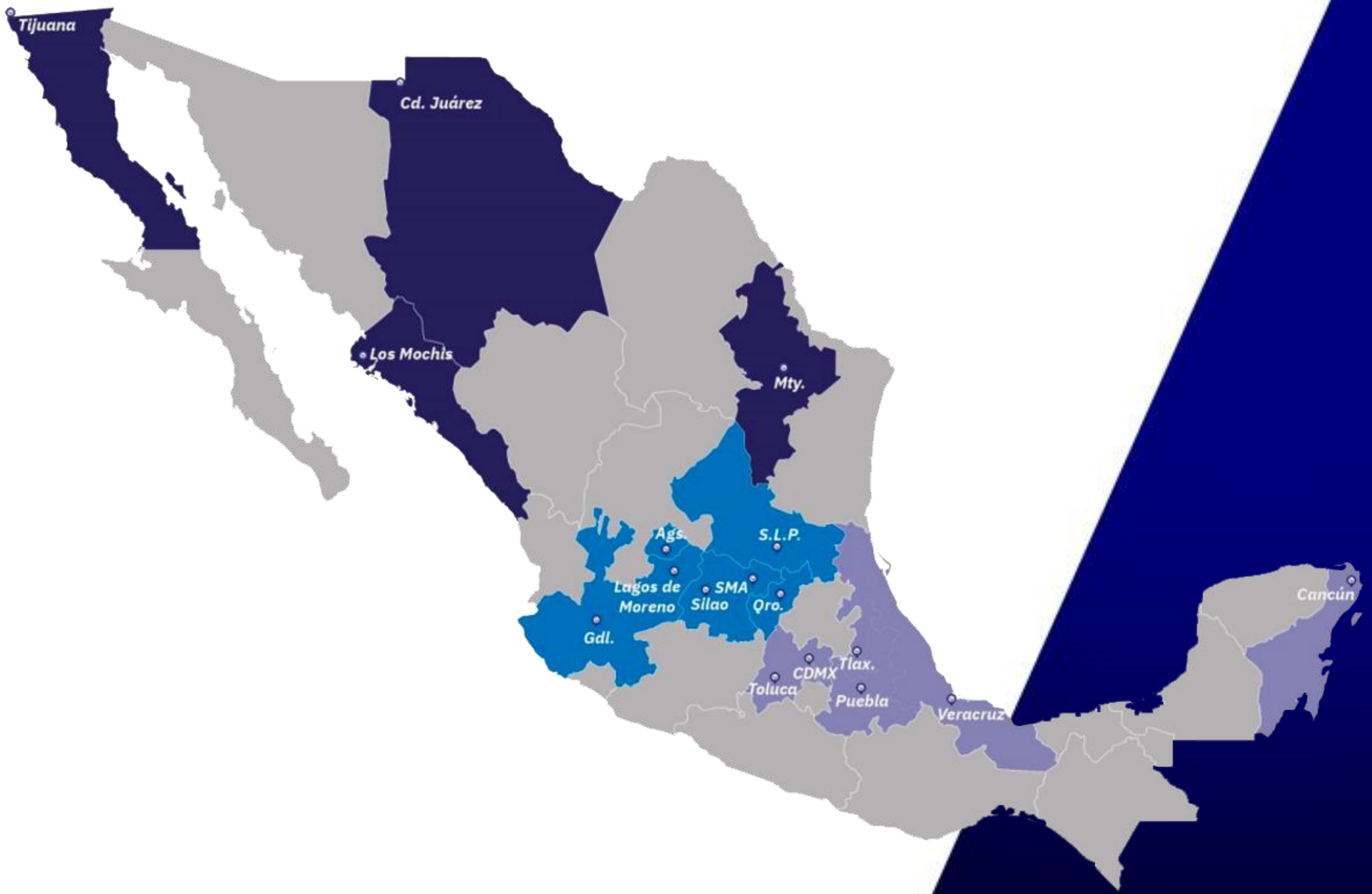
VESTA

Risk Management Analysis

Vesta has a portfolio made up of 202 industrial buildings located in five key regions of Mexico: Northeast, Northwest, North Bajío, South Bajío and Central.

For each of these regions, we have classified a series of financial, legal, market, technological, environmental and social risks according to the probability and impact of their occurrence.



202

Properties

183

Clients

3.13

million square meters of industrial assets in the North, Bajío and Central regions of Mexico.

- At Vesta, we strive to prevent and mitigate financial, market, regulatory, legal, technological, environmental and social risks. Since 2019, we have been working on a strategy and action plan to manage risk across all levels and areas of the organization, and above all in our rented industrial bays.

- This risk analysis covers all of Vesta's properties and operations.

- The risk identification process is managed by the internal audit area, working together with each area of the company.

- The risks described below are those that we currently believe may have an adverse effect on our business, financial condition or operating results.

- In addition to the risks we have listed, there may be additional risks that do not merit inclusion as risk factors because:
  - We may be unaware of them
  - We may not consider them relevant at present
  - We may not actually assign them such a high level of importance

- Generally speaking, if any of the risks described below were to occur, it would adversely and significantly affect our business, financial condition or operating results, and/or the price or liquidity of our shares.

- This risks are explained in greater detail in our 2022 Annual Report to the Mexican Stock Exchange, which is available on our web page.

Risks

Annual **Report**

#	Risk	Likelihood	Impact	Inherent risk	Control/mitigation plan	COSO Goal	COSO Component	Category	Risk level
1	Generalized reduction in rents or less favorable terms in rental agreements or renewals of existing agreements	Unlikely	Low	2	Our portfolio has been developed according to an analysis of strategic locations with the communications infrastructure and access roads that make them attractive to prospective clients. We also have a close relationship and excellent service with our clients in which we help them with their growth needs.	Operational	Monitoring activities	Financial	Low
2	Decline in the value of the properties that make up our portfolio	Probable	Low	2	Vesta's portfolio has been developed by suppliers that stay on top of the latest trends in construction. In 2021 we began a process of obtaining certification for currently operating properties (EDGE, Boma Best and LEED O+M). Since 2020, 100% of the new properties built are LEED certified. We have a Sustainable Construction Manual which includes the minimum standards under which Vesta industrial parks and bays will be built.	Operational	Control activity	Financial	Low
3	High vacancy levels or inability to rent properties under favorable conditions	Probable	Low	2	Our buildings are constructed in strategic regions where there is high demand for industrial spaces or bays among prospective clients. This has kept the company's vacancy rate at reasonable levels.	Operating Efficacy and Efficiency	Control activity	Control activity	Low
4	Inability to collect rent from current tenants	Probable	Low	2	All our commercial relationships are formalized through a lease agreement between Vesta and the client, which establishes payment terms and conditions. The lease is signed by both parties in token of their agreement, so Vesta is even entitled to proceed in court to collect rent if necessary.	Operational	Control activity	Operacional	Low
5	Reduced demand for industrial spaces and bays and changing client preferences regarding available properties	Probable	Low	2	We have market studies that keep us up to date about trends and needs for space, technologies and specific needs of our current and prospective clients. Since 2020, 100% of the new properties built have been LEED certified.	Operational	Control activity	Strategic	Low

Risks

Annual **Report**

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6	A rise in vacancy rates in our properties, resulting in an excess supply of industrial bays, or the availability of more appropriate spaces in the areas where we operate.	Probable	Low	2	The contracts that Vesta signs with its tenants are long-term agreements, at least 5 years. The contracts include penalties for early termination. Most clients exercise their right to renew the agreement and usually extend it for another 5 years. We regularly analyze our properties to evaluate the possible level of vacancy during the current year.	Operational	Control activity	Operational	Low
7	Higher interest rates, higher leasing costs, reduced availability of financing, less favorable credit conditions and reduced availability of lines of mortgage credit and other funding sources, all of which increase our costs, limit our capacity to acquire properties and limit our capacity to refinance liabilities	Probable	Low	2	The financial debt we acquire with banks is taken out at fixed interest rates, to avoid fluctuations that might be to our disadvantage. When we acquire commitments in foreign currency or at floating rates, we take out at swap hedge to limit our exposure to fluctuations.	Operating Efficacy and Efficiency	Risk Assessment	Financial	Low
8	Increase in our expenses, including but not limited to insurance, labor, electrical energy, property assessments, taxes, and the costs of complying with laws and regulations	Probable	Low	2	The most representative expenses are individually analyzed to make sure that prices are aligned with market levels. Expenses are budgeted and monitored each month to promptly identify any deviations.	Operating Efficacy and Efficiency	Monitoring activities	Financial	Low
9	Government policies and restrictions on our capacity to transfer expenses to our tenants	Probable	Medium	3	At least once a year we monitor new government provisions on various regulatory, tax and civil matters, so we can promptly identify regulatory changes that may affect our business.	Operational	Control activity	Compliance	Medium

Conclusions

In 2023, we will be conducting a much more detailed analysis with the help of an external specialist, in order to:

- Deepen and continue our risk analysis,
- fortifying risk culture within the company
- and involving our stakeholders.

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