

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

General Ordinary Shareholders
Meeting

Mexico City, March 13th, 2019

- I. Presentation, discussion, modification or in its case, approval of the annual report by the chief executive officer prepared pursuant to Article 172 of the General Corporation Law and 44, section XI of the Securities Market Law, for the fiscal year from January 1st to December 31st, 2018.
- II. Presentation, discussion, modification or in its case, approval of the annual report of the board of directors referred to in paragraph e) of section IV of article 28 of the Securities Market Law and section b) of the article 172 of the General Corporations Law for the fiscal year from January 1st to December 31st, 2018.
- III. Presentation, discussion, modification, or in its case, approval of the audited and consolidated financial statements of the Company and its subsidiaries prepared for the fiscal year from January 1st to December 31st, 2018, including the report by the externa auditor of the Company.
- IV. Presentation, discussion, modification, or in its case, approval of the declaration and payment of a cash dividend, considering the current dividend policy and the recommendation of the board of directors.

- V. Report on the fulfillment of tax obligations by the Company and its subsidiaries within the fiscal year from January 1st to December 31st, 2018.
- VI. Presentation, discussion and, in its case, approval of the report regarding the shares of the social stock of the Company repurchased from the share buyback fund, during the fiscal year from January 1st to December 31st, 2018.
- VII. Presentation, discussion and, in its case, authorization to keep the shares' buy-back program of the Company, using for 2019 the balance of the amount authorized by the shareholders for repurchase of shares during the year of 2018.
- VIII. Presentation, discussion, modification or in its case, approval of the annual reports by the audit committee, corporate practices committee, investment committee, ethics committee, debt and equity committee, and social and environmental responsibility committee, for the fiscal year between January 1st to December 31st, 2018.

- IX. Appointment, or in its case, ratification of the members that will comprise the board of directors of the Company, as well as the presidents of the audit and corporate practices committees and determination the applicable compensations for the fiscal year of 2019.

- X. Appointment of special delegates of the shareholders meeting.

- I. Presentation, discussion, modification or in its case, approval of the annual report by the chief executive officer prepared pursuant to Article 172 of the General Corporation Law and 44, section XI of the Securities Market Law, for the fiscal year from January 1st to December 31st, 2018.

1) For the Report of the Shares' Repurchase Program. See Item VI.

2) For the audited and consolidated financial statements. See Appendix 1



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

Fiscal Year 2018

In my first year-end as Vesta’s Chief Executive Officer, I’m pleased to see our company clear the highest bar of annual operational and financial goals. Having exceeded the upper range of growth guidance and delivered the highest investor returns in our asset class, we are encouraged to set our performance goals even higher for 2019, supported by our disciplined focus on leasing activity, accretive capital allocation and robust market fundamentals.

Vesta delivered strong results for our shareholders this year, despite volatile macroeconomic conditions: an annual total shareholder return of 16.3% on solid share price appreciation and a healthy dividend yield and a 4.1% per share increase in NAV, resulting in 6.6% NAV per share annual growth for the last three years.

I am also pleased to report that Vesta’s stabilized portfolio achieved a historically high occupancy rate of 97.2%. This was the result of robust leasing activity of 5 million ft² during the year, of which 2.2 million came from new contracts with world-class clients, a resounding affirmation that industry fundamentals remain solid, while 2.8 million ft² came from renewals, as confidence levels within our solid client base in Mexico remained steady and we remained focused on cultivating long-standing customer relationships.

During the year, Vesta’s total property portfolio expanded to almost 30 million ft², from 26.7 million ft² in 2017, in line with our Vesta Vision 20/20 Plan. Ninety-six percent of Vesta’s total portfolio expansion resulted from organic growth, while the other 4% came from an opportunistic acquisition in Tijuana at the beginning of the year. Our approach to growing Vesta has and will continue to be disciplined and with a strong focus towards dynamic markets in Mexico.

Turning to key financial metrics, 2018 revenues rose 21% year-on-year to US\$132.7 million. This increase resulted in a 96.3% NOI margin, while disciplined management of administrative expenses drove Vesta’s EBITDA margin to 85.1%. Pre-tax FFO increased 7.9% to US\$ 77.5 million in 2018, while pre-tax FFO per share ended the year at US\$0.1293. It’s important to note that we also remain focused on strengthening Vesta’s balance sheet. At year-end, our loan-to-value ratio was 35%, with a 6.5-year average debt maturity profile at a fixed 4.8% interest rate.

As Vesta’s shares continued to trade at a significant discount to NAV, we continue buying shares at attractive prices. To date, approximately 41 million shares have been repurchased under a buyback program and approximately 25 million shares are currently in the process of being cancel.

The commitment to our clients and the country extends to social actions, so we expanded our social responsibility programs to all the regions where we operate, with 15 projects and 400 volunteers participating, benefiting more than 2,250 children and about 1,000 teachers. To strengthen our programs, we achieved alliances with our strategic partners that meant more than 1.3 million pesos for the projects.

In addition, we performed the first sustainability diagnosis of Vesta processes and operations and of sustainability for offices, and we received the following acknowledgments for our Corporate Social Responsibility efforts: we obtained better performance ratings of GRESB, Ecovadis and CDP; we remain



members of the Sustainable IPC, we were awarded the third place of the Expansion ranking, and we obtained the World Confederation of Businesses Certification.

Looking ahead, we still see opportunities for growth, but will remain close to our customers as well as closely monitoring economic and industry conditions to ensure that we continue to invest in disciplined and profitable ways. In Mexico, concerns remain with regard to the US and global economies, the outcomes of trade agreements, and a new political environment in our country, we will remain cautious with a close eye on the market.

Our key differentiator over the years has always been our ability to stay close to our customers in a friendly and efficient manner. For 2019, I commit once again to proceeding with a clear focus on further executing on our Vesta Vision 20/20 plan and to exploring all opportunities that may present themselves in new and existing markets this year. I am extremely proud to lead a team with the expertise and strength that will allow us to continue growing Vesta and leading our market.

I. Business Strategy

The business of the Company and its subsidiaries during the fiscal year 2018, was conducted in accordance with the organizational objectives' matrix established by the management to that end and according to the program Vesta Vision 20/20, obtaining the above-mentioned results.

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

In this regard, I am pleased to inform that all agreements and resolutions adopted by the shareholders and the board of directors during the fiscal year 2018 were duly completed and executed, except for those which due to their own nature require more time for completion or require of a series of actions; however, for the latter the Company and its subsidiaries have taken appropriate actions to ensure their fulfillment.

III. Internal Audit

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

Additionally, during the fiscal year 2018, the Company has monitored the Company's certification ISO 9001: 2008 and has worked to update these processes.

IV. Information and Relevant Events

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

V. Operations Related to the Repurchase of Shares

The shareholders meeting held on March 21st, 2018, approved an extension of the share repurchase program for an amount up to US\$25,000,000.00 (twenty-five million 00/100) dollars, legal currency of the United States of America.

During the fiscal year ended on December 31st, 2018, the Company did acquire 40'760,660 shares, which are being held in treasury.

Likewise, it is hereby informed that according to the resolutions adopted by the board of directors of the Company on October 25th, 2018, the Company has initiated the process to cancel a total of 25'269,045 sole series, nominative shares, without nominal value and representative of the variable portion of the capital stock of the Company, from the total of 40'760,660 acciones that were repurchased by the Company.

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

VI. Corrective and Responsibility Actions

During the fiscal year ended on December 31st, 2018 and as of this date, the Company has applied corrective measures to its internal processes, derived from the findings of the revisions made by our internal audit department.

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

VII. Capital Contributions

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

VIII. Dividends Payments

Dividends declared by the Company from previous fiscal years, have been paid in full in accordance with the resolutions adopted by the shareholders of the Company through recommendation of the board of directors and in compliance with applicable laws.

IX. Accounting and Information System

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

X. Financial Information

In compliance with the provisions of Article 44, section XI of the Securities Market Law and Article 172 of the General Corporations Law, it is hereby reported that the business strategy of the Company and its subsidiaries, has been at all times, within the strategic goals and objectives established



by the administration at the beginning of each calendar year and according to the Plan Vesta Vision 20/20.

Attached hereto as Annex "2" are: (i) the audited consolidated financial statements of the Company and its subsidiaries, which reflect the true, complete and correct financial position of the Company and its subsidiaries for the fiscal year ended December 31st, 2018, (ii) the consolidated income statement of the Company and its subsidiaries for the fiscal year ended December 31st, 2018, (iii) a statement of changes in the financial position of the Company and its subsidiaries during the fiscal year ended December 31st, 2018, (iv) a statement of changes in the items comprising the Company's patrimony expressed on a consolidated basis during the fiscal year ended December 31st, 2018, (v) the notes necessary to complete and clarify the information, and (vi) the report of the external auditor of the Company with respect to its review to the consolidated financial statements of the Company and its subsidiaries prepared for the fiscal year ended December 31st, 2018.

XI. Responsibility Actions Against Third Parties

During the fiscal year ended on December 31st, 2018 none of the Company or its subsidiaries was in the need to initiate any legal proceedings against third parties due to any damage caused to the Company and/or any of its subsidiaries, except for those litigation and collection procedures incurred in the ordinary course of business of the Company and its subsidiaries.

Mexico City, February 14th, 2019

_____/S/_____
Lorenzo Dominique Berho Carranza
Chief Executive Officer
Corporación Inmobiliaria Vesta, S.A.B. de C.V.

II. Presentation, discussion, modification or in its case, approval of the annual report of the board of directors referred to in paragraph e) of section IV of article 28 of the Securities Market Law and section b) of the article 172 of the General Corporations Law for the fiscal year from January 1st to December 31st, 2018

- 1) For the activities' reports of the committees of the Company. See Appendix 2.*
- 2) For the report of the CEO. See Item I above.*
- 3) For the audited and consolidated financial statements. See Appendix 1*



Translation for Informational Purposes Only

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

Fiscal year 2018

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

The undersigned, acting as executive chairman of the Board of Directors of Corporación Inmobiliaria Vesta, S.A.B. de C.V. (the “Company”), and in compliance with the provisions of article 28 section IV of the Securities Market Law and article 172 section b) of the General Corporations Law, hereby submit to your consideration the annual report of the board of directors corresponding to the fiscal year ended on December 31st, 2018.

From March 2018, the board of directors was integrated as follows:

| Propietario | Carácter | Suplente | Carácter | Cargo |
|---|-------------|--|-------------|-----------|
| Lorenzo Manuel Berho Corona | Patrimonial | Lorenzo Dominique Berho Carranza | Patrimonial | President |
| Stephen B. Williams | Independent | Douglas M. Arthur | Independent | Member |
| Mr. José 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 Cázares Elías | 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 | No Member | Claudia Alejandra Márquez Rueda | No Member | Secretary |

The work of the Board of Directors during the fiscal year 2018 was executed according the provisions in the Securities Market Law, General Provisions Applicable to Issuers of Securities and

Other Participants in the Stock Market, the code of principles and best practices of corporate governance and other laws, regulations and rules applicable to the Company.

During fiscal year ended on December 31st, 2018, the board of directors met 4 (four) times, and therefore, submits this:

ANNUAL REPORT

I. Report of the Corporate Practices Committee

Attached hereto as Annex "1", is the report of the corporate practices committee of the Company, issued pursuant to the provisions of article 43 fraction I of the Securities Market Law, with respect to the fiscal year ended on December 31st, 2018.

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

II. Report of the Audit Committee

Attached hereto as Annex "2" is the report of the audit committee of the Company, issued pursuant to the provisions of article 43 fraction II of the Securities Market Law, with respect to the fiscal year ended on December 31st, 2018.

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

III. Opinion on the Report by the Chief Executive Officer

Attached hereto as Annex "3" is the report of the Chief Executive Officer of the Company, issued pursuant to the provisions of article 44 fraction XI of the Securities Market Law, and which includes a copy of the report of the external auditor of the Company regarding to the audited and consolidated financial statements of the Company and its subsidiaries prepared for the fiscal year ended on December 31st, 2018.

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

Likewise, according to the report of the external auditor of the Company and the report of the chief executive officer, it is hereby concluded that: (1) the policies and criteria of information of the Company are adequate and sufficient, considering the particular circumstances of the Company, (2) said policies and criteria have been constantly applied in the information submitted by the chief

executive officer, and (3) the report presented by the chief executive officer reflects reasonably the financial situation and results of the Company for the fiscal year ended on December 31st, 2018.

Therefore, this board of directors issued a favorable opinion and recommends the shareholders to approve the report of the chief executive officer in the terms of the document attached herein.

IV. Report of the Investment Committee

Attached hereto as Annex "4" is the activity report of the investment committee of the Company for the fiscal year ended on December 31st, 2018.

In this regard, the board of directors of the Company has reviewed and approved said report, since it is within the authority of the board of directors.

V. Report of the Ethics Committee

Attached hereto as Annex "5" is the activity report of the ethics committee of the Company for the fiscal year ended on December 31st, 2018.

In this regard, the board of directors of the Company has reviewed and approved said report, since it is within the authority of the board of directors.

VI. Report of the Environmental and Social Responsibility Committee

Attached hereto as Annex "6" is the report of the environmental and social responsibility committee of the Company for the fiscal year ended on December 31st, 2018.

In this regard, the board of directors of the Company has reviewed and approved said report, since it is within the authority of the board of directors.

VII. Report of the Debt and Equity Committee

Attached hereto as Annex "7" is the report of the debt and equity committee of the Company for the fiscal year ended on December 31st, 2018.

In this regard, the board of directors of the Company has reviewed and approved said report, since it is within the authority of the board of directors.

VIII. Principal Accounting and Administration Policies and Criteria

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

a) The audited and consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with the International Financial Reporting Standards (“IFRS”).

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 liabilities assumed are recognized base on their fair market values, except for deferred taxes or labor liability.

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

g) Labor responsibilities are registered as they occur.

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

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

j) 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 along the term of the respective lease.

l) Rental income tax is recognized within the annual results of the year when incurred.

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

IX. Transactions in which the Board of Directors Participated.

During the fiscal year from January 1st, 2018 to December 31st, 2018, the board of directors attended the ordinary matters related to the administration of the Company and adopted the specific resolutions in connection with the following topics, which do not correspond to the ordinary course of the administration of the Company.

- The approval for the execution of an amendment to the credit agreement with Metropolitan Life Insurance ("Metlife") increasing the amount of the credit in US\$26,600,000.00 (twenty-six million six hundred thousand dollars).
- The approval of the share repurchases program of the Company and recommendation to the General Assembly of Shareholders for its approval.
- Analysis of a potential strategic transaction.

Mexico City, February 15th, 2019

_____/S/_____

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

- III. Presentation, discussion, modification, or in its case, approval of the audited and consolidated financial statements of the Company and its subsidiaries prepared for the fiscal year from January 1st to December 31st, 2018, including the report by the external auditor of the Company.

For the audited and consolidated financial statements. See Appendix 1

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

Dividend Proposal

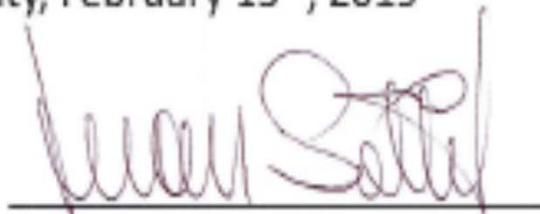
| All Figures are in USD\$ | 2017 (2016 Results) | 2018 (2017 Results) | 2019 (2018 Results) |
|----------------------------------|--------------------------|--------------------------|--------------------------|
| Dividend Calculation | | | |
| Plus (Loss) / Minus (Profit) | 100,079,451 | 157,561,418 | 128,043,600 |
| Depreciacion | 322,627 | 356,727 | 573,177 |
| Foreign Exchange Loss (Profit) | 24,781,506 | (2,897,256) | 719,007 |
| Non cash Share Compensation Plan | 773,382 | 773,382 | 1,942,810 |
| Loss (Gain) on revaluation | (67,004,611) | (84,058,105) | (52,822,802) |
| Non Cash Adjustements | (41,127,096) | (85,825,252) | (49,587,808) |
| Available Cash | 58,952,355 | 71,736,166 | 78,455,792 |
| Principal Repayment | (3,927,592) | (3,474,806) | (4,516,248) |
| Taxes Paid | (2,150,557) | (2,397,385) | (412,853) |
| Mintanence, Broker Reserve | (2,000,000) | (2,000,000) | (2,000,000) |
| Cash Adjustment | (8,078,149) | (7,872,191) | (6,929,101) |
| Distributable Profit | 50,874,206 | 63,863,975 | 71,526,691 |
| Dividend Recomendation | <u>37,138,170</u> | <u>47,897,981</u> | <u>52,214,000</u> |
| Dividend Ratio | 73.0% | 75.0% | 73.0% |
| Dividends per Share (US\$/Share) | 0.0598 | 0.0798 | 0.0883 |
| | | 33.4% | 10.6% |
| Outstanding Shares | 621,097,663 | 600,267,388 | 591,414,572 |
| F.X. 31-Dec | 20.6640 | 19.7354 | 19.6829 |
| Vesta Share Price | 24.9200 | 24.3600 | 26.3000 |
| <u>Dividend Yield 18-Feb</u> | <u>4.96%</u> | <u>6.46%</u> | <u>6.61%</u> |

- V. Report on the fulfillment of tax obligations by the Company and its subsidiaries within the fiscal year from January 1st to December 31st, 2018

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

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

Mexico City, February 15th, 2019

A handwritten signature in dark ink, appearing to read "Juan Sottill", written over a horizontal line.

Juan Felipe Sottill Achutegui
Chief Financial Officer

- VI. Presentation, discussion and, in its case, approval of the report regarding the shares of the social stock of the Company repurchased from the share buyback fund, during the fiscal year from January 1st to December 31st, 2018

| 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 | |
| 1Q2018 | 1,561,484 | 24.1731 | 37,745,848 | 1,954,607 | |
| 2Q2018 | 2,228,986 | 25.3992 | 56,614,396 | 2,776,186 | |
| 3Q2018 | - | - | - | - | |
| 4Q2018 | 5,030,062 | 24.9196 | 125,347,152 | 6,255,376 | |
| 2018 | 8,820,532 | 24.9086 | 219,707,396 | 10,986,169 | |
| 4Q18 -> 22/Feb/18 | 1,214,681 | 25.7255 | 31,248,226 | 1,633,240 | |
| Total | 41,975,340 | 24.2398 | 1,017,472,428 | 51,538,124 | |
| MTM | | 6.65% | 25.7200 | 62,133,316.37 | 3,256,958 |

VII. Presentation, discussion and, in its case, authorization to keep the shares' buy-back program of the Company, using for 2019 the balance of the amount authorized by the shareholders for repurchase of shares during the year of 2018

Taking into account that:

- The General Ordinary Shareholders Meeting of the Company held on April 4, 2016 approved the creation of a repurchase fund for the equivalent in pesos of US\$ 25,000,000 from retained earnings of the Company.
- The General Ordinary Shareholders Meeting of the Company held on March 2, 2017 approved an increase in the repurchase fund for the equivalent in pesos of US\$ 50,000,000 from retained earnings of the Company.
- The General Ordinary Shareholders Meeting of the Company held on March 21, 2018 approved an increase in the repurchase fund for the equivalent in pesos of US\$ 25,000,000 from retained earnings of the Company.
- As of the date of this Shareholders Meeting we have purchased the equivalent in pesos of US\$ 51,538,124 and therefore the Company has a balance to be exercised of US\$ 48,461,876 in its equivalent in pesos from retained earnings of the Company.

We submit for the consideration of the Shareholders Meeting to approve the continuance of the repurchase fund during 2019 and until March 2020.

VIII. Presentation, discussion, modification or in its case, approval of the annual reports by the audit committee, corporate practices committee, investment committee, ethics committee, debt and equity committee, and social and environmental responsibility committee, for the fiscal year between January 1st to December 31st, 2018

For the reports of the committees. See Appendix 2

- IX. Appointment, or in its case, ratification of the members that will comprise the board of directors of the Company, as well as the presidents of the audit and corporate practices committees and determination the applicable compensations for the fiscal year of 2019

For the CV's of each of the proposed members of the board of directors. See Appendix 3

Integration of the Board of Directors during 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 |

Proposed Integration of the Board of Directors during 2019

| 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 | Enrique Carlos Lorente Ludlow | Independent | Member |
| Thomas J. McDonald | Patrimonial | Daniela Berho Carranza | Patrimonial | Member |
| Wilfrido Castillo Sánchez Mejorada | Independent | Luis Javier Solloa Hernández | Independent | Member |
| John Andrew Foster | Independent | José Antonio Pujals Fuentes | Independent | Member |
| Oscar Francisco Cazares Elías | Independent | Rocío Ruiz Chávez | Independent | Member |
| Francisco Uranga Thomas | Independent | Jorge Alberto de Jesús Delgado Herrera | Independent | Member |
| Luis de la Calle Pardo | Independent | Javier Mancera Arrigunaga | Independent | Member |
| Alejandro Pucheu Romero | Non Member | Claudia Alejandra Márquez Rueda | Non Member | Secretary |

Integration of the Audit and Corporate Practices Committee in 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 |

Proposed Integration of the Audit and Corporate Practices Committee in 2019

| Audit Committee | |
|-------------------------------------|-------------------|
| Luis Javier Solloa Hernández | President** |
| Stephen B. Williams | Member |
| José Humberto López Niederer | Member |
| José Manuel Domínguez Díaz Ceballos | Member |
| Lorenzo Manuel Berho Corona | Permanent Invitee |

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

** *Require the approval of the shareholders*

Integration of the Committees for 2019
(for informational purposes)

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

| Investment Committee | |
|-----------------------------|-----------|
| John Andrew Foster | President |
| Stephen B. Williams | Member |
| Lorenzo Manuel Berho Corona | Member |
| Craig Wieland | Member |
| Thomas J. McDonald | Member |

Integration of the Committees for 2019
(for informational purposes)

| Social and Environmental Responsibility Committee | |
|---|-----------|
| Jorge Alberto de Jesús Delgado Herrera | President |
| José Manuel Domínguez Díaz Ceballos | Member |
| Daniela Berho Carranza | Member |
| Lorenzo Manuel Berho Corona | Member |

| Debt and Equity Committee | |
|-------------------------------------|-----------|
| José Manuel Domínguez Díaz Ceballos | President |
| Stephen B. Williams | Member |
| John Andrew Foster | Member |
| Lorenzo Manuel Berho Corona | Member |
| Wilfrido Castillo Sánchez Mejorada | Member |

Compensations of the members of the board and of the committees in 2019

| Corporate Body | Compensation per Session |
|-----------------------------------|--------------------------|
| Members of the Board of Directors | US\$3,800.00 |
| President of the Committees | US\$4,000.00 |
| Members of the 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 or the executive chairman determines that 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.*
- 7. The executive chairman of the board of directors will only receive the compensation established by the board of directors on July 26th, 2018*

X. Appointment of special delegates of the shareholders meeting.

The persons listed below are hereby proposed to appoint as special delegates for issuing certifications in connection with the minutes of the shareholders' meeting, as well as to appear before the notary public of their choice to protocolize these minutes and to record them at the public registry of commerce:

- Lorenzo Manuel Berho Corona
- Alejandro Pucheu Romero
- Claudia Alejandra Márquez Rueda
- Navil Rosario Marín Escamilla

Appendix 1

Audited and consolidated financial statements and external auditor report

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

Consolidated Financial Statements
for the Years Ended December 31,
2018, 2017 and 2016, and
Independent Auditors' Report
Dated February 14, 2019



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

**Independent Auditors' Report and
Consolidated Financial Statements for 2018,
2017 and 2016**

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| Consolidated Statements of Financial Position | 5 |
| Consolidated Statements of Profit and Other Comprehensive Income (Loss) | 6 |
| Consolidated Statements of Changes in Stockholders' Equity | 7 |
| Consolidated Statements of Cash Flows | 8 |
| Notes to Consolidated Financial Statements | 9 |



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

Opinion

We have audited the consolidated financial statements of Corporación Inmobiliaria Vesta, S. A. B. de C. V. and subsidiaries (the "Entity"), which comprise the consolidated statements of financial position as of December 31, 2018, 2017 and 2016, and the consolidated statements of profit and other comprehensive income (loss), consolidated statements of changes in stockholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Entity as of December 31, 2018, 2017 and 2016 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.



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 9 to the consolidated financial statements.

Information other than the Financial Statements and Auditor's Report

Management is responsible for the other information. The other information comprises two documents, the Entity's Annual Report and the information that will be incorporated in the Annual Report which the Entity is required to prepare in accordance with Article 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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



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

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

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

C. P. C. Pedro Luis Castañeda Herrera

February 14, 2019



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

Consolidated Statements of Financial Position

As of December 31, 2018, 2017 and 2016

(In US dollars)

| Assets | Notes | 31/12/2018 | 31/12/2017 | 31/12/2016 |
|---|-------|-------------------------|-------------------------|-------------------------|
| Current assets: | | | | |
| Cash, cash equivalents and restricted cash | 5 | \$ 64,483,395 | \$ 91,001,709 | \$ 50,720,751 |
| Financial Assets held for trading | 6 | 724,399 | 677,828 | 613,015 |
| Recoverable taxes | 7 | 26,340,810 | 26,678,697 | 21,794,481 |
| Operating lease receivables | 8 | 8,130,553 | 5,221,517 | 7,028,975 |
| Prepaid expenses | | <u>537,428</u> | <u>369,675</u> | <u>37,191</u> |
| Total current assets | | 100,216,585 | 123,949,426 | 80,194,413 |
| Non-current assets: | | | | |
| Investment property | 9 | 1,884,621,430 | 1,701,006,371 | 1,415,714,762 |
| Office furniture - Net | | 2,490,902 | 1,868,778 | 1,965,192 |
| Derivative financial instruments | 14.8 | 2,380,863 | 827,251 | - |
| Guarantee deposits made and restricted cash | | <u>4,376,105</u> | <u>4,440,163</u> | <u>2,920,475</u> |
| Total non-current assets | | <u>1,893,869,300</u> | <u>1,708,142,563</u> | <u>1,420,600,429</u> |
| Total assets | | <u>\$ 1,994,085,885</u> | <u>\$ 1,832,091,989</u> | <u>\$ 1,500,794,842</u> |
| Liabilities and stockholders' equity | | | | |
| Current liabilities: | | | | |
| Current portion of long-term debt | 10 | \$ 4,513,388 | \$ - | \$ - |
| Accrued interest | | 5,315,332 | 3,772,187 | 1,609,233 |
| Accounts payable and client advances | | 2,788,387 | 4,082,166 | 1,795,748 |
| Taxes payable, mainly income taxes | | 412,853 | 344,599 | 550,557 |
| Accrued expenses | | <u>3,663,962</u> | <u>3,821,201</u> | <u>1,981,263</u> |
| Total current liabilities | | 16,693,922 | 12,020,153 | 5,936,801 |
| Non-current liabilities: | | | | |
| Long-term debt | 10 | 695,284,034 | 581,994,879 | 340,871,417 |
| Guarantee deposits received | | 13,053,383 | 11,539,472 | 8,868,661 |
| Deferred income taxes | 13.3 | <u>215,350,973</u> | <u>204,205,361</u> | <u>185,733,064</u> |
| Total non-current liabilities | | <u>923,688,390</u> | <u>797,739,712</u> | <u>535,473,142</u> |
| Total liabilities | | <u>940,382,312</u> | <u>809,759,865</u> | <u>541,409,943</u> |
| Litigation and other contingencies | 17 | | | |
| Stockholders' equity: | | | | |
| Capital stock | 11 | 435,613,239 | 439,843,107 | 450,880,150 |
| Additional paid-in capital | | 321,021,039 | 327,270,539 | 343,037,228 |
| Retained earnings | | 333,833,754 | 288,671,405 | 201,751,251 |
| Share-based payments reserve | | 5,507,719 | 3,300,560 | 1,973,372 |
| Foreign currency translation | | (43,938,783) | (37,332,563) | (38,257,102) |
| Valuation of derivative financial instruments | 14.8 | <u>1,666,605</u> | <u>579,076</u> | <u>-</u> |
| Total stockholders' equity | | <u>1,053,703,573</u> | <u>1,022,332,124</u> | <u>959,384,899</u> |
| Total liabilities and stockholders' equity | | <u>\$ 1,994,085,885</u> | <u>\$ 1,832,091,989</u> | <u>\$ 1,500,794,842</u> |

See accompanying notes to consolidated financial statements.



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

Consolidated Statements of Profit and Other Comprehensive Income (Loss)

For the years ended December 31, 2018, 2017 and 2016
(In US dollars)

| | Notes | 31/12/2018 | 31/12/2017 | 31/12/2016 |
|--|-------|----------------------|-----------------------|----------------------|
| Revenues: | | | | |
| Rental income | | \$ 132,669,266 | \$ 109,427,282 | \$ 90,511,822 |
| Property operating costs: | | | | |
| Related to properties that generated rental income | 12.1 | (4,848,618) | (4,106,403) | (3,384,389) |
| Related to properties that did not generate rental income | 12.1 | <u>(828,082)</u> | <u>(886,688)</u> | <u>(992,057)</u> |
| Gross profit | | 126,992,566 | 104,434,191 | 86,135,376 |
| Administration expenses | 12.2 | (16,094,364) | (13,911,938) | (11,236,676) |
| Depreciation | | (573,177) | (356,727) | (322,627) |
| Other Income and Expenses: | | | | |
| Interest income | | 434,427 | 55,171 | 3,368,382 |
| Other income (expense)- net | | 476,240 | 449,193 | 722,439 |
| Transaction costs on debt issuance | | (139,062) | (395,559) | (947,875) |
| Interest expense | | (35,156,825) | (19,668,274) | (19,862,673) |
| Exchange gain (loss)- net | | (719,007) | 2,897,256 | (24,781,506) |
| Gain on revaluation of investment property | | <u>52,822,802</u> | <u>84,058,105</u> | <u>67,004,611</u> |
| Total other income and expenses | | <u>17,718,575</u> | <u>67,395,892</u> | <u>25,503,378</u> |
| Profit before income taxes | | 128,043,600 | 157,561,418 | 100,079,451 |
| Income tax expense | 13.1 | <u>(34,983,270)</u> | <u>(31,531,237)</u> | <u>(54,996,658)</u> |
| Profit for the year | | 93,060,330 | 126,030,181 | 45,082,793 |
| Other comprehensive income (loss) - net of tax: | | | | |
| <i>Items that may be reclassified subsequently to profit –</i> | | | | |
| Fair value gains on derivative instruments | 14.8 | 1,087,529 | 579,076 | - |
| Exchange differences on translating other functional currency operations | | <u>(6,606,220)</u> | <u>924,539</u> | <u>(20,860,067)</u> |
| Total other comprehensive income (loss) | | <u>(5,518,691)</u> | <u>1,503,615</u> | <u>(20,860,067)</u> |
| Total comprehensive income for the year | | <u>\$ 87,541,639</u> | <u>\$ 127,533,796</u> | <u>\$ 24,222,726</u> |
| Basic and diluted earnings per share | 11 | <u>\$ 0.155</u> | <u>\$ 0.207</u> | <u>\$ 0.072</u> |

See accompanying notes to consolidated financial statements.



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

Consolidated Statements of Changes in Stockholders' Equity

For the years ended December 31, 2018, 2017 and 2016
(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, 2016 | \$ 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 | - | - | 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 |
| Share-based payments | - | - | - | 2,984,358 | - | - | 2,984,358 |
| Vested shares | 297,786 | 479,413 | - | (777,199) | - | - | - |
| Dividends declared | - | - | (47,897,981) | - | - | - | (47,897,981) |
| Repurchase of shares | (4,527,654) | (6,728,913) | - | - | - | - | (11,256,567) |
| Comprehensive income (loss) | - | - | 93,060,330 | - | (6,606,220) | 1,087,529 | 87,541,639 |
| Balances as of December 31, 2018 | <u>\$ 435,613,239</u> | <u>\$ 321,021,039</u> | <u>\$ 333,833,754</u> | <u>\$ 5,507,719</u> | <u>\$ (43,938,783)</u> | <u>\$ 1,666,605</u> | <u>\$ 1,053,703,573</u> |

See accompanying notes to consolidated financial statements.



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

Consolidated Statements of Cash Flows

For the years ended December 31, 2018, 2017 and 2016
(In US dollars)

| | 31/12/2018 | 31/12/2017 | 31/12/2016 |
|--|----------------------|----------------------|----------------------|
| Cash flows from operating activities: | | | |
| Profit before income taxes | \$ 128,043,600 | \$ 157,561,418 | \$ 100,079,451 |
| Adjustments: | | | |
| Depreciation | 573,177 | 356,727 | 322,627 |
| Gain on revaluation of investment property | (52,822,802) | (84,058,105) | (67,004,611) |
| Unrealized effect of foreign exchange rates | 719,007 | (2,897,256) | 24,781,506 |
| Interest income | (434,427) | (55,171) | (3,368,382) |
| Interest expense | 35,156,825 | 19,668,274 | 19,862,673 |
| Expense recognized in respect of share-based payments | 1,942,810 | 1,477,158 | 860,125 |
| Working capital adjustments: | | | |
| (Increase) decrease in: | | | |
| Operating lease receivables - Net | (2,909,036) | 1,807,458 | (2,880,866) |
| Recoverable taxes | (8,943,673) | (14,325,040) | (6,147,505) |
| Prepaid expenses | (167,753) | (332,484) | 468,259 |
| Increase (decrease) in: | | | |
| Accounts payable and client advances | (2,227,350) | 3,363,652 | (190,045) |
| Guarantee deposits received | - | - | 1,662,683 |
| Accrued expenses | 884,309 | 1,839,939 | 553,705 |
| Income taxes paid | (12,542,218) | (2,242,043) | (722,775) |
| Net cash generated by operating activities | <u>87,272,469</u> | <u>82,164,527</u> | <u>68,276,845</u> |
| Cash flows from investing activities: | | | |
| Purchases of investment property | (137,897,718) | (196,210,053) | (157,437,522) |
| Acquisition of office furniture | (1,195,300) | (260,314) | (716,203) |
| Financial assets held for trading | (46,571) | (64,813) | 178,168,504 |
| Interest received | 434,427 | 55,171 | 3,368,382 |
| Net cash (used in) generated by investing activities | <u>(138,705,162)</u> | <u>(196,480,009)</u> | <u>23,383,161</u> |
| Cash flows from financing activities: | | | |
| Guarantee deposits made | 64,058 | (1,519,688) | (1,672,342) |
| Guarantee deposits collected | 1,513,911 | 2,670,811 | 2,750,579 |
| Interest paid | (33,613,680) | (15,907,052) | (21,455,480) |
| Repayments of borrowings | (123,019) | - | (298,069,960) |
| Dividends paid | (47,897,981) | (39,110,027) | (28,825,690) |
| Repurchase of treasury shares | (11,256,567) | (26,953,702) | (11,659,246) |
| Proceeds from borrowings | 116,600,000 | 243,000,000 | 300,000,000 |
| Debt issuance costs | 1,325,562 | (3,474,806) | (5,817,632) |
| Net cash generated by (used in) financing activities | <u>26,612,284</u> | <u>158,705,536</u> | <u>(64,749,771)</u> |
| Effects of exchange rates changes on cash | <u>(1,697,905)</u> | <u>(4,109,096)</u> | <u>(3,896,537)</u> |
| Net increase in cash, cash equivalents and restricted cash | (26,518,314) | 40,280,958 | 23,013,698 |
| Cash, cash equivalents and restricted cash at the beginning of year | <u>91,737,021</u> | <u>51,456,063</u> | <u>28,442,365</u> |
| Cash, cash equivalents and restricted cash at the end of year - Note 5 | <u>\$ 65,218,707</u> | <u>\$ 91,737,021</u> | <u>\$ 51,456,063</u> |

See accompanying notes to consolidated financial statements.



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

Notes to Consolidated Financial Statements

For the years ended December 31, 2018, 2017 and 2016
(In US dollars)

1. General information

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

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

On April 21, 2017, the Entity renewed, in advance, the Nestle and Nestle related Cereal Partners Worldwide lease agreements for a combined leasable area of 1,713,600 square feet. The leases were extended for 7 and 8 years, beginning on January 1, 2017 to December 31, 2023 and December 31, 2024, respectively. The lease agreements will remain indexed to Mexican investment units (UDIS for its acronym in Spanish) having monthly rent increases according to the increase in the value of UDIS. The new lease conditions had an impact on the value of the Entity’s investment properties as they are valued at their fair value using the income approach as described in Note 9 which was recognized in the current period.

2. Adoption of new and revised International Financial Reporting Standards

Application of new and revised International Financial Reporting Standards (“IFRS” or “IAS”) 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 for an accounting period that begins on or after January 1, 2018.

New and amended IFRS Standards that are effective for the current year

Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Entity has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives.

Additionally, the Entity adopted consequential amendments to IFRS 7 *Financial Instruments: Disclosures* that were applied to the disclosures about 2018 and to the comparative period. IFRS 9 introduced new requirements for:

1. The classification and measurement of financial assets and financial liabilities,
2. Impairment of financial assets, and
3. General hedge accounting.

Details of these new requirements as well as their impact on the Entity’s consolidated financial statements are described below.



a) **Classification and measurement of financial assets**

All recognized financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortized cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

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

- the Entity may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination in other comprehensive income; and
- the Entity may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

In the current year, the Entity has not designated any debt investments that meet the amortized cost or FVTOCI criteria as measured at FVTPL.

When a debt investment measured at FVTOCI is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is subsequently transferred to retained earnings.

Debt instruments that are measured subsequently at amortized cost or at FVTOCI are subject to impairment. See (b) below. The Entity reviewed and assessed its existing financial assets as at January 1, 2018 and concluded that based on the facts and circumstances that existed at that date, the initial application of IFRS 9 has had no material impact on the Entity's financial assets as regards their classification and measurement.

b) **Impairment of financial assets**

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 the 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 of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

Specifically, IFRS 9 requires the Entity to recognize a loss allowance for expected credit losses on:

- (1) Debt investments measured subsequently at amortized cost or at FVTOCI,
- (2) Lease receivables,
- (3) Trade receivables and contract assets, and
- (4) Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.



In particular, IFRS 9 requires the Entity to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Entity is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

The application of IFRS 9 did not have a material impact on the Entity's consolidated financial statements with respect to impairment.

c) Classification and measurement of financial liabilities

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be 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, but are instead transferred to retained earnings when the financial liability is derecognized. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

The application of IFRS 9 has had no a material impact on the classification and measurement of the Entity's financial liabilities.

d) General hedge accounting

The new general hedge accounting requirements retain the three types of hedge accounting. However, 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 replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about the Entity's risk management activities have also been introduced.

In accordance with IFRS 9's transition provisions for hedge accounting, the Entity has applied the IFRS 9 hedge accounting requirements prospectively from the date of initial application on 1 January 2018. The Entity's qualifying hedging relationships in place as at 1 January 2018 also qualify for hedge accounting in accordance with IFRS 9 and were therefore regarded as continuing hedging relationships. No rebalancing of any of the hedging relationships was necessary on 1 January 2018. As the critical terms of the hedging instruments match those of their corresponding hedged items, all hedging relationships continue to be effective under IFRS 9's effectiveness assessment requirements. The Entity has also not designated any hedging relationships under IFRS 9 that would not have met the qualifying hedge accounting criteria under IAS 39.

IFRS 9 requires hedging gains and losses to be recognized as an adjustment to the initial carrying amount of non-financial hedged items (basis adjustment). In addition, transfers from the hedging reserve to the initial carrying amount of the hedged item are not reclassification adjustments under IAS 1 Presentation of Financial Statements and hence they do not affect other comprehensive income. Hedging gains and losses subject to basis adjustments are categorized as amounts that will not be subsequently reclassified to profit or loss in other comprehensive income. This is consistent with the Entity's practice prior to the adoption of IFRS 9.

The application of the IFRS 9 hedge accounting requirements has had no material impact on the results and financial position of the Entity for the current and/or prior years.



Impact of application of 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 supersedes the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations.

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.

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 application of IFRS 15 did not have a material impact on the amounts reported and disclosures made in its consolidated financial statements.

Impact of application of Other amendments to IFRS Standards and Interpretations

In the current year, the Entity has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2018. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

IFRS 2 (amendments)
*Classification and
Measurement of Share-
based Payment
Transactions*

The Entity has adopted the amendments to IFRS 2 for the first time in the current year. 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 (typically in cash), 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 derecognized;
 - (ii) the equity-settled share-based payment is recognized 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 recognized in equity should be recognized in profit or loss immediately.



| | |
|---|---|
| IAS 40 (amendments)Transfers of Investment Property | The Entity has adopted the amendments to IAS 40 <u>Investment Property</u> for the first time in the current year. 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 the situations listed in IAS 40 are not exhaustive and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties). |
| 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 (for example, 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. |

New and revised IFRSs in issue but not yet effective

At the date of authorization of these financial statements, the Entity has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

| | |
|--|---|
| IFRS 16 | <i>Leases</i> |
| IFRS 17 | <i>Insurance Contracts</i> |
| Amendments to IFRS 9 | <i>Prepayment Features with Negative Compensation</i> |
| Annual Improvements to IFRS Standards 2015–2017 Cycle | <i>Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs</i> |
| Amendments to IAS 19 <i>Employee Benefits</i> | <i>Plan Amendment, Curtailment or Settlement</i> |
| IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 (amendments) | <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> |
| IFRIC 23 | <i>Uncertainty over Income Tax Treatments</i> |

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

IFRS 16 Leases

General impact of application of IFRS 16 Leases

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related Interpretations when it becomes effective for accounting periods beginning on or after January 1, 2019. The date of initial application of IFRS 16 for the Entity will be 1 January 2019.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17.

Impact of the new definition of a lease

The Entity will make use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to apply to those leases entered or modified before 1 January 2019.



The change in definition of a lease mainly relates to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of that asset.

The Entity will apply the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Entity has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not change significantly the scope of contracts that meet the definition of a lease for the Entity.

Impact on Lessee Accounting

Operating leases

IFRS 16 will change how the Entity accounts for leases previously classified as operating leases under IAS 17, which were off-balance sheet.

On initial application of IFRS 16, for all leases (except as noted below), the Entity will:

- a) Recognize right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;
- b) Recognize depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss;
- c) Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated cash flow statement.

Under IFRS 16, right-of-use assets will be tested for impairment in accordance with IAS 36 Impairment of Assets. This will replace the previous requirement to recognize a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Entity will opt to recognize a lease expense on a straight-line basis as permitted by IFRS 16.

As of December 31, 2018, the Entity has non-cancellable operating lease commitments of \$ 1,142,700. 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.

Impact on Lessor Accounting

Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, IFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

Amendments to IFRS 9 Prepayment Features with Negative Compensation

The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the SPPI condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI.

The amendment applies to annual periods beginning on or after 1 January 2019, with earlier application permitted. There are specific transition provisions depending on when the amendments are first applied, relative to the initial application of IFRS 9.

The Entity does not anticipate that the application of the amendments in the future will have an impact on the Entity's consolidated financial statements.



Annual Improvements to IFRS Standards 2015–2017 Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs

The *Annual Improvements* include amendments for the following Standards:

IAS 12 *Income Taxes*

The amendments clarify that an entity should recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

All the amendments are effective for annual periods beginning on or after 1 January 2019 and generally require prospective application. Earlier application is permitted.

The Entity does not anticipate that the application of the amendments in the future will have an impact on the Entity's consolidated financial statements.

IAS 23 *Borrowing Costs*

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

IFRS 10 Consolidated Financial Statements and IAS 28 (amendments) *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The Entity does not anticipate that the application of these amendments may have an impact on the Entity's consolidated financial statements in future periods should such transactions arise.

IFRIC 23 *Uncertainty over Income Tax Treatments*

IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to:

- determine whether uncertain tax positions are assessed separately or as an entity; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
 - If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
 - If no, the entity should reflect the effect of uncertainty in determining its accounting tax position.



The Interpretation is effective for annual periods beginning on or after 1 January 2019. Entities can apply the Interpretation with either full retrospective application or modified retrospective application without restatement of comparatives retrospectively or prospectively.

The Entity does not anticipate that the application of the amendments in the future will have an impact on the Entity's consolidated financial statements.

3. Significant accounting policies

a. *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.

b. *Basis of preparation*

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

i. Historical cost

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

ii. Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Entity takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, *Share-based Payments*.

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

- Level 1 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.

c. *Basis of consolidation*

The consolidated financial statements incorporate the financial statements of Vesta and entities (including structured entities) controlled by Vesta and its subsidiaries. Control is achieved when the Entity:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.



The Entity reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Entity obtains control over the subsidiary and ceases when the Entity loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit (loss) and other comprehensive income from the date the Entity gains control until the date when the Entity ceases to control the subsidiary.

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

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

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

| Subsidiary/entity | Ownership percentage | | | Activity |
|--|----------------------|--------|--------|---|
| | 2018 | 2017 | 2016 | |
| QVC, S. de R.L. de C.V. | 99.99% | 99.99% | 99.99% | Holds investment properties |
| QVC II, S. de R.L. de C.V. | 99.99% | 99.99% | 99.99% | Holds investment properties |
| WTN Desarrollos Inmobiliarios de México, S. de R.L. de C.V. | 99.99% | 99.99% | 99.99% | Holds investment properties |
| Vesta Baja California, S. de R.L. de C.V. | 99.99% | 99.99% | 99.99% | Holds investment properties |
| Vesta Bajío, S. de R.L. de C.V. | 99.99% | 99.99% | 99.99% | Holds investment properties |
| Vesta Queretaro, S. de R.L. de C.V. | 99.99% | 99.99% | 99.99% | Holds investment properties |
| Proyectos Aeroespaciales, S. de R.L. de C.V. | 99.99% | 99.99% | 99.99% | Holds investment properties |
| CIV Infraestructura, S. de R.L. de C.V. | (1) | 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 |
| Trust CIB 2962 | (2) | | | Vehicle to distribute shares to employees under the Long Term Incentive plan. |

(1) On April 26th, 2018, the board of directors of the Entity, unanimously approved the merger of CIV Infraestructura, S. de R. L. de C. V., with Proyectos Aeroespaciales, S. de R. L. of C. V., as a merged company.

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

d. *Financial instruments*

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



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

e. *Financial assets*

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

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

Classification of financial assets

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

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

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

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

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

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

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

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.

Impairment of financial assets

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



Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Write-off policy

The Entity writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner.

f. *Financial liabilities*

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

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

Financial liabilities at FVTPL

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

A financial liability is classified as held for trading if:

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

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

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



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

Financial liabilities measured subsequently at amortized cost

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

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

Derecognition of financial liabilities

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

g. ***Derivative financial instruments***

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

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

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the financial statements unless the Entity has both legal right and intention to offset. The impact of the Master Netting Agreements on the Entity's financial position is disclosed in note 14.8. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

h. ***Hedge accounting***

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

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

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 gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

i. *Cash and cash equivalents*

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

j. *Office furniture*

Office furniture is stated at cost less accumulated depreciation and accumulated impairment losses.

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

k. *Restricted cash*

Restricted cash represents cash and cash equivalents balances held by the Entity that are only available for use under certain conditions pursuant to the long-term debt agreements entered into by the Entity (as discussed in Note 10). These restrictions are classified according to their restriction period: less than 12 months and over one year, considering the period of time in which such restrictions are fulfilled, whereby the short-term restricted cash balance was classified within current assets under cash and cash equivalents and the long-term restricted cash was classified within guarantee deposits made.

l. *Investment property*

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

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



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

At the end of each reporting period, the Entity reviews the carrying amounts of its long-lived assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

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.

n. *Leases*

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.

1) The Entity as lessor

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

2) The Entity as lessee

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.

o. *Foreign currencies*

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



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

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

p. *Borrowing costs*

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognized in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalized borrowing costs reflect the hedged interest rate.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

q. *Employee benefits*

Employee benefits for termination

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

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

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

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

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

Statutory employee profit sharing (“PTU”)

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

As result of the 2014 Income Tax Law, as of December 31, 2018 and 2017, PTU is determined based on taxable income, according to Section I of Article 9 of the that Law.



r. *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.

s. *Income taxes*

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

1. Current tax

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

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

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

2. Deferred income tax

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

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

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

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



3. Current and deferred tax for the year

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

t. *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.

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

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

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

– *Valuation of investment properties*

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

In estimating the fair value of an asset or a liability, the Entity uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Entity engages third party qualified valuation experts. The valuation committee works closely with the qualified external valuation experts to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the valuation committee's findings to the board of directors of the Entity every quarter to explain the cause of fluctuations in the fair value of the assets and liabilities. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 9 and 14.

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



5. *Cash, cash equivalents and restricted cash*

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

| | 2018 | 2017 | 2016 |
|-----------------------------|----------------------|----------------------|----------------------|
| Cash and cash equivalents | \$ 64,434,016 | \$ 90,415,448 | \$ 48,054,432 |
| Current restricted cash | <u>49,379</u> | <u>586,261</u> | <u>2,666,319</u> |
| | 64,483,395 | 91,001,709 | 50,720,751 |
| Non-current restricted cash | <u>735,312</u> | <u>735,312</u> | <u>735,312</u> |
| Total | <u>\$ 65,218,707</u> | <u>\$ 91,737,021</u> | <u>\$ 51,456,063</u> |

Restricted cash represents balances held by the Entity that are only available for use under certain conditions pursuant to the loan agreements entered into by the Entity. Such conditions include payment of monthly debt service and compliance with certain covenants set forth in the loan agreement. These restrictions are classified according to their restriction period: less than 12 months and over one year, considering the period of time in which such restrictions are fulfilled. Non-current restricted cash was classified within guarantee deposits made in the accompanying consolidated statements of financial position.

6. *Financial Assets held for trading*

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

7. **Recoverable taxes**

| | 2018 | 2017 | 2016 |
|-------------------------------------|----------------------|----------------------|----------------------|
| Recoverable value-added tax ("VAT") | \$ 11,008,204 | \$ 15,100,478 | \$ 10,438,157 |
| Recoverable income taxes | 7,000,756 | 425,808 | 1,116,871 |
| Recoverable dividend tax | 8,202,066 | 10,719,907 | 10,203,349 |
| Other receivables | <u>129,784</u> | <u>432,504</u> | <u>36,104</u> |
| | <u>\$ 26,340,810</u> | <u>\$ 26,678,697</u> | <u>\$ 21,794,481</u> |

8. **Operating lease receivables**

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

| | 2018 | 2017 | 2016 |
|--------------|---------------------|---------------------|---------------------|
| 0-30 days | \$ 6,944,766 | \$ 4,508,045 | \$ 4,541,467 |
| 30-60 days | 373,514 | 223,456 | 1,588,869 |
| 60-90 days | 229,724 | 229,591 | 551,533 |
| Over 90 days | <u>582,549</u> | <u>260,425</u> | <u>347,106</u> |
| Total | <u>\$ 8,130,553</u> | <u>\$ 5,221,517</u> | <u>\$ 7,028,975</u> |

Pursuant to the lease agreements, rental payments should be received within 30 days following their due date; thereafter the payment is considered past due. As shown in the table above, 86 %, 86% and 65% of all operating lease receivables are current at December 31, 2018, 2017 and 2016, 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 5%, 4% and 23% of all operating lease receivables at December 31, 2018, 2017 and 2016, respectively. Operating lease receivables outstanding for more than 60 and less than 90 days represent 3%, 4% and 8% of all operating lease receivable at December 31, 2018, 2017 and 2016. Operating lease receivables outstanding greater than 90 days represent 7%, 5% and 5% as of December 31, 2018, 2017 and 2016, respectively.

ii. Movement in the allowance for doubtful accounts receivable

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

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of the operating lease receivable. The balance as of December 31, 2018, 2017 and 2016 is \$350,314, \$283,538 and \$41,314, respectively.

iii. Client concentration risk

As of December 31, 2018, 2017 and 2016 one of the Entity's clients account for 23% or \$1,883,826, 40% or \$2,093,433 and 29% or \$2,040,061, respectively, of the operating lease receivables balance. The same client accounted for 6%, 7% and 11% of the total rental income of Entity for the years ended December 31, 2018, 2017 and 2016, respectively.

iv. Leasing agreements

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

v. Non-cancellable operating lease receivables

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

| | 2018 | 2017 | 2016 |
|--|-----------------------|-----------------------|-----------------------|
| Not later than 1 year | \$ 131,017,926 | \$ 126,991,489 | \$ 100,997,236 |
| Later than 1 year and not later than 3 years | 230,133,415 | 226,252,896 | 170,779,851 |
| Later than 3 year and not later than 5 years | 239,526,395 | 266,140,992 | 191,181,511 |
| Later than 5 years | <u>128,475,873</u> | <u>161,262,379</u> | <u>159,893,939</u> |
| | <u>\$ 729,153,609</u> | <u>\$ 780,647,757</u> | <u>\$ 622,852,537</u> |



9. Investment property

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

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

The Entity's investment properties are located in México and they are classified as Level 3 in the IFRS fair value hierarchy. The following table provides information about how the fair values of the investment properties are determined (in particular, the valuation 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 | 2018: 9.35 % 2017: 9.35% 2016: 9.75% | The higher the discount rate, the lower the fair value. |
| | | | Exit cap rate | 2018: 8.25 % 2017: 8.75 % 2016: 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: 4.00 % in 2018, 4.10% in 2017 and 3.5% in 2016 U.S.: 2.2% in 2018, 2.1% in 2017 and 2.2% in 2016 | The higher the inflation rate, the higher the fair value. |
| | | | Absorption period | 12 months on average | The shorter the absorption period, the higher the fair value |
| | | | Market related rents | Depending on the park/state | The higher the market rent the higher the fair value |
| | | | Exchange rate - Mexican pesos per \$1 | 2018: 20.35 2017: 18.80 2016: 20.00 | 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 2018 \$107,599 and \$111,786 in 2017. | 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:

| | 2018 | 2017 | 2016 |
|---|-------------------------|-------------------------|-------------------------|
| Buildings and land | \$ 1,817,308,000 | \$ 1,679,059,000 | \$ 1,393,000,000 |
| Land improvements | 28,193,736 | 18,815,371 | 9,652,444 |
| Land reserves | <u>92,523,000</u> | <u>87,631,000</u> | <u>79,377,000</u> |
| | 1,938,024,736 | 1,785,505,371 | 1,482,029,444 |
| Less: Cost to complete construction in-progress | <u>(53,403,306)</u> | <u>(84,499,000)</u> | <u>(66,314,682)</u> |
| Balance at end of year | <u>\$ 1,884,621,430</u> | <u>\$ 1,701,006,371</u> | <u>\$ 1,415,714,762</u> |

The reconciliation of investment property is as follows:

| | 2018 | 2017 | 2016 |
|--|-------------------------|-------------------------|-------------------------|
| Balance at beginning of year | \$ 1,701,006,371 | \$ 1,415,714,762 | \$ 1,214,930,005 |
| Additions | 138,831,289 | 195,132,819 | 158,013,760 |
| Foreign currency translation effect | (8,039,032) | 6,100,685 | (24,233,614) |
| Gain on revaluation of investment property | <u>52,822,802</u> | <u>84,058,105</u> | <u>67,004,611</u> |
| Balance at end of year | <u>\$ 1,884,621,430</u> | <u>\$ 1,701,006,371</u> | <u>\$ 1,415,714,762</u> |

A total of \$933,571 additions to investment property related to land reserves and new buildings which were acquired from third parties, were not paid as of December 31, 2018 and were therefore excluded from the consolidated statements of cash flows for that year. 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.

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 36 years as of December 31, 2018.

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 36 years as of December 31, 2018). 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, 2018, 2017 and 2016, the Entity’s investment properties have a gross leasable area (unaudited) of 29,867,577 square feet (or 2,77,4,789 square meters), 26,721,171 square feet (or 2,482,478 square meters) and 22,569,585 square feet (or 2,096,783 square meters), respectively, and they were 91.8%, 92.3% and 89.2% occupied by tenants (unaudited), respectively. As of December 31, 2018, 2017 and 2016, investment properties with a gross leasable area (unaudited) of 1,041,753 square feet (or 96,782 square meters), 2,330,549 square feet (or 216,515 square meters) and 2,008,397 square feet (or 186,586 square meters), respectively, were under construction, representing an additional 3.4%, 8.7% and 8.9% of the Entity’s total leasable area.

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

10. Long-term debt

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

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

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

On July 22, 2016, the Entity entered into a new five-year credit agreement with various financial institutions for an aggregated amount of \$150,000,000; the proceeds were received on the same date (the “Syndicated Loan”). The Syndicated Loan also includes a revolving credit facility up to \$100,000,000 which as of December 31, 2018, 2017 and 2016 has not been utilized. On July 27, 2016, the Entity entered into a 10-year loan agreement with Metropolitan Life Insurance Company (“MetLife”) for a total amount of \$150,000,000. The proceeds of both of the aforementioned credit facilities were used to settle the Entity’s debt with Blackstone which matured on August 1, 2016.



The long-term debt is comprised by the following notes:

| Loan | Amount | Annual interest rate | Monthly amortization | Maturity | 31/12/2018 | 31/12/2017 | 31/12/2016 |
|----------------------------|----------------|-------------------------------|----------------------|----------------|--------------------|--------------------|--------------------|
| Syndicated Loan | \$ 150,000,000 | Variable rate plus margin (1) | (1) | July 2021 | \$ 150,000,000 | \$ 150,000,000 | \$ 150,000,000 |
| MetLife 10-year | 150,000,000 | 4.55% | (2) | August 2026 | 150,000,000 | 150,000,000 | 150,000,000 |
| MetLife 7-year | 47,500,000 | 4.35% | (3) | April 2022 | 47,376,981 | 47,500,000 | 47,500,000 |
| Series A Senior Note | 65,000,000 | 5.03% | (5) | September 2024 | 65,000,000 | 65,000,000 | - |
| Series B Senior Note | 60,000,000 | 5.31% | (5) | September 2027 | 60,000,000 | 60,000,000 | - |
| Series A Senior Note | 45,000,000 | 5.50% | (5) | May 2025 | 45,000,000 | - | - |
| Series B Senior Note | 45,000,000 | 5.85% | (5) | May 2028 | 45,000,000 | - | - |
| MetLife 7-year | 118,000,000 | 4.75% | (4) | December 2027 | 118,000,000 | 118,000,000 | - |
| MetLife 8-year | 26,600,000 | 4.75% | (2) | August 2028 | 26,600,000 | - | - |
| | | | | | <u>706,976,981</u> | <u>590,500,000</u> | <u>347,500,000</u> |
| Less: Current portion | | | | | (4,513,388) | | |
| Less: Direct issuance cost | | | | | <u>(7,179,559)</u> | <u>(8,505,121)</u> | <u>(6,628,583)</u> |
| Total Long-term debt | | | | | \$ 695,284,034 | \$ 581,994,879 | \$ 340,871,417 |

- (1) Five-year Syndicated Loan, interest is paid on a quarterly basis and calculated using LIBOR (London interbank offered rate) plus an applicable margin. The applicable margin varies depending on the Entity's leverage ratio (higher or lower than 40%) and the number of months that the Syndicated Loan has been outstanding. Currently the applicable margin is 200 basis points; if leverage ratio is higher than 40% the margin would increase to 225 basis points. Principal amortization will commence on July 22, 2019; thereafter the Syndicated Loan will have quarterly principal payments equal to 1.25% of the loan amount.
- (2) 10-year loan agreement with MetLife, interest on this loan is paid on a monthly basis and calculated using an annual fixed rate of 4.55%. Principal amortization will commence on September 1, 2023. This loan is guaranteed with 48 of the Entity's properties. On March 2018, an additional credit line was contracted for 26,600,000, which expires on August 1, 2026 accruing interest at an annual rate of 4.75%.
- (3) On March 9, 2015, the Entity entered into a 7-year loan with MetLife, interest on this loan is paid on a monthly basis and calculated using an annual rate of 4.35%. The loan has monthly interest only payments for 42 months and thereafter monthly amortizations of principal and interest until it matures on April 1, 2022. The loan is secured by 6 of the Entity's investment properties.
- (4) On November 1, 2017, the Entity entered into a 10-year loan agreement with MetLife, interest on this loan is paid on a monthly basis and calculated using an annual rate of 4.75%. The loan bears monthly interest only for 60 months and thereafter monthly amortizations of principal and interest until it matures on December 1, 2027. The loan is secured by 21 of the Entity's investment properties.
- (5) Series A Senior Notes and Series B Senior Notes are not secured by investment properties of the Entity. The interest on these notes are paid on a monthly basis and calculated using an annual rates established in the table above.



These credit agreements require the Entity to maintain certain financial ratios (such as Cash-on-Cash and debt service coverage ratios) and to comply with certain affirmative and negative covenants. The Entity is in compliance with these covenants as of December 31, 2018.

The credit agreements also entitle 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 2020 | \$ 8,291,939 |
| As of December 2021 | 140,460,254 |
| As of December 2022 | 47,725,175 |
| As of December 2023 | 4,608,725 |
| Thereafter | 501,377,500 |
| Less: direct issuance cost | <u>(7,179,559)</u> |
| Total long-term debt | <u>\$ 695,284,034</u> |

11. Capital stock

1. Capital stock as of December 31, 2018, 2017 and 2016 is as follows:

| | <u>2018</u> | | <u>2017</u> | | <u>2016</u> | |
|------------------|-------------------------|----------------------|-------------------------|----------------------|-------------------------|----------------------|
| | <u>Number of shares</u> | <u>Amount</u> | <u>Number of shares</u> | <u>Amount</u> | <u>Number of shares</u> | <u>Amount</u> |
| Fixed capital | | | | | | |
| Series A | 5,000 | \$ 3,696 | 5,000 | \$ 3,696 | 5,000 | \$ 3,696 |
| Variable capital | | | | | | |
| Series B | <u>591,409,572</u> | <u>435,609,543</u> | <u>600,262,388</u> | <u>439,839,411</u> | <u>621,092,663</u> | <u>450,876,454</u> |
| Total | <u>591,414,572</u> | <u>\$435,613,239</u> | <u>600,267,388</u> | <u>\$439,843,107</u> | <u>621,097,663</u> | <u>\$450,880,150</u> |

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.

2. Shares in treasury

As of December 31, 2018, 2017 and 2016 total shares in treasury area as follows:

| | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|--|-------------------|-------------------|-------------------|
| Shares in treasury (1) | 37,831,460 | 31,458,735 | 10,628,460 |
| Shares in long term incentive plan trust (2) | <u>2,480,091</u> | <u>-</u> | <u>-</u> |
| Total share in treasury | <u>40,311,551</u> | <u>31,458,735</u> | <u>10,628,460</u> |

- (1) The Board of Directors approved on October 25, 2018 the cancellation of 25,269,045 shares that had been repurchased by the Entity under the stock repurchase program. On December 10, 2018, the entity filed a request with the National Banking and Exchange Commission (CNBV) to update the number of shares issued in the National Securities Records, such request is currently in process.



- (2) An employee share trust was established in 2018, in conjunction with the 20-20 Long Term Incentive Plan. Such trust was created by the Entity as a vehicle to distribute shares to employees under the mentioned incentive plan (see note 16) and is consolidated by the Entity. The shares granted to the eligible executives and deposited in the trust accrue dividends any time the ordinary shareholders receive dividends and those dividends do not need to be returned to the Entity if the executive forfeits the granted shares.

3. Fully paid ordinary shares

| | Number of shares | Amount | Additional paid-in capital |
|---------------------------------|---------------------|-----------------------|-------------------------------|
| Balance as of December 31, 2015 | 631,137,923 | \$ 455,741,735 | \$ 349,557,056 |
| Vested shares | 163,089 | 104,640 | 173,193 |
| Repurchase of shares | <u>(10,203,349)</u> | <u>(4,944,225)</u> | <u>(6,693,021)</u> |
| 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 | <u>(20,948,945)</u> | <u>(11,095,244)</u> | <u>(15,858,458)</u> |
| Balance as of December 31, 2017 | 600,267,388 | 439,843,107 | 327,270,539 |
| Vested shares | 567,788 | 297,786 | 479,413 |
| Repurchase of shares | <u>(9,420,604)</u> | <u>(4,527,654)</u> | <u>(6,728,913)</u> |
| Balance as of December 31, 2018 | <u>591,414,572</u> | <u>\$ 435,613,239</u> | <u>\$ 321,021,039</u> |

4. Dividend payments

Pursuant to a resolution of the general ordinary stockholders' meeting on March 21, 2018, the Entity declared a dividend of approximately \$0.079 per share, for a total dividend of \$47,897,981. The dividend was paid on April 13, 2018 in cash.

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.

5. Earnings per share

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

| | 2018 | 2017 | 2016 |
|--|---------------|----------------|---------------|
| Basic Earnings per shares | | | |
| Earnings attributable to ordinary share to outstanding (1) | \$ 92,675,577 | \$ 126,030,181 | \$ 45,082,793 |
| Weighted average number of ordinary shares outstanding | 597,380,020 | 609,850,516 | 630,259,650 |
| Basic Earnings per share | 0.155 | 0.207 | 0.072 |



| | 2018 | 2017 | 2016 |
|---|---------------|----------------|----------------------|
| Diluted Earnings per shares | | | |
| Earnings attributable to ordinary shares outstanding and shares in Incentive Plan Trust (1) | \$ 93,060,330 | \$ 126,030,181 | \$ 45,082,793 |
| Weighted average number of ordinary shares plus shares in Incentive Plan trust | 599,860,111 | 609,850,516 | 630,259,650 |
| Diluted earnings per share | 0.155 | 0.207 | 0.072 |
| (1) Total earnings | | \$ 93,060,330 | |
| Less: Earnings attributable to shares in Incentive Plan trust | | | <u>384,753</u> |
| Earnings attributable to ordinary shares outstanding | | | <u>\$ 92,675,577</u> |

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

12. Property operating costs and administration expenses

1. Property operating costs consist of the following:

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

| | 2018 | 2017 | 2016 |
|---------------------------------|---------------------|---------------------|---------------------|
| Real estate tax | \$ 1,322,097 | \$ 1,285,697 | \$ 1,090,743 |
| Insurance | 392,293 | 366,613 | 302,400 |
| Maintenance | 1,030,590 | 873,367 | 748,043 |
| Structural maintenance accrual | 167,253 | 168,502 | - |
| Other property related expenses | <u>1,936,385</u> | <u>1,412,224</u> | <u>1,243,203</u> |
| | <u>\$ 4,848,618</u> | <u>\$ 4,106,403</u> | <u>\$ 3,384,389</u> |

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

| | 2018 | 2017 | 2016 |
|---------------------------------|---------------------|---------------------|---------------------|
| Real estate tax | \$ 302,280 | \$ 268,448 | \$ 293,602 |
| Insurance | 48,972 | 53,731 | 51,280 |
| Maintenance | 111,412 | 100,440 | 148,689 |
| Other property related expenses | <u>365,418</u> | <u>464,069</u> | <u>498,486</u> |
| | <u>828,082</u> | <u>886,688</u> | <u>992,057</u> |
| Total property operating | <u>\$ 5,676,700</u> | <u>\$ 4,993,091</u> | <u>\$ 4,376,446</u> |



2. Administration expenses consist of the following:

| | 2018 | 2017 | 2016 |
|--|----------------------|----------------------|----------------------|
| Employee direct benefits | \$ 8,798,898 | \$ 7,849,558 | \$ 6,270,379 |
| Auditing, legal and consulting expenses | 1,957,828 | 1,282,256 | 1,212,794 |
| Property appraisal and other fees | 448,965 | 359,832 | 352,357 |
| Indirect equity issuance and trading costs | 109,592 | 209,168 | 181,309 |
| Marketing expenses | 1,020,523 | 1,328,200 | 1,136,642 |
| Other | <u>1,815,748</u> | <u>1,405,893</u> | <u>1,223,070</u> |
| | 14,151,554 | 12,434,907 | 10,376,551 |
| Long-term incentive - Note 16 | <u>1,942,810</u> | <u>1,477,031</u> | <u>860,125</u> |
| Total | <u>\$ 16,094,364</u> | <u>\$ 13,911,938</u> | <u>\$ 11,236,676</u> |

13. **Income taxes**

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

13.1 Income taxes are as follows:

| | 2018 | 2017 | 2016 |
|--------------------|----------------------|----------------------|----------------------|
| ISR expense: | | | |
| Current | \$ 21,892,031 | \$ 15,137,320 | \$ 6,134,040 |
| Deferred | <u>13,091,239</u> | <u>16,393,917</u> | <u>48,862,618</u> |
| Total income taxes | <u>\$ 34,983,270</u> | <u>\$ 31,531,237</u> | <u>\$ 54,996,658</u> |

13.2 The effective ISR rates for fiscal 2018, 2017 and 2016 differ from the statutory rate as follows:

| | 2018 | 2017 | 2016 |
|---|------------|------------|------------|
| Statutory rate | 30% | 30% | 30% |
| Effects of exchange rates on tax balances | (1)% | (6)% | 27% |
| Effects of inflation | (2)% | (5)% | (4)% |
| Other | <u>-</u> | <u>1%</u> | <u>2%</u> |
| Effective rate | <u>27%</u> | <u>20%</u> | <u>55%</u> |

13.3 The main items originating the deferred ISR liability are:

| | 2018 | 2017 | 2016 |
|---------------------------------------|-------------------------|-------------------------|-------------------------|
| Deferred ISR assets (liabilities): | | | |
| Investment property | \$ (215,221,274) | \$ (207,074,235) | \$ (199,134,089) |
| Effect of tax loss carryforwards | 598,913 | 4,097,337 | 14,205,287 |
| Other provisions and prepaid expenses | <u>(728,612)</u> | <u>(1,228,463)</u> | <u>(804,262)</u> |
| Deferred income taxes - Net | <u>\$ (215,350,973)</u> | <u>\$ (204,205,361)</u> | <u>\$ (185,733,064)</u> |

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:

| | 2018 | 2017 | 2016 |
|---|-------------------------|-------------------------|-------------------------|
| Deferred tax liability at the beginning of the period | \$ (204,205,361) | \$ (185,733,064) | \$ (144,140,530) |
| Movement included in profit or loss | (11,145,612) | (16,393,916) | (48,862,618) |
| Movement included in other comprehensive income | <u>1,945,627</u> | <u>(2,078,381)</u> | <u>7,270,084</u> |
| Deferred tax liability at the end of the year | <u>\$ (215,350,973)</u> | <u>\$ (204,205,361)</u> | <u>\$ (185,733,064)</u> |

13.5 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, 2018 and expiration dates are:

| Year of Expiration | Tax Loss Carryforwards |
|--------------------|------------------------|
| 2026 | <u>\$ 1,996,377</u> |
| | <u>\$ 1,996,377</u> |

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 10 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 11). 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:

| | 2018 | 2017 | 2016 |
|--|----------------------|----------------------|--------------------|
| Debt | \$ 699,797,422 | \$ 581,994,879 | \$ 340,871,417 |
| Cash, cash equivalents and restricted cash | (64,483,395) | (91,001,709) | (50,720,751) |
| Financial assets held for trading | <u>(724,399)</u> | <u>(677,828)</u> | <u>(613,015)</u> |
| Net debt | 634,589,628 | 490,315,342 | 289,537,651 |
| Equity | <u>1,053,703,573</u> | <u>1,022,332,124</u> | <u>959,384,899</u> |
| Net debt to equity ratio | <u>60%</u> | <u>48%</u> | <u>30%</u> |



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 5, operating lease receivables as disclosed in Note 8, derivative financial instruments disclosed within this note, and financial assets held for trading in the note 6. The Entity's principal financial liability is long-term debt as disclosed in Note 10.

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 14.8 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:

| | 2018 | 2017 | 2016 |
|--|----------------|----------------|----------------|
| Exchange rates: | | | |
| Mexican pesos per US dollar at the end of the period | 19.6829 | 19.7354 | 20.6640 |
| Mexican pesos per US dollar average during the year | 19.2371 | 18.9302 | 18.6567 |
| Monetary assets: | | | |
| Mexican pesos | \$ 592,340,267 | \$ 651,151,481 | \$ 515,823,400 |
| US dollars | 347,594 | 445,751 | 361,656 |
| Monetary liabilities: | | | |
| Mexican pesos | \$ 25,320,881 | \$ 51,171,796 | \$ 22,097,747 |
| US dollars | 31,782,583 | 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:

| | 2018 | 2017 | 2016 |
|--|----------------|----------------|----------------|
| Profit or loss impact: | | | |
| Mexican peso - 10% appreciation - gain | \$ (2,618,883) | \$ (2,763,745) | \$ (2,654,782) |
| Mexican peso - 10% depreciation - loss | 3,200,857 | 3,377,910 | 2,172,094 |
| U.S. dollar - 10% appreciation - loss | (61,873,174) | (52,391,517) | (33,932,951) |
| U.S. dollar - 10% depreciation - gain | 61,873,174 | 52,391,517 | 33,932,951 |

14.8 Interest rate risk management

The Entity minimizes its exposure to interest rate risk by borrowing funds at fixed rates, or entering into interest rate swap contracts where funds are borrowed at floating rates. This minimizes interest rate risk together with the fact that properties owned by the Entity generate a fixed income in the form of rental income which is indexed to inflation.

Interest rate swap contracts

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

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

Cash flow hedges

| | Contracted fixed interest rate 2018 | Notional principal value 2018 | Fair value assets (liabilities) 2018 |
|--|-------------------------------------|-------------------------------|--------------------------------------|
| Outstanding receive floating pay fixed contracts | 1.944 | \$ 150,000,000 | \$ 2,380,863 |
| | 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 23%, 40% and 29% of its operating lease receivable balance and 6%, 7% and 11% its annualized rents as of and for the years ended December 31, 2018, 2017 and 2016, 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, 2018 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 | | \$ 194,778 | \$ 4,318,610 | \$ 205,878,337 | \$ 496,585,256 | \$ 706,976,981 |
| Accrued interest | 4.92% | <u>11,034,950</u> | <u>24,603,263</u> | <u>145,442,871</u> | <u>50,500,303</u> | <u>231,581,387</u> |
| | | <u>\$ 11,229,728</u> | <u>\$ 28,921,873</u> | <u>\$ 351,321,208</u> | <u>\$ 547,085,559</u> | <u>\$ 938,558,368</u> |

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

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

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, 2018, 2017 and 2016 is \$707,100,000, \$590,500,000 and \$347,500,000, respectively. This measurement is classified as level 2, since management uses an adjusted observable discount rate to determine fair value of debt.



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

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:

| | 2018 | 2017 | 2016 |
|----------------------------------|---------------------|---------------------|---------------------|
| Short-term benefits | \$ 4,955,056 | \$ 3,804,628 | \$ 4,244,325 |
| Share-based compensation expense | <u>1,942,810</u> | <u>1,477,031</u> | <u>860,125</u> |
| | <u>\$ 6,897,866</u> | <u>\$ 5,281,659</u> | <u>\$ 5,104,450</u> |

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 or LTI), 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 at the expected performance. The shares to be used to settle this plan were issued by the Entity during January 2015; no awards will be paid in cash. The granted shares are 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.

From 2015 to 2020 the plan consists on awarding the eligible executives of the company (15 executives during 2018). The actual grant ranges from a minimum threshold level, an expected amount and a maximum potential grant. The actual grant is determined based on these levels are determined at the beginning of each fiscal year by the Corporate Practice Committee.

| Grant Year | Shares granted in LTI Trust | Exercised Shares | Shares granted | Plan Parameters | | |
|------------|-----------------------------|------------------|------------------|-----------------|-----------|-----------|
| | | | | MIN | TARGET | MAX |
| 2015 | - | - | - | - | 1,738,037 | 2,600,000 |
| 2016 | 1,347,325 | (449,108) | 898,217 | 695,215 | 1,738,037 | 2,607,056 |
| 2017 | 1,581,874 | - | 1,581,874 | 695,215 | 1,738,037 | 2,607,056 |
| 2018 | - | - | - | 1,000,000 | 2,500,000 | 3,750,000 |
| Total | <u>2,929,199</u> | <u>(449,108)</u> | <u>2,480,091</u> | | | |

- 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. Plan parameters change for 2018, as shown in ii above.



- iv. 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, 2018, 2017 and 2016, the shares granted were 3,379,720, 637,200 and 863,499, respectively.
- ii. 2014 Incentive Plan - The fair value of the share awards granted under the 2014 Plan, was determined based on a fixed amount of cash determined as per the Entity's plan. It is assumed that executives will receive the awards after vesting date. The expense under this plan affects the cash position of the Entity.

16.3 Compensation expense recognized

The long-term incentive expense for the years ended December 31, 2018, 2017 and 2016 was as follows:

| | 2018 | 2017 | 2016 |
|-----------------------------------|---------------------|---------------------|-------------------|
| Vesta 20-20 Incentive Plan | \$ 1,933,246 | \$ 1,430,143 | \$ 840,985 |
| 2014 Incentive Plan | <u>9,564</u> | <u>46,888</u> | <u>19,140</u> |
| Total long-term incentive expense | <u>\$ 1,942,810</u> | <u>\$ 1,477,031</u> | <u>\$ 860,125</u> |

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, 2018, there are 2,480,091 shares outstanding with a weighted average remaining contractual life of 13 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 9, all rights to construction, improvements and infrastructure built by the Entity in the Queretaro Aerospace Park and in the DSP Park automatically revert back to the government of the State of Queretaro and to Nissan at the end of the concessions, which is approximately in 42 and 36 years, respectively.



18. Financial statements issuance authorization

On February 14, 2019 the issuance of the consolidated financial statements was authorized by the Board of Directors, consequently, they do not reflect events occurred after that date. These consolidated financial statements are subject to approval at the General Ordinary Shareholders' Meeting, where the stockholders may decide to modify such consolidated financial statements according to the Mexican General Corporate Law.

* * * * *



Appendix 2

2018 Reports by the audit committee, the corporate practices committee, the investment committee, the ethics committee, the debt and equity committee and the social and environmental committee



Translation for informational purposes only

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

Fiscal Year of 2018

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

The undersigned in my character of chairman of the audit committee of Corporación Inmobiliaria Vesta, S.A.B. de C.V. (the "Company"), and in compliance of the provisions of article 43 of the Securities Market Law, hereby submit to your consideration the annual report of the committee that I chaired during the fiscal year ended on December 31st, 2018.

The audit committee suffered some changes during the fiscal year of 2018, and from March 2018, was integrated as follows:

| Member | Title | Character |
|-------------------------------------|-----------|--------------------------|
| Luis Javier Solloa Hernández | President | Independent Board Member |
| José Humberto López Niederer | Member | Independent Board Member |
| Stephen B. Williams | Member | Independent Board Member |
| José Manuel Domínguez Díaz Ceballos | Member | Independent Board Member |

The activities of the audit committee during the fiscal year of 2018 was carried out according to the provisions of the Securities Market Law, the General Provisions Applicable to Issuers and other Participants in the Securities Market, the code of principles and best practices of corporate governance as well as other laws, regulations and applicable rules to the Company.

During the fiscal year ended on December 31st, 2018, the audit committee met 4 times, on February 12th, April 20th, July 24th and October 22nd of 2018.

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

- I. Review and analysis of the audited and consolidated financial statements of the Company and its subsidiaries, prepared for the fiscal year ended on December 31st, 2017; as well as the consolidated financial statements of the Company and its subsidiaries, prepared for the closing of the quarters occurred during the fiscal year of 2018.
- II. The committee reviewed the audited financial statements prepared by the external auditor for the fiscal year ended on December 31st, 2018, it is important to point out that such external auditor issued a clean opinion without exceptions as to the audited financial statements; therefore, the committee recommended to the board of directors to approve the audited financial statements prepared for the fiscal year ended on December 31st, 2018 and to submit them for approval of the shareholders.

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

- III. The audit committee confirmed the compliance by Corporación Inmobiliaria Vesta, S.A.B. de C.V. and each of its subsidiaries of their respective tax obligations either as direct payee and as receiver.
- IV. Evaluation with respect of the external audit and the services proposal presented by Galaz, Yamazaki, Ruiz Urquiza, S.C. member of Deloitte Touche (Tomatsu Limited), as external auditor of the Company and its subsidiaries for the fiscal year of 2018.
- V. Evaluation and determination of the additional services that the Company may request from Galaz, Yamazaki, Ruiz Urquiza, S.C. member of Deloitte Touche (Tomatsu Limited) during the fiscal year of 2018 and determination of the maximum amount permitted for the engagement of such services.
- VI. Analysis of the closing of the operating budget of the Company for the fiscal year ended on December 31st, 2017; and follow up of the operating budget of the Company during the fiscal year of 2018.
- VII. Review of the quarterly reports issued by the internal auditor of the Company, according to the work plan of the internal audit area and follow up of its findings.
- VIII. Election of the independent property valuation suppliers for the Company during the year of 2019.
- IX. Follow up of the resolutions adopted by the shareholders and by the board of directors of the Company.

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

Company's Internal Control

The Company and 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.

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

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

Preventive and Corrective Measures

During the fiscal year of 2018, the management developed and applied corrective and preventive actions with respect to the findings of the internal audit area of the Company.

Evaluación del Auditor Externo

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 partner 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.

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, 2018, it is important to point out that within the interviews and audit committee sessions with the external auditors, the committee confirmed the requirements of independence and rotation of supervising personnel of the external auditor.

Additional Services by the External Auditor

During the fiscal year ended on December 31st 2018, 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 services provided by other advisors of the Company, were hired within the ordinary course of business, and under market terms and conditions.

Modifications to the Accounting Policies.

During the fiscal year ended on December 31st, 2018, 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.

Complaints

During the fiscal year subject matter of this report, the audit committee did not receive any comment or complaints from shareholders, board members, relevant directors, employees or third parties in connection with the internal controls of the Company or any related matters, nor any accusations regarding any irregularity.

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.

With respect to the annual report of the CEO to be submitted to the shareholders of the Corporación Inmobiliaria Vesta, S.A.B. de C.V. and that was previously distributed among the governance bodies of the company, it is important to note that clearly and timely summarizes what occurred during the fiscal year of

2018. Due to the foregoing, the report to be submitted by the CEO truly and sufficiently reflects the operation and results of the Company.

Mexico City, February 14th, 2019

/S/

Luis Javier Solloa Hernández
Chairman of the Audit Committee



Translation for Informational Purposes Only

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

Fiscal Year of 2018

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

The undersigned in my character of chairman of the corporate practices committee of Corporación Inmobiliaria Vesta, S.A.B. de C.V. (the "Company"), and according to the provisions of article 43 of the Securities Market Law, hereby submit the annual report of the committee presided by the undersigned during the fiscal year ended on December 31st, 2018.

During the fiscal year ended on December 31st, 2018, the committee was comprised as follows:

| Member | Title | Character |
|-------------------------------|-----------|--------------------------|
| Javier Mancera Arrigunaga | President | Independent Board Member |
| Oscar Francisco Cázares Elías | Member | Independent Board Member |
| Stephen B. Williams | Member | Independent Board Member |
| José Antonio Pujals Fuentes | Member | Independent Board Member |

The activities of the corporate practices committee during the fiscal year of 2018 was carried out according to the provisions of the Securities Market Law, the General Provisions Applicable to the Issuers and other Participants in the Market, the code of principles and best practices of corporate governance, and other laws, regulations and rules applicable to the Company.

During the fiscal year ended on December 31st, 2018, the corporate practices committee met 5 times.

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

- I. The process for the separation of the roles of the executive chairman of the board of directors and the CEO of the Company, was recommended, initiated and completed, establishing the authority, obligations and compensations for each of such offices, and the new CEO was selected.
- II. The transition period of the CEO was initiated and completed.
- III. Prepare the evaluation of the performance of the CEO and of the executives of the Company for the fiscal year of 2018, establishing the applicable incentives in each case.
- IV. The basis for the remunerations of the executives and of the CEO of the Company for the fiscal year of 2019, were submitted, discussed and approved.
- V. The general condition of the salaries of the employees of the Company for 2019, were submitted, discussed and approved.



- VI. Issued recommendations on the integration of the board of directors and of the committees of the Company.
- VII. Reviewed, discussed, analyzed and resolved on a possible conflict of interest derived from a related parties' transaction, voluntarily revealed to the Company by the executives involved, concluding that said transaction was made on conditions no less favorable for the Company than those that could be obtained with a third party; and therefore, did not have a negative adverse effect on the Company.
- VIII. During the fiscal year ended on December 31st, 2018, the committee did not grant any waiver to any executive to benefit from business opportunities corresponding to the Company.

Mexico City, January 8th, 2019.

/s/

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



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

Fiscal Year 2018

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

The undersigned in my character of president of the investment committee of Corporación Inmobiliaria Vesta, S.A.B. de C.V. (the "Company"), hereby submit to the board of directors the annual activity report of the committee chaired by me during the fiscal year ended on December 31st, 2018.

During the fiscal year of 2018, the investment committee was integrated as follows:

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

The workscope of the investment committee during the fiscal year of 2018, was according to the applicable rules set forth by the board of directors.

During the fiscal year ended December 31st, 2018, the investment committee met 5 (five) times in the following dates:

- I. March 22nd, 2018, whereby the following resolutions were adopted:
 - a) BRP expansion in Ciudad Juárez, with a total investment amount approved of US\$6'900,000.00
 - b) Construction of 2 multi-tenant inventory buildings in Puerto Interior, Guanajuato, with a total investment amount approved of US\$10,250,000.00
 - c) Construction of 2 multi-tenant inventory buildings in San Miguel de Allende, Guanajuato with a total investment amount approved of US\$11,000,000.00
 - d) Construction of 2 multi-tenant inventory buildings in San Luis Potosí, with a total investment amount approved of US\$10,500,000.00

- II. May 18th, 2018 whereby the following resolutions were adopted:
 - a) Increase to the investment amount approved for the BRP Ciudad Juárez Project from US\$6'900,000.00 to US\$9,700,000.00

III. June 18th, 2018, whereby the following resolutions were adopted:

- a) Expansion to the industrial building TPI in Matamoros, with a total investment amount approved of US\$550,000.00.
- b) Expansion to the industrial building TPI in Ciudad Juárez, with a total investment amount approved up to US\$2'530,000.00
- c) Increase of the investment amount approved for the Q2 building in Ciudad Juárez for up to US\$7'730,000.00 and development of the Q3 building, with a total investment amount approved up to US\$4'130,000.00
- d) Expansion to the Smurfit building in Tijuana, with a total investment amount approved of up to US\$3'700,000.00
- e) Expansion to the Safran's industrial building at the Queretaro Aerospace Park, with a total investment amount approved up to US\$3'300,000.00
- f) Acquisition of land in Monterrey, with a total investment amount approved up to US\$7'300,000.00.

IV. November 9th, 2018, whereby the following resolutions were adopted:

- a) Discussion of potential assets sales and sales processes.

V. December 13th, 2018, whereby the following resolutions were adopted:

- a) Acquisition of land in Puerto Interior, Guanajuato, with a total investment amount approved of US\$2'173,519.00.
- b) Expansion to BRP in Querétaro, with a total investment amount approved up to US\$3'300,000.00.
- c) Expansion to SAFRAN-SAMES building in Queretaro Aerospace Park, with a total investment amount approved up to US\$1'779,124.00.

The above mentioned approvals represent an approved investment of approximately US\$96,742,643.00 (ninety-six million seven hundred forty-two thousand six hundred forty-three 00/200) dollars, legal currency of the United States of America.

Mexico City, January 14th 2019.



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



Translation for Informational Purposes Only

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

Fiscal Year of 2018

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

The undersigned in my character of chairman of the ethics committee of Corporación Inmobiliaria Vesta, S.A.B. de C.V. (the "Company"), hereby submit to your consideration the annual report of the committee that I presided during the fiscal year ended on December 31st, 2018.

During the fiscal year ended on December 31st, 2018, the committee was comprised as follows:

| Member | Title | Character |
|---------------------------------|-----------|--------------------------|
| José Antonio Pujals Fuentes | President | Independent Board Member |
| Elía Laniado Laborin | Member | Executive |
| Alfredo Marcos Paredes Calderón | Member | Executive |
| Alejandro Pucheu Romero | Member | Executive |

The activities of the ethics committee during the fiscal year of 2018 were carried out in accordance to the resolutions of the board of directors that created this committee.

Within the fiscal year ended on December 31st, 2018, the ethics committee met twice.

The matters attended by this ethics committee were the following:

- I. Integration of Mr. Alfredo Paredes Calderon as new member of this ethics committee from the fiscal year 2018.
- II. Presentation and delivery of the new ethics code to the members of the board of directors and to the employees of the Company.
- III. Participation of the Company in the forum of Alliance for Integrity, and B-20, related to anti-corruption.
- IV. Designed and started the operation of a new channel to receive claims of violations to the ethics code of the Company, which is administrated by an independent third party.
- V. Attended the claims and suggestions received during 2018 through the available channels, without any of such claims resulted in corrective actions, dismissal, warning or legal actions against any employee.
- VI. Established the activities for the fiscal year of 2019, including the bi-annual update of the ethics code of the Company.



During the fiscal year of 2018 this committee did not take knowledge of any event constituent of a violation of the ethics code of the Company, notwithstanding that during this year the organizational structure of the Company suffered important changes.

Mexico City, January 8th, 2019.

/s/

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



Translation for Informational Purposes

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

Fiscal Year of 2018

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

The undersigned in my character of president of the Debt & Equity Committee of Corporación Inmobiliaria Vesta, S.A.B. de C.V. (the "Company"), hereby submit the annual activity report of the committee I chaired during the fiscal year ended on December 31st, 2018.

During the fiscal year ended on December 31st, 2018, the Debt & Equity was integrated as follows:

| Member | Position | Quality |
|------------------------------------|-----------------|--------------------|
| Wilfrido Castillo Sánchez Mejorada | President | Independent Member |
| Stephen B. Williams | Member | Independent Member |
| John Andrew Foster | Member | Independent Member |
| Lorenzo Manuel Berho Corona | Member | Patrimonial Member |

The debt and equity committee acted in accordance with the guidelines established by the Board of Directors of the Company when constituting said committee, and during the fiscal year of 2018 met twice.

During the fiscal year of 2018, we had no knowledge of any relevant breach of the guidelines and financing policies of the Company or of its subsidiaries.

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

During the year of 2018, the Company and some of its subsidiaries made relevant investments. On this regard, we ensured that financing thereof had been made in a manner consistent with the medium and long-term strategic plan of the Company. In addition, we constantly evaluated the financial position of the Company in accordance with said plan. Likewise, we reviewed and evaluated the budget for the fiscal year of 2018 together with the financial projections that were considered for its preparation, which included the main investments and financing operations of the Company, which we considered viable and consistent with the policies of investment and financing, and with the strategic vision proposed by the Company.

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

- I. Periodic review of the Company's cash flow and financing needs.

II. Analysis of several financing alternatives for up to the amount of US\$850'000,000.00 (eight hundred and fifty million dollars 00/100), legal currency of the United States of America, through secured debt, private debt to be placed among private institutional investors, issuance of corporate debt through public offerings in Mexico and/or abroad or through a combination of the alternatives mentioned herein.

III. Reviewed of the credit rating of the Company granted by Fitch.

IV. Periodic review of the shares repurchase program of the Company. On this regard, the committee recommended the board of directors analyze the option to cancel the shares so repurchased that were held in the treasury of the Company, except for those that would be used to comply with the long-term incentives plan of the executives of the Company.

V. Recommended to the board of directors to analyze the convenience of increasing by 5% per annum the dividends to be distributed among the shareholders, and the option to paid dividends in quarterly installments.

VI. Analysis of the revolving credit line and the convenience of renegotiating it, under more competitive conditions for the Company.

VII. Analysis the option of hire a new credit under preferential and competitive conditions for the Company.

VIII. Analysis and review of the report on the possible sale of properties by the Company to generate liquidity to continue developing its projects.

IX. Review and analysis of the equity strategies of the Company.

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

Mexico City, January 10th, 2019

/s/

Wilfrido Castillo Sánchez Mejorada
President of the Debt & Equity Committee



Translation for Informational Purposes

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

Fiscal Year of 2018

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

The undersigned in my character of president of the Social and Environmental Responsibility Committee of Corporación Inmobiliaria Vesta, S.A.B. de C.V. (the “Company”), hereby submit the annual activity report of the committee I chaired during the fiscal year ended on December 31st, 2018.

During the fiscal year of 2018, the Social and Environmental Responsibility Committee was integrated as follows:

| Member | Position | Quality |
|--|-----------------|--------------------|
| Jorge Alberto de Jesús Delgado Herrera | President | Independent Member |
| José Manuel Domínguez Díaz Ceballos | Member | Independent member |
| Daniela Berho Carranza | Member | Corporate member |

The scope of the Social and Environmental Responsibility Committee during the fiscal year of 2018 was carried out based on the commitment to the satisfaction of our customers and shareholders, the interest for our collaborators and the community in general, compliance with environmental laws in each of the regions in which we operate and strict ethical regulations with the aim of achieving economic, social and environmental development, as a fundamental part of our competitiveness.

Based on a high sense of social responsibility, efficiency and opportunity, we develop programs in the fields of education, employment, health, nutrition, social justice, culture, human development, support in natural disasters, economic development, protection and conservation of the environment, which contributed to improve the quality of life of the population of all ages, promoting the formation of human capital and generating opportunities contributing to the integral development of people and their communities.

During the fiscal year ended on December 31st, 2018, the Social and Environmental Responsibility Committee met once.

Below are some of the programs we developed during the fiscal year of 2018:

Education

Matematiza2: Primary school teachers were evaluated trained to improve functional thinking performance.

Ludoteca. The second library was built in Silao, Guanajuato, benefiting children of preschool age.

School Improvements. The project of remodeling different schools was carried out to generate welfare in the study centers.

Adopt a Talent. The study of science in children of basic education of the *Sierra* in Queretaro was promoted, through workshops and science clubs.

Adopt a school. Didactic material was developed, and workshops were implemented to promote life skills, citizenship, violence prevention and nutrition for preschool children.

Community

Mexican Dream. In partnership with municipal governments and civil associations; through the *Plurales* Foundation, using art as a tool, children and young people with drug and weapons problems were helped, fostering social awareness of individual and community responsibility.

Birds without paradise. In a binational program with the state of California, United States of America, along with governmental authorities, civil organizations and collaborators, promoting the cooperation between the Tijuana and San Diego region.

Childfund. In order to complement the welfare of children from different communities; 40 children were sponsored.

Puebla. In the municipality of Huejotzingo and through alliances with the municipal government, private associations and local universities, the Balloon Latam program was implemented, this program seeks to strengthen the territorial micro-development, as well as its cultural, socio-environmental, human and economic heritage.

Health and Nutrition

Vesta Challenge. Through the promotion of sports through a bicycle race, financial support was given to children with cancer.

Nestlé. In partnership with Vesta and in order to promote the adoption of healthy lifestyles, the nutrition module for pre-school children was implemented and parents were trained through printed tools.

Environmental

The diagnosis of several areas was made to generate an environmental management system.

The GRESB certification was obtained.

The Company was awarded with the third place as Socially Responsible Company.

We contributed to environmental awareness among employees, suppliers and customers in order to promote the protection and care of our environment.

Mexico City, January 10th, 2019

/s/

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

Appendix 3

CVs of the proposed members of the board of directors



BOARD OF DIRECTORS OF VESTA / CONSEJO DE ADMINISTRACIÓN DE VESTA
(Proprietary Members / Miembros Propietarios)

Lorenzo Manuel Berho Corona

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

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

Stephen B. Williams

Mr. Williams is co-founder of Vesta and founder of SENTRE Partners, a real estate investment and services company which owns, manages and/or leases 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 un B.A. en Administración Pública de la Universidad de California en 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 discretionales 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 de Negocios (Medex) en la misma institución. También es miembro del Consejo de Administración de Bafar y Cultiba, compañías públicas cotizadas en la Bolsa Mexicana de Valores.



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 (ITAM) 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 (ITAM) 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 he has been a Board Member of HSBC Bank in Colombia, Peru, Paraguay, Uruguay and Chile. Mr. Domínguez holds a bachelor's degree in Administration and Finance from the Universidad Panamericana (UP) and a Master's Degree in Administration from the University of Wisconsin.



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. El Sr. Domínguez cuenta con una licenciatura en Administración y Finanzas por la Universidad Panamericana (UP) y una maestría en Administración por la Universidad de Wisconsin.

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 Inmobiliario, 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 Inmobiliario, 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 Executive Officer since August 1st, 2018, previously he was our Operating Officer and was responsible for the performance of the business, including acquisitions of properties, valuation and analysis of investments, capital raising and financial efforts, as well as projects such as mergers, co-investments and structures of the Company. Previously, he held the office of asset manager within the Company. He also served as Vice- President of the Urban Land Institute in Mexico. He holds an industrial engineer degree by the Universidad Iberoamericana and received a 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 General desde el 1° de Agosto de 2018, anteriormente se desempeñó como Director de Operaciones y está a cargo del desempeño de nuestro negocio, incluyendo adquisiciones de propiedades y carteras, valuación y análisis de inversiones, obtención de capital y esfuerzos financieros y proyectos tales como fusiones, co-inversiones y estructuras de sociedad. Previamente, desempeño el puesto de *Asset Manager* dentro de la Compañía. Fungió también como 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 Investment Banking and Mergers and Acquisitions from 2011 and until 2017. Before becoming independent he worked for 18 years in Grupo Financiero Serfin in the areas of Investment Banking and Recovery, performing several mergers and acquisitions, as well as issuances of debt and equity (public and private) as well as structured financings and debt restructures. Mr. José López holds a bachelor's degree in Mechanical Engineering from Universidad Anáhuac, he also has a Finance degree from Instituto Tecnológico Autónomo de México (ITAM), 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.

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.

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 Gifán 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 from Universidad Iberoamericana (UIA), he also has a diploma in Financial Engineering from the Colegio de Contadores Públicos de México and in Institutional Governance from Instituto Panamericano de Alta Dirección de Empresas (IPADE).

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



Ingeniería Financiera por el Colegio de Contadores Públicos de México y en Gobierno Institucional por el Instituto Panamericano de Alta Dirección de Empresas (IPADE).

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

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

Rocío Ruiz Chávez

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



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

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

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

Jorge Alberto de Jesús Delgado Herrera

Mr. Delgado is the president of the board of directors of Deltek, S.A. de C.V., a company involved in development of solar energy production and protection to the environment. He also served as Secretary of Economic Development of the State of Morelos, and was chief executive officer of Grupo Jet, S.A. He also acts as adviser for Nacional Financiera and is a member of the board of trustees of the Instituto Tecnológico de Estudios Superiores Monterrey. Mr. Delgado has a bachelors degree in Mechanical Engineering 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 responsible for the area of international trade, strategic planning, and government relations for the firm. Before founding CMM, Mr. Mancera was director at Public Strategies de México, an international public affairs company. Prior entering the private sector, Mr. Mancera held several high-level government posts. In 1999-2002 he was Trade and Nafta Minister at the Embassy of Mexico in Washington, D.C., where he defended and expanded Mexico's gains under Nafta and helped develop media, government, financial, and business alliances across the U.S. Mr. Mancera also served as senior Nafta counselor at the Mexican Embassy.

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

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.

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