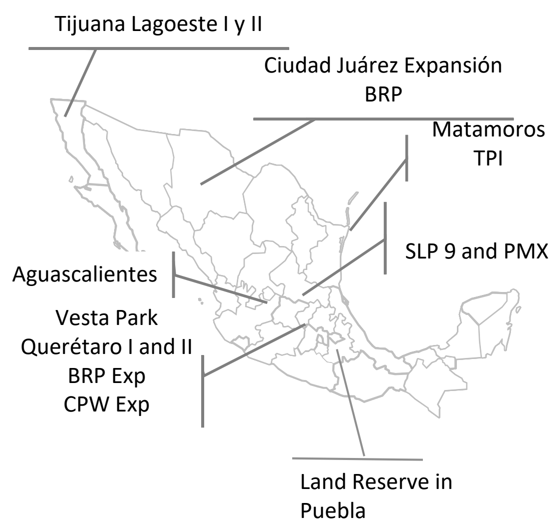
- Growth Plan Vesta Visión 20/20 establishes the expansion strategies and grosth of Vesta for the following years, especifically for 2017 to 2020. Vesta's main objective is to grow the company's size (in GLA) and with accretive investments for 2020
- Vesta will maintain its prudent leverage maintaining a healthy corporate structure
- Growth will be financed by the funds from operations (FFO), cash reserves and debt.

Proven Growth History

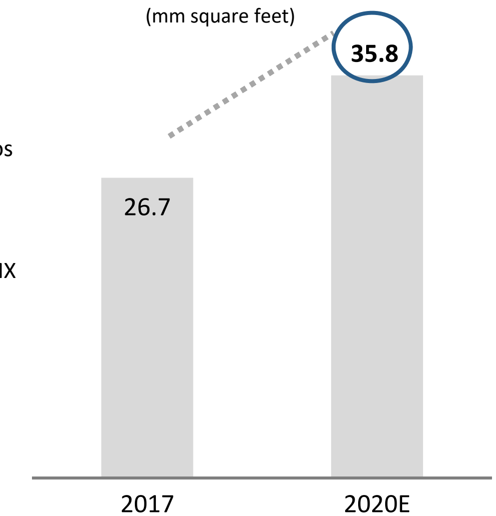
Well identified and real pipeline and strategical land reserves

Sustained grwoth with a prudent leverage policyde apalancamiento





Obective 20/20 :

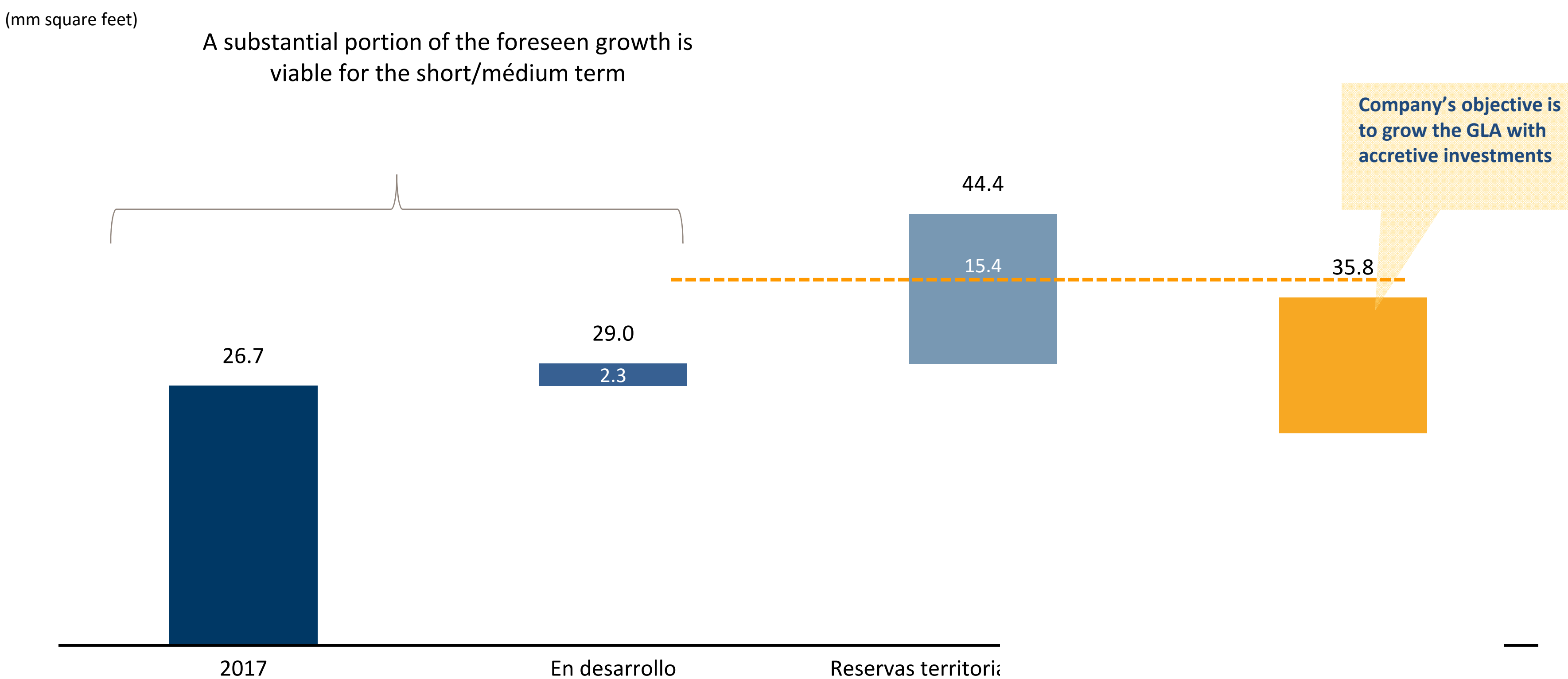


Growth will continue following prudent leverage policies and an optimal combination of the debt and equity.

Fuente: Compañía.

Debt plan required for the Plan Vesta Visión 20/20

Strategy focussed on growth supported by a robust pipeline

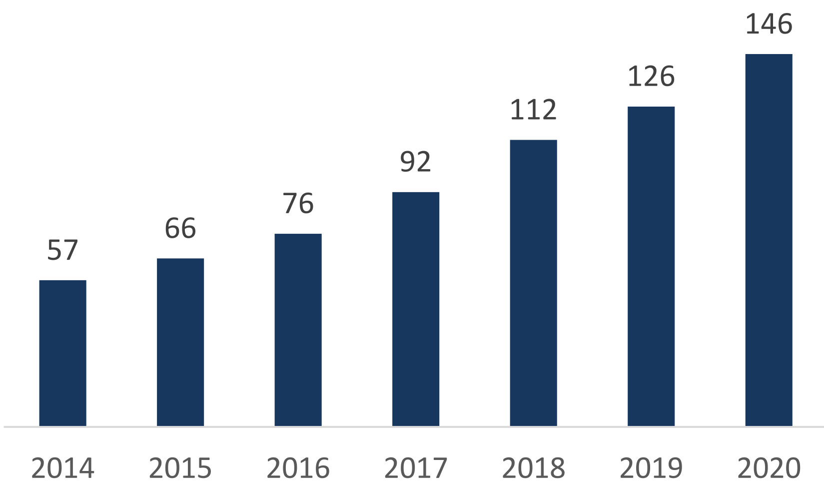


We require the approval of the debt proposal to achieve the completion of the Plan Vesta Visión 20/20

Growth Plan - Financial Projections

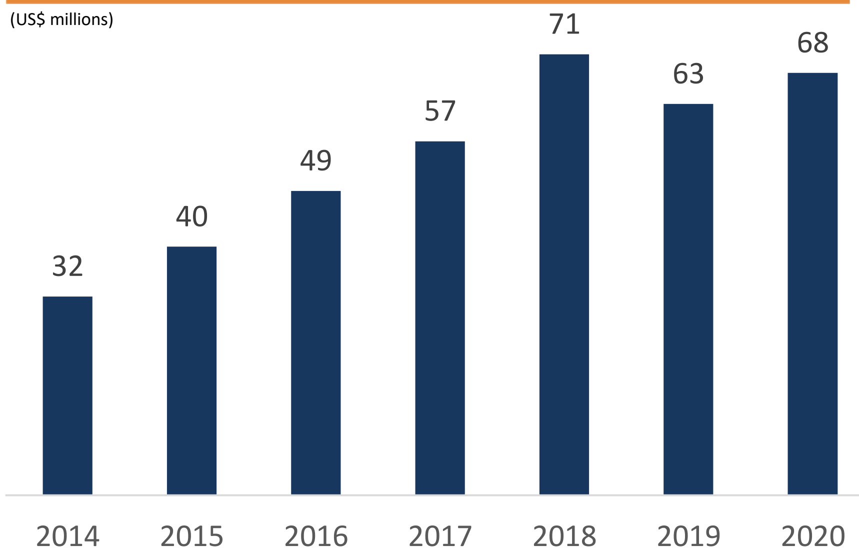
EBITDA

(US$ millions)



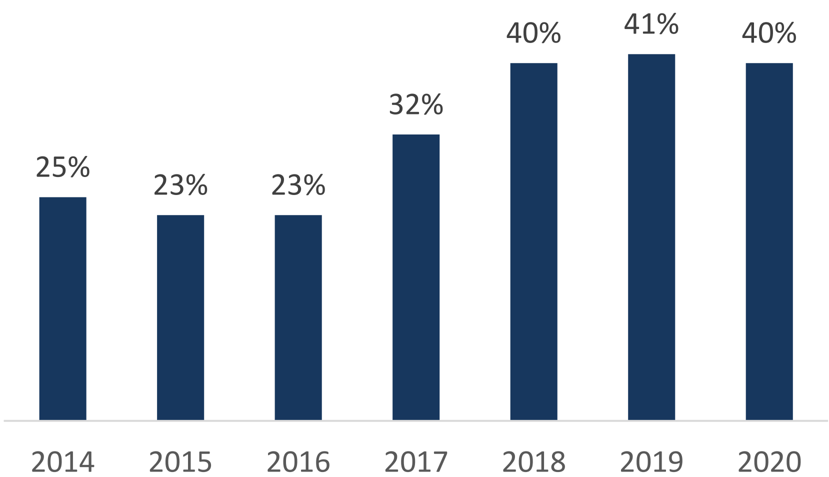
FFO

(US$ millions)



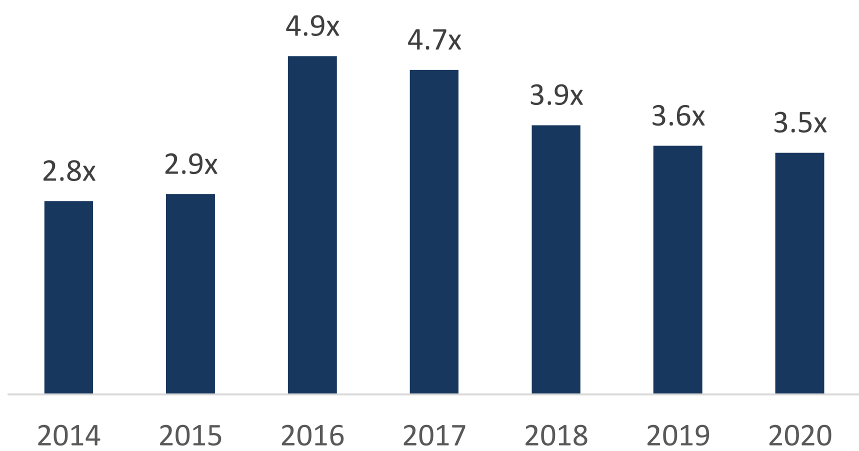
Leverage

Debt/ Total Assetsl



Interests Coverage

(UAFIDA / Interest payment)



Source: Company Information.

Growth Strategy

Value Offer

- Continue focussing mainly in the development of Class A industrial buildings with high quality and specifications
  - Build-to-suits
  - Inventory Buildings
  - High Value Added Acquisitions

Identify Clients and Regions

- Expansion plan focussed mainly in the most dynamic regions of the country where we have presence and serving leading companies in their respective sectors
  - Have won strategical presence in the highest economic growth areas, as the Bajio región and the metropolitan area of Mexico City
  - Posición de liderazgo en las industrias de alto crecimiento como la automotriz y aeroespacial

Operative focus

- Search for acquisitions opportunites of land reserves

Development of internal abilities

- The key factor of our success is the technical, operative, personal and administrative capabilities

The Company has a solid potential to conitnue creating value for its shareholders during the next 5 years.

Due to the above, we hereby request the shareholders to approve the proposed increase to the debt capability of the Company, so to conitnue funding the Plan Vesta Vision 20/20.

Fuente: Compañía.

XII. Proposal, discussion, and in its case, granting of special powers of attorney to fulfill the resolutions adopted by this shareholders' meeting

It is hereby proposed to appoint as special attorneys in fact of the Company to carry out the actions required and to execute the documents necessary to comply with the resolutions adopted in the item of the agenda above, to the following persons:

- Lorenzo Manuel Berho Corona
- Lorenzo Dominique Berho Carranza
- Juan Felipe Sottil Achutegui
- Guillermo Díaz Cupido
- Alejandro Pucheu Romero

Who may act jointly or severally to exercise said powers of attorney.

XIII. Appointment of special delegates of the meeting

It is hereby proposed to appoint the following persons as special delegates for the issuance of certifications in connection with the minutes of this meeting, as well as to appear before the notary public of their choice to protocolize the minutes hereof, and to record them before the public registry of commerce:

- Lorenzo Manuel Berho Corona
- Alejandro Pucheu Romero
- Claudia Alejandra Márquez Rueda
- Navil Rosario Marín Escamilla

Appendix

Board Members' Resumes

BOARD OF DIRECTORS OF VESTA / CONSEJO DE ADMINISTRACIÓN DE VESTA
(*Proprietary Members / Miembros Propietarios*)

Lorenzo Berho Corona

Mr. Berho is one of the founders of Vesta and has led the Company for 19 years. 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.

El Sr. Berho es uno de los fundadores de Vesta y ha dirigido la empresa durante 19 años. 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 approximately 3 million square feet of commercial real estate with a portfolio of more that USD$500,000,000 in San Diego and Orange County, California. From 1979 to 1998, Mr. Williams was a partner and responsible of the San Diego division at Trammell Crow Company. He holds a B.A. in Public Administration from University of California, Los Angeles and an MBA from the University of Southern California.

El Sr. Williams es cofundador de Vesta y fundador de SENTRE Partners, una compañía de servicios e inversión inmobiliaria que posee, administra y/o arrienda aproximadamente 3 millones de pies cuadrados de propiedades comerciales con una cartera de más de USD$500,000,000 en San Diego y el Condado de Orange, California. De 1979 a 1998, el Sr. Williams fue socio y responsable de la división de San Diego en Trammell Crow Company. Tiene una B.A. en Administración Pública de la Universidad de California, Los Ángeles y un MBA de la Universidad del Sur de California.

Wilfrido Castillo Sánchez Mejorada

Mr. Castillo is a member of the Board of Directors of Qualitas Compañía de Seguros and has been its Chief Financial Officer since 1996. Previously, he held various positions in the financial sector in Mexico, including Executive Director of Analysis and Corporate Finance of Cremi Brokerage Firm, Chief Executive Officer of Mexival Brokerage, Executive Director of Corporate Finance of Casa de Bolsa Mexico and Executive Director of Promotion and Investment Services of Bursamex Brokerage. From 1962 to 1984, he worked at the accounting firm of Castillo Miranda y Cia., SC. He became a partner at the firm in 1972 and Chief Executive Officer in 1976. Mr. Castillo received a degree in accounting from the Universidad Nacional Autónoma de Mexico. He is an active member of the College of Public Accountants of Mexico, of which he was President from 1982 to 1984.

El Sr. Castillo es miembro del Consejo de Administración de Qualitas Compañía de Seguros y ha sido Director Financiero desde 1996. Anteriormente, ocupó varios cargos en el sector financiero en México, incluido el de Director

Ejecutivo de Análisis y Finanzas Corporativas de Casa de Bolsa Cremi; Director Ejecutivo de Casa de Bolsa Mexival, Director Ejecutivo de Finanzas Corporativas de Casa de Bolsa México y Director Ejecutivo de Servicios de Promoción e Inversión de Casa de Bolsa Bursamex. De 1962 a 1984, trabajó en la firma de contabilidad de Castillo Miranda y Cía., SC. Se convirtió en socio de la firma en 1972 y en director general en 1976. El Sr. Castillo recibió un título en Contabilidad de la Universidad Nacional Autónoma de México. Es miembro activo del Colegio de Contadores Públicos de México, del cual fue presidente de 1982 hasta 1984.

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 Masters 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.

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.

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 Comercial 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.

Francisco Uranga Thomas

Mr. Uranga currently holds the position of Corporate Vice President and Chief Business Operations Officer for Latin America at Hon Hai Precision Industry Co., known as Foxconn, a Taiwanese conglomerate which is the largest electronic manufacturing services company in the world. Since joining Foxconn in January 2005, he has been responsible for government relationships at all levels as well as regulations, incentives, tax and duties, legal, customs, immigration and land and construction issues. In January 2007, Mr. Uranga was appointed to the Board of Directors of Superior Industries International, Inc., one of the largest wheel makers in the world, and serves on the Nominating and Corporate Governance Committee. From 1998 to 2004, he served as Secretary of Industrial Development for the state government of Chihuahua. Mr. Uranga holds a Bachelor's Degree in Business Administration in Marketing from the University of Texas at El Paso (UTEP) and completed the Stanford Directors' Forum, a joint program of the Stanford Graduate School of Business and the Stanford Law School.

Francisco Uranga actualmente ocupa el cargo de Vicepresidente Corporativo y Director de Operaciones Comerciales para América Latina en Hon Hai Precision Industry Co., conocido como Foxconn, un conglomerado taiwanés que es la mayor empresa de servicios de fabricación electrónica en el mundo. Desde que se unió a Foxconn en enero de 2005, ha sido responsable de las relaciones gubernamentales en todos los niveles, así como de las reglamentaciones, incentivos, impuestos y derechos, temas aduaneros, de inmigración y cuestiones relacionadas con terrenos y construcción. En enero de 2007, el Sr. Uranga fue nombrado miembro del Consejo de Administración de Superior Industries International, Inc., uno de los fabricantes de ruedas más grandes del mundo y sirve en el Comité de Nominación y Gobierno Corporativo. De 1998 a 2004, se desempeñó como Secretario de Desarrollo Industrial para el gobierno estatal de Chihuahua. El Sr. Uranga tiene una Licenciatura en Administración de Empresas y Marketing de la Universidad de Texas en El Paso (UTEP) y completó el Foro de Directores de Stanford, un programa conjunto de la Stanford Graduate School of Business y la Stanford Law School.

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 and a Ph.D. in Economics from the University of Virginia.

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 y un Doctorado en Economía de la Universidad de Virginia.

José Manuel Domínguez Díaz Ceballos

Mr. Domínguez is currently president of Fundacion CCB, a non-profit Mexican organization and treasurer of the Centro para el Desarrollo Integral del Campo since 2004. He was Vice President of Bank of America (Mexico's representation office) and Business Development Cash Management Officer at Citibank (Mexico Branch). He was Board Member of HSBC Bank in El Salvador, Honduras and Costa Rica 2010-2014, and since 2012 has been a Board Member of HSBC Bank in Colombia, Peru, Paraguay, Uruguay and Chile.

El Sr. Domínguez es actualmente Presidente de la Fundación CCB, organización mexicana sin fines de lucro y tesorero del Centro para el Desarrollo Integral del Campo desde 2004. Fue Vicepresidente de Bank of America (oficina de representación de México) y Director de Gestión de Efectivo de Desarrollo Comercial en Citibank (Sucursal de México). Fue miembro del consejo de administración de HSBC Bank en El Salvador, Honduras y Costa Rica 2010-2014; desde 2012 ha sido miembro del consejo de administración de HSBC Bank en Colombia, Perú, Paraguay, Uruguay y Chile.

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.

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.

Thomas McDonald

Thomas McDonald is the managing partner and co-founder of Jaguar Growth Partners. Headquartered in New York with an office in Sao Paolo, Jaguar is a privately-held investment management firm specializing in real estate private equity in growth markets globally. Mr. McDonald is currently a Director of the Advisory Board of Jaguar Growth Partners and a director of Hoteles City Express (BMV: HCITY), Aliansce Shopping Centers (BZ: ALSC3) and Latam Logistics Properties. He previously served as a Director of Gafisa (NYSE: GFA), BR Malls (BZ: BRML3), Tenda (BZ: TNDA3), Parque Arauco (SNSE: PARAUCO), Crédito Imobilario, AGV Logistics, Bracor, NH Hoteles Latinamericana and Brazilian Finance and Real Estate. He graduated from the University of Notre Dame and received an M.B.A. from the University of Chicago Booth School of Business.

Thomas McDonald es socio director y cofundador de Jaguar Growth Partners. Con sede en Nueva York y con oficinas en Sao Paolo, Jaguar es una firma privada de gestión de inversiones de capital privado especializadas en negocios inmobiliarios en mercados en crecimiento a nivel mundial. El Sr. McDonald es actualmente consejero del Consejo Asesor de Jaguar Growth Partners, de Hoteles City Express (BMV: HCITY), Aliansce Shopping Centers (BZ: ALSC3) y Latam Logistics Properties. Anteriormente fue consejero de Gafisa (NYSE: GFA), BR Malls (BZ: BRML3), Tenda (BZ: TNDA3), Parque Arauco (SNSE: PARAUCO), Crédito Imobilario, AGV Logística, Bracor, NH Hoteles Latinamericana y Finanzas Brasileñas y Bienes Raíces. Se graduó de la Universidad de Notre Dame y recibió una M.B.A. de la Escuela de Negocios Booth de la Universidad de Chicago.

(*Alternate Members / Miembros Suplentes*)

Lorenzo Dominique Berho Carranza

Lorenzo Berho Carranza is our Chief Operating Officer responsable for the peformance of our business, including acquisitions of properties, valuation and analysis of investments, capital raising and financial efforts, as well as projects such sas mergers, co-investments and structures of the Company. Previously, he held the office of asset manager wihtin 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 masters degree in Real Estate Sciences from the University of San Diego. Mr. Lorenzo Berho Carranza is son of Mr. Lorenzo Manuel Berho Corona.

Lorenzo Berho Carranza es nuestro 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 Vice-Presidente 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.

Douglas M. Arthur

Douglas Arthur, President & CEO of SENTRE, oversees 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 Masters 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.

Douglas Arthur, presidente y director general de SENTRE, supervisa 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).

José Humberto López Niederer

Mr. José López is a partner of Cross Border Investments (CBI) since January 2018. Before Joining CBI he acted as independent advisor of Invesment Banking and Mergers and Acquisitions from 2011 and until 2017. Before becoming independent he work for 18 years inGrupo Financiero Serfin in the areas of Investment Banking and Recovery, perfomring several mergers and acquisitions, as well as issuances of debt and equity (public and private) as well as structured financings and debt reestructures. Mr. José López holds a bachelors degree in Mechanical Engeneering from Universidad Anahuac, he also has a Finance degree from Instituto Tecnológico Autónomo de México, and a masters degree of Science in Management at Stanford University.

El Sr. José López es socio de Cross Border Investments (CBI) desde enero de 2018. Antes de unirse a CBI, se desempeñó como Asesor Independiente de Banca de Inversión y Fusiones y Adquisiciones desde el año 2001 y hasta fines del 2017. Previamente a independizarse, trabajó en Grupo Financiero Serfin 18 años en las áreas de Banca de Inversión y Banca de Recuperación, ejecutando numerosas transacciones de fusiones y adquisiciones así como colocaciones de capital y deuda (públicas y privadas) y financiamientos estructurados, así como reestructuras de deuda. El señor José López es Ingeniero egresado de la Universidad Anáhuac, con un Diplomado en Finanzas del ITAM y una maestría en ciencias de la administración por la Universidad de Stanford.

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 degree in Accounting from Universidad Nacional Autónoma de México and a Masters of Business Administration.

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 del "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.

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 focussed 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 bachelors 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.

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 general director in MORESA (TRW) from 1985 to 1991, Vice-President of Manufacture in Chrysler Mexico from 1982 to 1985 and before that, General Manager and President in Barnes Group. He was also Vice President for 12 years in the National Learning Institute and Board Member in CANACINTRA. He was guest professor at IPADE. He holds the position of Honorary Director of COMCE. He has a bachelor's degree in Mechanical Engineering from the Instituto Politecnico Nacional and holds a degree in Administration from the Instituto Tecnologico Autonomo de Mexico and in Industrial Engineering from Massachusetts Institute of Technology.

El Sr. Pujals fue director general en MORESA (TRW) de 1985 a 1991, vicepresidente de Manufactura en Chrysler México de 1982 a 1985 y antes de eso, director general y presidente en Barnes Group. También fue vicepresidente durante 12 años en el Instituto Nacional de Aprendizaje y miembro del consejo de CANACINTRA. Fue profesor invitado en IPADE. Ocupa el cargo de director honorario de COMCE. Es Ingeniero Mecánico por el Instituto Politécnico Nacional y tiene una Licenciatura en Administración del Instituto Tecnológico Autónomo de México y en Ingeniería Industrial del Instituto de Tecnología de Massachusetts.

Craig Gladstone Vought

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*.

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.

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 bachelors degree in Mechanical Engeneering by the Instituto Politécnico Nacional, and a MBA from the Instituto Tecnológico de Estudios Superiores Monterrey.

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.

Javier Mancera Arrigunaga

Mr. Mancera is a founding partner at De la Calle, Madrazo, Mancera, S.C. He is responsable 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.

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 obtuvó un grado de maestría en la Universidad de Georgetown, en dónde es candidato a doctor en Gobierno.