

# vesta

# 3Q

## 2019 EARNINGS RESULTS

### Conference Call

Friday, October 25, 2019  
9:00 a.m. (Mexico City Time)  
10:00 a.m. (Eastern Time)

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Juan Sottill  
CFO  
+52 55 5950-0070 ext. 133  
jsottill@vesta.com.mx

Christianne Ibañez  
IRO  
+52 55 5950-0070 ext. 124  
cibanez@vesta.com.mx  
investor.relations@vesta.com.mx

Barbara Cano  
InspIR Group  
+1 (646) 452-2334  
barbara@inspirgroup.com

**Mexico City, October 24, 2019** – Corporación Inmobiliaria Vesta S.A.B. de C.V., (“Vesta”, or the “Company”) (BMV: VESTA), one of the leading pure-play industrial real estate companies in Mexico, today announced its results for the third quarter ended September 30, 2019. All figures included herein were prepared in accordance with International Financial Reporting Standards (IFRS) and are stated in US dollars unless otherwise noted.

## Highlights

- NAV per share increased 9.9% to US\$2.30 in 3Q19, from US\$2.11 in 3Q18 representing an 8.9% CAGR over the last three years, in dollar terms.
- Continued growth of rent per square foot during the third quarter 2019; with a 3.6% increase to US\$0.426 in 3Q19, from US\$0.411 in 3Q18.
- During the third quarter, Vesta acquired land in the city of Guadalajara. The Company plans to develop a Vesta Park of approximately 1.7 million square-feet representing a total investment of up to US\$ 85 million, including land cost and infrastructure costs.
- Vesta had solid leasing activity of 798,380 ft<sup>2</sup> (74,172 m<sup>2</sup>), of which 484,029 ft<sup>2</sup> (45,029 m<sup>2</sup>) where new leases with existing and new international clients such as FedEx, Home Depot, DSV, among others, and 313,692 ft<sup>2</sup> (29,143 m<sup>2</sup>) of which were lease renewals, driving maturing GLA to only 0.5% in 2019 and 7.3% in 2020. The Company expects continued renewals, while extending current contracts and increasing rents.
- The Company purchased 4.9 million shares during 3Q19 as part of Vesta’s share buy-back program, enabling a 16% increase in the quarterly dividend per share to MX\$0.4352 in 3Q19, from MX\$0.3740 in 3Q18. All shares repurchased under the buy-back program will be cancelled.
- Vesta began the construction of three new buildings in Juarez and Puebla, totaling 357,166 square-feet with a total investment of US\$ 17.4 million. Vesta’s 3Q19 development portfolio totaled 812,958 ft<sup>2</sup> (75,526 m<sup>2</sup>) with a total expected investment of US\$ 38.7 million. Weighted average expected return on cost is 11.3% for 3Q19 development projects.
- Third quarter 2019 revenues increased by 5.9% to US\$ 35.83 million, from US\$ 33.82 million in 3Q18.
- Third quarter NOI and EBITDA margins reached 95.2% and 84.4%, respectively.
- Pre-tax FFO increased 10.1% year over year, to US\$ 21.12 million from US\$ 19.18 million due to higher EBITDA and lower interest expenses during 3Q19. Pre-tax FFO per share for 3Q19 reached US\$ 0.0367, from US\$ 0.0321 in 3Q18 a 14.5% increase.
- New buildings delivered during 3Q19 amounted to 73,694 ft<sup>2</sup> (6,846 m<sup>2</sup>) of GLA, of which 100% have been occupied, reflecting the expansion of existing Vesta client BRP.
- Stabilized portfolio grew to 28,232,060 ft<sup>2</sup> (2,622,844 m<sup>2</sup>) in 3Q19, from 27,061,611 ft<sup>2</sup> (2,514,106 m<sup>2</sup>) in 3Q18, while the stabilized occupancy rate decreased to 95.6% from 96.4%, respectively. Vesta increased its total GLA portfolio by 73,694 ft<sup>2</sup> (6,846 m<sup>2</sup>) to 29,336,039 ft<sup>2</sup> (2,725,407 m<sup>2</sup>) in 3Q19, from 28,897,590 ft<sup>2</sup> (2,684,674 m<sup>2</sup>) in 3Q18. Total portfolio occupancy for 3Q19 was 92.6%, from 91.9% in 3Q18.

## Guidance 2019

Vesta has adjusted guidance for the full year 2019 to appropriately reflect the portfolio sale effect, and a delay in income generation in certain projects. In addition, it is important to explain that without the effect of the portfolio sale, we would have expected to achieve 11% revenue growth versus the 12% at the lower end of the growth range of our previous 2019 guidance. As such, Vesta has revised its 2019 guidance to an increase in rental revenue between 7.5% and 8.5%, with a net operating income (NOI) margin of 95% and 84% EBITDA margin. Recycling assets remains an integral component of the Company’s strategy to drive value as well as maintain a robust balance sheet and financial flexibility to fund new, high-return investments.

Financial Indicators (million)	9 months					
	3Q19	3Q18	Chg. %	2019	2018	Chg. %
Rental Income	35.83	33.82	5.9	108.03	97.57	10.7
NOI	34.12	32.53	4.9	103.49	94.33	9.7
<i>NOI Margin %</i>	<i>95.2%</i>	<i>96.1%</i>		<i>95.8%</i>	<i>96.7%</i>	
EBITDA	30.22	28.97	4.3	91.74	83.59	9.7
<i>EBITDA Margin %</i>	<i>84.4%</i>	<i>85.7%</i>		<i>84.9%</i>	<i>85.7%</i>	
<i>EBITDA Per Share</i>	<i>0.0525</i>	<i>0.0484</i>	8.4	<i>0.1570</i>	<i>0.1398</i>	12.3
Total Comprehensive Income	12.07	51.79	na	85.51	95.50	na
FFO Pretax	21.12	19.18	10.1	61.69	57.95	
<i>FFO Pretax Per Share</i>	<i>0.0367</i>	<i>0.0321</i>	14.5	<i>0.1056</i>	<i>0.0969</i>	9.0
FFO	14.72	4.10	259.1	31.85	31.84	0.0
<i>FFO Per Share</i>	<i>0.0256</i>	<i>0.0069</i>	273.1	<i>0.0545</i>	<i>0.0532</i>	2.4
EPS	0.0210	0.0866	na	0.1463	0.1597	na
Shares (average)	575.54	598.11	(3.8)	584.33	598.11	(2.3)

- Revenues increased 5.9% in 3Q19 to US\$ 35.83 million, from US\$ 33.82 million in 3Q18. This is primarily due to the increase in occupied space which was rented during the third quarter of the year, as well as higher rent per square foot.
- Net Operating Income (“NOI”) increased 4.9% to US\$ 34.12 million in 3Q19, compared to US\$ 32.53 million in 3Q18. The third quarter 2019 NOI margin was 95.2%; a 91-basis-point decrease due to increased costs related to rental income generating properties.
- EBITDA increased 4.3% to US\$ 30.22 million in the third quarter 2019, versus US\$ 28.97 million in the third quarter of 2018. The EBITDA margin was 84.4% in 3Q19; a 130-basis point decrease, due to portfolio sale which resulted in lower income, while administrative expenses remained constant.
- Pretax funds from operations (“FFO pretax”) for 3Q19 increased 10.1% to US\$ 21.12 million, from US\$ 19.18 million for the same period in 2018. Pretax FFO per share was US\$ 0.0367 for the third quarter 2019, compared with US\$ 0.0321 for the same period in 2018; a 14.5% increase. FFO after tax for 3Q19 was US\$ 14.72 million, compared to US\$ 4.10 million during 3Q18. This increase was due to lower current taxes resulting from the depreciation of the peso.
- Total comprehensive income for 3Q19 was US\$ 12.07 million, versus US\$ 51.79 million in the same quarter 2018. This increase was primarily due to higher gain in revaluation of investment properties and a positive effect generated by deferred taxes in the third quarter of 2018.
- As of September 30, 2019, the total value of Vesta’s investment property portfolio was US\$ 1.93 billion; a 2.3% increase compared to US\$ 1.88 billion at the end of December 31, 2018.

## Letter from the CEO

### Level 3 Strategy at full steam

This quarter is the first in which our new “Level 3 Strategy” became fully effective. Due to its robust framework and strong fundamentals, its launch has been successful, as reflected in our third-quarter performance. Our team is showing tremendous commitment to making Vesta a best-in-class, self-advised and self-managed company and to setting the highest standards in owning, managing, acquiring, selling, developing and redeveloping industrial properties.

As we announced during our 2019 Investor Day, the cornerstones of our Level 3 Strategy are: 1) maintain and strengthen our current portfolio; 2) invest and/or divest for continuous value generation; 3) maintain our focus on bolstering Vesta’s balance sheet and diversifying funding sources; and 4) strengthen our organization to successfully execute our strategy.

During the third quarter, we delivered on all four components of our strategy. Across our portfolio, leasing activity was solid, reaching roughly 800,000 square feet and an occupancy level of 95.7% in our stabilized portfolio. Although, we are aware that the global economy has slowed and that some of the markets where we operate have had lower absorption levels than in the past, we believe the latter is a result of the accelerated growth that these markets have experienced in more recent years.

Our discipline in maintaining a strong base of high-quality, credit-worthy clients is further evidenced by three new tenants, two of them 500 Fortune companies: FedEx and Home Depot, as well as DSV, one of the top logistic companies in the world. Located in Bajío and Northern regions, the logistics operations of these companies illustrate the success of our strategy to diversify our portfolio in sector terms. Moreover, the FedEx facilities will be devoted to e-commerce operations.

In addition to enhancing the quality of our portfolio, these companies reflect a new phase in Vesta’s evolution. We understand well the importance of the prevailing trends in global logistics, the significant growth opportunities that e-commerce represents, and last-mile location advantages. However, we are not new to this market either and remain a leading player.

In line with our new strategy we are entering new markets and preparing for future demand in the logistics market. During the quarter we acquired land in a privileged location, due to its last-mile attributes for the logistics sector in Guadalajara, an economically vibrant city and Mexico’s second largest. At this site, we plan to construct a state-of-the-art Vesta Park, one consistent with our clearly differentiated offering and distinct from local market facilities due to its high-quality and well-designed features. We expect to invest a total of US\$85 million and develop 1.7 million square feet.

Operating as a sustainable company is another way that we differentiate ourselves in the market. On a personal note, I’m very proud that Vesta has been included in the Dow Jones Sustainability MILA Pacific Alliance Index for the 2019-2020 period. Vesta is one of only five real estate companies in the region to be recognized for excellence in environmental, social and corporate governance practices, demonstrating our strong commitment to global best practices for ESG initiatives.

In executing our strategy, we remain mindful of the risks associated with the world’s current unstable economic and political environment. In light of the threats posed by the US-China trade conflict impacting economic growth globally, a slowdown in automotive trade, the still tenuous relationship between Mexico and the USA and, above all, the unclear economic rules under this new international scenario, we remain cautious and prudent in our approach to all aspects of our business. Consistent with our strategy, we will not compromise with respect to the quality of companies we accept as tenants, the lease agreements we enter, the dollar ratio of our revenues, and Vesta’s credit ratings. And despite myriad exogenous risks, we are still confident in Mexico’s ability to remain a highly attractive location for foreign investment by global companies seeking competitive advantage.

Exemplifying our team's energy and spirit was the recent Vesta Challenge cycling race, in which 491 cyclists participated, supported by 111 volunteers along the route. This fundraising event raised approximately US\$108,000 dollars, primarily through sponsorships with 15 event partners and from event registrations. These funds will be used to strengthen Vesta's social responsibility programs, which help more than 4,000 people in communities adjacent to our industrial parks, with the support of six NGOs involved in 14 programs across 11 states of Mexico. We appreciate everyone who participated in our fundraiser and hope to see more riders at the 2020 Vesta Challenge.

My sincere thanks for the valued and continued support of the investment community.

Lorenzo D Berho  
CEO

## Third Quarter Financial Summary

### **Consolidated Statutory Accounts**

The accompanying consolidated condensed interim financial statements have been prepared based on International Accounting Standards (IFRS).



The financial statements presented were also prepared using an historical cost basis, excluding investment properties and financial instruments at the end of each reporting period. Historical cost is largely based on the fair value of the consideration given in exchange for assets. Third quarter 2019 results are presented in comparison to the same period of the prior year and on an adjusted basis based on the same accounting rules.

## Revenues

Consolidated Interim and Annual Statements of Profit and Other Comprehensive Income (million)	9 months					
	3Q19	3Q18	Chg. %	2019	2018	Chg. %
<b>Revenues</b>						
Rental income	35.83	33.82	5.9	108.03	97.57	10.7
<b>Operating Costs</b>	<b>(1.81)</b>	<b>(1.47)</b>	<b>23.0</b>	<b>(5.16)</b>	<b>(3.88)</b>	<b>32.8</b>
Related to properties that generate rental income	(1.71)	(1.29)	32.0	(4.54)	(3.24)	40.2
Related to properties that did not generate rental income	(0.11)	(0.18)	(42.0)	(0.62)	(0.65)	(4.3)
<b>Gross profit</b>	<b>34.01</b>	<b>32.35</b>	<b>5.1</b>	<b>102.87</b>	<b>93.69</b>	<b>9.8</b>
<b>Net Operating Income</b>	<b>34.12</b>	<b>32.52</b>	<b>4.9</b>	<b>103.49</b>	<b>94.33</b>	<b>9.7</b>

Vesta's 3Q19 rental revenues increased 5.9% to US\$ 35.83 million, from US\$ 33.82 million in 3Q18. The US\$ 2.0 million increase in rental revenues was primarily due to: [i] a US\$ 3.54 million, or 10.5%, increase from renting new space which had been vacant in 3Q18 but was rented in 3Q19; [ii] a US\$ 1.11 million, or 3.3%, increase related to inflation adjustments made in 3Q19 on rented property; and [iii] a US\$ 0.13 million, or 0.4% increase, in reimbursements from the expenses paid by Vesta on behalf of its clients but not considered to be rental revenue, due to a higher stabilized portfolio;

These results were partially offset by: [i] a US\$ 2.64 million, or 7.8%, decrease related to lease agreements which expired and were not renewed during 3Q19; [ii] US\$ 0.10 million, or 0.3%, decrease related to lease agreements which were renewed during 3Q19 at a lower rental rate in order to retain certain client relationships; and [iii] a US\$ 0.04 million decrease in rental income due to the conversion of peso-denominated rental income into dollars.

86.5% of Vesta's third quarter 2019 revenues were denominated in US dollars and are indexed to the US Consumer Price Index ("CPI"), an increase from 85.0% for the third quarter 2018. Contracts denominated in pesos are adjusted annually based on the equivalent Mexican consumer price index, the "Indice Nacional de Precios al Consumidor" (INPC).

## Property Operating Costs

Vesta's 3Q19 total operating costs reached US\$ 1.81 million, compared to US\$ 1.47 million in 3Q18; a US\$ 0.34 million, or 23.0% increase coming from occupied properties.

During the third quarter of 2019, costs related to investment properties generating rental revenues amounted to US\$ 1.71 million, compared to US\$ 1.29 million for the same period in 2018. This was primarily attributable to an increase in the number of rental properties generating income, which increased real estate tax, maintenance and other property related expenses.

In addition, costs from investment properties which did not generate rental revenues during the quarter decreased to US\$ 0.11 million compared with US\$ 0.18 million in the same period of 2019. This was primarily due to fewer non-income-generating properties, which decreased the real estate tax expense, as well as insurance and other property related expenses.

### Net Operating Income (NOI)

Third quarter Net Operating Income increased 4.9% to US\$ 34.12 million, while NOI margin decreased 91 basis points to 95.2%, due to higher costs related to properties that generate rental income.

### Administrative Expenses

Consolidated Interim and Annual Statements of Profit and Other Comprehensive Income (million)	9 months					
	3Q19	3Q18	Chg. %	2019	2018	Chg. %
Administration Expenses	(4.46)	(3.88)	15.1	(13.20)	(11.57)	14.1
Long-term incentive (non-cash)	(0.67)	(0.50)	34.1	(2.07)	(1.47)	40.4
Depreciation	(0.40)	(0.14)	180.1	(1.07)	(0.37)	190.7
<b>EBITDA</b>	<b>30.22</b>	<b>28.97</b>	<b>4.3</b>	<b>91.74</b>	<b>83.59</b>	<b>9.7</b>

Administrative expenses for 3Q19 totaled US\$ 4.46 million, compared to US\$ 3.88 million in the third quarter of 2018; a 15.1% increase. The increase is mainly attributed to an increase in employee benefits.

In 3Q19, the share-based payment of Vesta's compensation plan expense amounted to US\$ 0.67 million. For more detailed information on Vesta's expenses, please see Note 15 in the Financial Statements.

### Depreciation

Depreciation during the third quarter of 2019 was US\$ 0.40 million, compared to US\$ 0.14 million in the third quarter of 2018, due to a larger property base.

### EBITDA

3Q19 EBITDA increased 4.3% to US\$ 30.22 million, from US\$ 28.97 million in the 3Q18, while EBITDA margin decreased 130-basis-points to 84.4%, as compared to 85.7% for the same period of last year. This is due to lower revenues resulting from the portfolio sale during 2Q19, while the margin of administrative expenses remained constant.

## Other Income and Expenses

Consolidated Interim and Annual Statements of Profit and Other Comprehensive Income (million)	9 months					
	3Q19	3Q18	Chg. %	2019	2018	Chg. %
<b>Other Income and Expenses</b>						
Interest income	0.02	0.22	(90.0)	0.06	0.25	na
Other income	0.45	0.01	na	0.44	0.48	(7.9)
Transaction cost on debt issuance	0.00	0.00	na	0.00	(0.14)	(100.0)
Interest expense	(9.10)	(9.80)	(7.1)	(30.06)	(25.50)	17.9
Exchange gain (loss)	(1.47)	3.63	na	0.46	2.61	na
Gain in sell properties	0.00	-	na	17.92		na
Gain on revaluation of investment properties	13.94	19.24	(27.5)	58.34	50.77	14.9
<b>Total other (expenses) income</b>	<b>3.84</b>	<b>13.31</b>	<b>(71.1)</b>	<b>47.17</b>	<b>28.48</b>	<b>65.6</b>

Total other income at the end of the third quarter of 2019 reached US\$ 3.84 million, compared to other income of US\$ 13.31 million at the end of the third quarter of 2018. This decrease was mainly due to lower gain on revaluation of investment properties and the exchange loss.

Interest income decreased to US\$ 0.02 million in 3Q19, due to the use of cash during the quarter, generating lower interest.

Interest expense decreased to US\$ 9.10 million in 3Q19, compared to US\$ 9.80 million in same quarter last year. This year-on-year decreased reflects lower expenses from the refinancing of new debt.

The foreign exchange loss in 3Q19 was US\$ 1.47 million, compared to a gain of US\$ 3.63 million in 3Q18. Said foreign exchange gain relates primarily to sequential currency movements in Vesta's dollar-denominated debt balance between 2Q19 and 3Q19 within WTN, the Company's only subsidiary that uses the Mexican peso as its functional currency. As the value of the peso depreciate in the global markets during 3Q19, this peso-denominated subsidiary reported a higher dollar-denominated loss.

The valuation of investment properties in September 2019 resulted in a US\$ 13.94 million gain, compared to a US\$ 19.24 million gain in the third quarter of 2018. This decrease was primarily due to fewer new buildings that enter the portfolio during this quarter.

## Profit Before Income Taxes

9 months



Consolidated Interim and Annual Statements of Profit and Other Comprehensive Income (million)	3Q19	3Q18	Chg. %	2019	2018	Chg. %
<b>Total other (expenses) income</b>	<b>3.84</b>	<b>13.31</b>	(71.1)	<b>47.17</b>	<b>28.48</b>	<b>65.6</b>
<b>Profit Before Income Taxes</b>	<b>32.99</b>	<b>41.64</b>	<b>(20.8)</b>	<b>135.78</b>	<b>110.23</b>	<b>23.2</b>
Income Tax Expense	(20.58)	(2.28)	801.9	(50.39)	(22.98)	119.2
Current Tax	(6.40)	(15.08)	na	(29.84)	(26.11)	14.3
Deferred Tax	(14.18)	12.80	(210.8)	(20.55)	3.13	(756.5)
<b>Profit for the Period</b>	<b>12.41</b>	<b>39.36</b>	<b>na</b>	<b>85.39</b>	<b>87.25</b>	<b>(2.1)</b>
Valuation of derivative financial instruments	(0.36)	0.27	na	(2.02)	2.34	(186.5)
Exchange differences on translating other functional currency operations	0.02	12.16	na	2.14	5.91	na
<b>Total Comprehensive Income for the period</b>	<b>12.07</b>	<b>51.79</b>	<b>(76.7)</b>	<b>85.51</b>	<b>95.50</b>	<b>(10.5)</b>

Due to the above factors, profit before income tax amounted to US\$ 32.99 million, compared to US\$ 41.64 million in the same quarter last year.

### Income Tax Expense

During the third quarter of 2019, the Company reported an income tax expense of US\$ 20.58 million, compared to a US\$ 2.28 million expense in the prior year period. The current tax from 3Q19 was US\$ 6.40 million, compared to US\$ 15.08 million in 3Q18. This decrease is explained by the depreciation of the peso which generated a positive exchange rate related effect.

Deferred taxes primarily reflect: [i] the effect of the exchange rate used to convert taxable assets on the Company's balance sheet into Mexican pesos (including the monetary value of Vesta's investment properties and the tax loss benefits to amortize) in U.S. dollars at the end of the third quarter of 2019 and 2018; [ii] the impact of an inflation benefit on the tax base of the Company's fiscal assets, in keeping with income tax laws; and, [iii] the recognition of the fair value of investment properties for accounting purposes, as tax assessed on these assets is based on their historical cost and is then appreciated.

### Third Quarter 2019 Profit

Due to the factors described above, the Company's profit for the third quarter of 2019 amounted to US\$ 12.41 million, compared to US\$ 39.36 million in 3Q18.

### Total Comprehensive Income (Loss) for the Period

Vesta closed third quarter 2019 with US\$ 12.07 million in total comprehensive income, compared to US\$ 51.79 million at the end of the third quarter of 2018, due to the factors previously described. This gain was offset by a higher expense in the valuation of derivative financial instruments, while exchange differences on translating other functional currency operations resulted in a gain.

## Funds from Operations (FFO)

FFO Reconciliation (million)	9 months					
	3Q19	3Q18	Chg. %	2019	2018	Chg. %
Total Comprehensive Income for the period	12.07	51.79	(76.7)	85.51	95.50	na
<b>Adjustments</b>						
Exchange differences	(0.02)	(12.16)	(99.9)	(2.14)	(5.91)	(63.7)
Gain on revaluation of investment properties	(13.94)	(19.24)	na	(58.34)	(50.77)	na
Gain in sell properties	0.00	0.00	na	(17.92)	0.00	na
Long-term incentive (non-cash)	0.67	0.50	34.1	2.07	1.47	40.4
Exchange Gain (Loss)	1.47	(3.63)	(140.4)	(0.46)	(2.61)	na
Depreciation	0.40	0.14	na	1.07	0.37	190.7
Other income	(0.45)	(0.01)	na	(0.44)	(0.48)	(7.9)
Valuation of derivative financial instruments	0.36	(0.27)	na	2.02	(2.34)	na
Interest income	(0.02)	(0.22)	(90.0)	(0.06)	(0.25)	na
Income Tax Expense	20.58	2.28	na	50.39	22.98	na
Current Tax	(6.40)	(15.08)	(57.6)	(29.84)	(26.11)	na
<b>FFO Attributable</b>	<b>14.72</b>	<b>4.10</b>	<b>259.1</b>	<b>31.85</b>	<b>31.84</b>	<b>0.0</b>
<b>FFO per share</b>	<b>0.0256</b>	<b>0.0069</b>	<b>273.1</b>	<b>0.0545</b>	<b>0.0532</b>	<b>2.4</b>

Funds from Operations (FFO) attributable to common stockholders for 3Q19 totaled US\$ 14.72 million, or US\$ 0.0256 per share, compared with US\$ 4.10 million, or US\$ 0.0069 per share, for 3Q18.

3Q19 pretax operating FFO, which excludes current taxes, totaled US\$ 21.12 million; a 10.1% increase, compared with US\$ 19.18 million for 3Q18.

The current tax associated with the Company's operations resulted in a US\$ 6.40 million expense. The exchange-rate related portion of the current tax represented a US\$ 4.51 million gain while the current operating tax represented a US\$ 10.90 million expense.

Current Tax Expense	1Q19	2Q19	3Q19
Operating Current Tax	(6.43)	(10.01)	(10.90)
Exchange Rate Related Current Tax	(4.73)	(2.26)	4.51
<b>Total Current Tax Expense</b>	<b>(11.17)</b>	<b>(12.27)</b>	<b>(6.40)</b>
<b>Adjusted FFO</b>	<b>15.50</b>	<b>9.04</b>	<b>9.58</b>
<b>Adjusted FFO per share</b>	<b>0.0274</b>	<b>0.0154</b>	<b>0.0160</b>

Accumulated Current Tax Expense	3M19	6M19	9M19
Operating Current Tax	(6.43)	(16.44)	(27.35)
Exchange Rate Related Current Tax	(4.73)	(7.00)	(2.49)
<b>Total Current Tax Expense</b>	<b>(11.17)</b>	<b>(23.44)</b>	<b>(29.84)</b>

Adjusted FFO	15.50	24.54	34.12
Adjusted FFO per share	0.0274	0.0428	0.0574

## Capex

Investing activities were primarily related to payments for works in progress in the construction of new buildings in the North, Bajio and Central region. Total investments for the third quarter 2019 amounted to US\$ 35.87 million.

## Debt

As of September 30, 2019, the overall balance of debt was US\$ 714.37 million, of which US\$ 0.79 is related to short-term liabilities and US\$ 713.59 is related to long-term liabilities. The secured portion of the debt is just below 50% of total debt and is guaranteed by some of the Company's investment properties, as well as by the related income derived. As of 3Q19, 100% of Vesta's debt was denominated in U.S. dollars and 100% of its interest rate was fixed.

## Stabilized Portfolio

As of 4Q15, Vesta discloses "operating portfolio" occupancy as an additional measure of occupancy. Vesta currently reports both portfolio occupancy and same store occupancy as management believes these metrics are useful indicators of the performance of the Company's operating portfolio. The additional metrics are intended to reflect market practices and assist in comparing Vesta's performance with the performance of its public industrial real estate peers.

Under the "operating portfolio" calculation, the measure will include properties that have reached 80% occupancy or have been completed for more than one year, whichever occurs first.

Region	3Q18		Growth SF	3Q19	
	Stabilized Portfolio			Stabilized Portfolio	
	SF	%		SF	SF
Central Mexico	6,912,914	25.5%	-418,854	6,494,060	23.0%
Bajio	12,919,892	47.7%	294,134	13,214,026	46.8%
Baja California	4,526,161	16.7%	643,751	5,169,912	18.3%

Juarez	2,702,643	10.0%	651,419	3,354,062	11.9%
<b>Total</b>	<b>27,061,611</b>	<b>100%</b>	<b>1,170,449</b>	<b>28,232,060</b>	<b>100%</b>

	3Q18		3Q19	
	Occupancy SF	% Total	Occupancy SF	% Total
Central Mexico	6,561,194	94.9%	6,103,490	94.0%
Bajio	12,341,702	95.5%	12,506,225	94.6%
Baja California	4,476,851	98.9%	5,038,027	97.4%
Juarez	2,695,267	99.7%	3,346,686	99.8%
<b>Total</b>	<b>26,075,014</b>	<b>96.4%</b>	<b>26,994,428</b>	<b>95.6%</b>

### Same Store Portfolio

Vesta also updated its definition of “same store occupancy” in the fourth quarter of 2015. Management believes this to be a useful indicator of the performance of the Company’s operating portfolio. Based on the updated calculation, this metric will only include properties within the Company’s portfolio that have been stabilized for the entirety of two comparable periods. This amended definition is intended to reflect market best practices and aid in the comparison of Vesta’s performance with the performance of its public industrial real estate peers. Vesta has provided below a reconciliation of the updated definition versus the prior definition.

Region	3Q18		Growth SF SF	3Q19	
	Same Store Portfolio			Same Store Portfolio	
	SF	%		SF	%
Central Mexico	6,549,346	28.2%	-265,493	6,283,853	24.7%
Bajio	11,856,798	51.0%	88,569	11,945,367	46.9%
Baja California	2,858,675	12.3%	1667632	4,526,307	17.8%
Juarez	1,972,573	8.5%	730,070	2,702,643	10.6%
<b>Total</b>	<b>23,237,393</b>	<b>100%</b>	<b>2,220,777</b>	<b>25,458,170</b>	<b>100%</b>

	3Q18		3Q19	
	Occupancy SF	% Total	Occupancy SF	% Total
Central Mexico	6,263,386	95.6%	5,946,343	94.6%
Bajio	11,695,111	98.6%	11,816,781	98.9%
Baja California	2,858,675	100.0%	4,526,307	100.0%
Juarez	1,965,197	99.6%	2,695,267	99.7%

<b>Total</b>	<b>22,782,370</b>	<b>98.0%</b>	<b>24,984,698</b>	<b>98.1%</b>
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### Total Portfolio

As of September 30, 2019, the Company's portfolio was comprised of 182 high-quality industrial assets, with a total GLA of 29.3 million ft<sup>2</sup> (2.72 million m<sup>2</sup>) and with 86.5% of the Company's income denominated in U.S. dollars. Most of Vesta's properties are located in markets representing the most significant economic growth in the country, such as the North, Central and Bajío regions. Vesta's tenants are predominantly multinational companies, and the Company has balanced industry exposure to sectors such as food and beverage, automotive, aerospace, and logistics, among others.

Region	2Q19		Growth SF	3Q19	
	Existing Portfolio			Total Portfolio	
	SF	%		SF	%
Central Mexico	6,494,060	22.2%	0	6,494,060	22.1%
Bajío	14,136,412	48.3%	73,694	14,210,107	48.4%
Baja California	5,169,912	17.7%	0	5,169,912	17.6%
Juarez	3,461,961	11.8%	0	3,461,961	11.8%
<b>Total</b>	<b>29,262,345</b>	<b>100%</b>	<b>73,694 *</b>	<b>29,336,039</b>	<b>100%</b>

\* Adjusted by changes in the initial size of the portfolio.

### Total Vacancy

As of September 30, 2019, Vesta's property portfolio had a vacancy rate of 7.4%.

Region	2Q19		3Q19	
	Vacant SF	% Total	Vacant SF	% Total
Central Mexico	413,250	6.4%	390,570	6.0%
Bajío	1,683,721	11.9%	1,586,286	11.2%
Baja California	203,693	3.9%	131,885	2.6%
Juarez	273,047	7.9%	52,908	1.5%
<b>Total</b>	<b>2,573,712</b>	<b>8.8%</b>	<b>2,161,650</b>	<b>7.4%</b>

### Projects Under Construction

Vesta is currently developing 812,958 ft<sup>2</sup> (75,526 m<sup>2</sup>) in inventory and Build-to-Suit (BTS) buildings.

#### Projects under Construction

Project	GLA (SF)	GLA (m <sup>2</sup> )	Investment <sup>(1)</sup> (thousand USD)	Type	Expected Termination Date	City	Region
BRP Exp	19,838	1,843	1,249	BTS	Oct-19	Juarez	North Region
Q4	78,382	7,282	4,274	Inventory	April-20	Juarez	North Region
Q1 Exp	143,602	13,341	6,776	Inventory	April-20	Juarez	North Region
Alamar	200,363	18,614	10,746	Inventory	Dec-19	Tijuana	North Region
VP SPL 03	235,591	21,887	9,319	Inventory	Oct-19	San Luis Potosi	Bajio Region
VP PI 03	135,182	12,559	6,358	Inventory	May-20	Puebla	Central Region
<b>Total</b>	<b>812,958</b>	<b>75,526</b>	<b>38,722</b>				

(1) Investment includes proportional cost of land and infrastructure.

## Land Reserves

As of September 30, 2019, the Company had 40.1 million square feet of land reserves

Region	June 30, 2019	September 30, 2019	% Chg.
	Gross Land Area (SF)	Gross Land Area (SF)	
San Luis Potosi	3,811,268	3,811,268	0.00
Queretaro	10,280,901	10,280,901	0.00
Tijuana	630,241	630,241	0.00
Cd. Juarez	1,257,108	727,910	(0.42)
Guanajuato	3,358,171	3,358,171	0.00
Aguascalientes	12,947,870	12,947,870	0.00
Puebla	1,223,360	1,223,360	0.00
SMA	3,870,234	3,870,234	0.00
Guadalajara	0	3,256,940	NA
<b>Total</b>	<b>37,379,153</b>	<b>40,106,895</b>	<b>7.30%</b>

## Summary of Nine-Month 2019 Results

9 months

Consolidated Interim and Annual Statements of Profit and Other Comprehensive Income (million)	3Q19	3Q18	Chg. %	2019	2018	Chg. %
<b>Revenues</b>						
Rental income	35.83	33.82	5.9	108.03	97.57	10.7
<b>Operating Costs</b>	<b>(1.81)</b>	<b>(1.47)</b>	<b>23.0</b>	<b>(5.16)</b>	<b>(3.88)</b>	<b>32.8</b>
Related to properties that generate rental income	(1.71)	(1.30)	31.0	(4.54)	(3.24)	40.2
Related to properties that did not generate rental income	(0.11)	(0.17)	(38.0)	(0.62)	(0.65)	(4.3)
<b>Gross profit</b>	<b>34.01</b>	<b>32.35</b>	<b>5.1</b>	<b>102.87</b>	<b>93.69</b>	<b>9.8</b>
<b>Net Operating Income</b>	<b>34.12</b>	<b>32.52</b>	<b>4.9</b>	<b>103.49</b>	<b>94.33</b>	<b>9.7</b>
Administration Expenses	(4.46)	(3.88)	15.1	(13.20)	(11.57)	14.1
Long-term incentive (non-cash)	(0.67)	(0.50)	34.1	(2.07)	(1.47)	40.4
Depreciation	(0.40)	(0.14)	180.1	(1.07)	(0.37)	190.7
<b>EBITDA</b>	<b>30.22</b>	<b>28.97</b>	<b>4.3</b>	<b>91.74</b>	<b>83.59</b>	<b>9.7</b>
<b>Other Income and Expenses</b>						
Interest income	0.02	0.22	(90.0)	0.06	0.25	na
Other income	0.45	0.01	na	0.44	0.48	(7.9)
Transaction cost on debt issuance	0.00	0.00	na	0.00	(0.14)	(100.0)
Interest expense	(9.10)	(9.80)	(7.1)	(30.06)	(25.50)	17.9
Exchange gain (loss)	(1.47)	3.63	na	0.46	2.61	na
Gain in sell properties	0.00	-	na	17.92	-	na
Gain on revaluation of investment properties	13.94	19.24	(27.5)	58.34	50.77	14.9
<b>Total other (expenses) income</b>	<b>3.84</b>	<b>13.31</b>	<b>(71.1)</b>	<b>47.17</b>	<b>28.48</b>	<b>65.6</b>
<b>Profit Before Income Taxes</b>	<b>32.99</b>	<b>41.64</b>	<b>(20.8)</b>	<b>135.78</b>	<b>110.23</b>	<b>23.2</b>
Income Tax Expense	(20.58)	(2.28)	801.9	(50.39)	(22.98)	119.2
Current Tax	(6.40)	(15.08)	na	(29.84)	(26.11)	14.3
Deferred Tax	(14.18)	12.80	(210.8)	(20.55)	3.13	(756.5)
<b>Profit for the Period</b>	<b>12.41</b>	<b>39.36</b>	<b>na</b>	<b>85.39</b>	<b>87.25</b>	<b>(2.1)</b>
Valuation of derivative financial instruments	(0.36)	0.27	na	(2.02)	2.34	(186.5)
Exchange differences on translating other functional currency operations	0.02	12.16	na	2.14	5.91	na
<b>Total Comprehensive Income for the period</b>	<b>12.07</b>	<b>51.79</b>	<b>(76.7)</b>	<b>85.51</b>	<b>95.50</b>	<b>(10.5)</b>
Shares (average)	575.54	598.11	(3.8)	584.33	598.11	(2.3)
EPS	0.021	0.087	(75.8)	0.146	0.160	(8.3)

Consolidated total revenues increased 10.7%, to US\$ 108.03 million for the year ending September 30, 2019, compared to US\$ 97.57 million last year.

Gross profit for 2019 increased 9.8% year-on-year to US\$ 102.87 million. The operating cost increased 32.8%, due to an increase in the number of properties, which increased real estate taxes, maintenance and other cost related to properties.

At the close of September 31, 2018, administrative expenses increased 14.1%, from US\$ 11.57 million in 2018 to US\$ 13.20 million in 2019, mostly due to higher benefits to employees.

Total other income for the nine months of 2019 was US\$ 47.17 million, compared to US\$ 28.48 million in the prior year. The result reflects a higher gain in the revaluation of investment properties of US\$ 58.34,

compared to a gain of US\$ 50.77 million in 2019, as well as the gain from the portfolio sell of US\$ 17.92 million.

Due to these factors, the Company's profit before tax amounted to US\$ 135.78 million in the nine months of 2018.

Income taxes at the close of September 30, 2019 were US\$ 50.39 million, compared to US\$ 22.98 million at the close of September 30, 2017. The higher income tax expense is primarily due to a higher current tax of US\$ 29.84 million in the 9-month period of 2019, as well as higher deferred taxes that amounted to US\$ 20.55 million.

Total comprehensive income for the nine-month period ended September 30, 2019 was US\$ 85.51 million, compared to US\$ 95.50 million in 2018, due to the above-mentioned factors.

For the nine-months, Capex amounted to US\$ 74.0 million and was related to the development of investment properties and acquisitions.

## Subsequent Events





**Dividends:**

During the Company's General Ordinary Shareholders Meeting, Vesta shareholders agreed to pay a US\$ 52.21 million-dollar dividend, to be paid in quarterly installments. This resulted in an annual payment of PS\$ 1,007,986,049. Quarterly dividend per share will be determined based on the outstanding shares on the distribution date.

On October 15, 2019 Vesta paid cash dividends for the third quarter equivalent to PS\$ 0.435166 per ordinary share. The dividend was paid through the S.D. Indeval S.A. de C.V. (INDEVAL) Institucion para el Deposito de Valores.

<b>Dividends per share</b>	
1Q19	0.42540
2Q19	0.42896
3Q19	0.43517

**Appendix: Financial Tables**

9 months

Consolidated Interim and Annual Statements of Profit and Other Comprehensive Income (million)	3Q19	3Q18	Chg. %	2019	2018	Chg. %
<b>Revenues</b>						
Rental income	35.83	33.82	5.9	108.03	97.57	10.7
<b>Operating Costs</b>	<b>(1.81)</b>	<b>(1.47)</b>	<b>23.0</b>	<b>(5.16)</b>	<b>(3.88)</b>	<b>32.8</b>
Related to properties that generate rental income	(1.71)	(1.30)	31.0	(4.54)	(3.24)	40.2
Related to properties that did not generate rental income	(0.11)	(0.17)	(38.0)	(0.62)	(0.65)	(4.3)
<b>Gross profit</b>	<b>34.01</b>	<b>32.35</b>	<b>5.1</b>	<b>102.87</b>	<b>93.69</b>	<b>9.8</b>
<b>Net Operating Income</b>	<b>34.12</b>	<b>32.52</b>	<b>4.9</b>	<b>103.49</b>	<b>94.33</b>	<b>9.7</b>
Administration Expenses	(4.46)	(3.88)	15.1	(13.20)	(11.57)	14.1
Long-term incentive (non-cash)	(0.67)	(0.50)	34.1	(2.07)	(1.47)	40.4
Depreciation	(0.40)	(0.14)	180.1	(1.07)	(0.37)	190.7
<b>EBITDA</b>	<b>30.22</b>	<b>28.97</b>	<b>4.3</b>	<b>91.74</b>	<b>83.59</b>	<b>9.7</b>
<b>Other Income and Expenses</b>						
Interest income	0.02	0.22	(90.0)	0.06	0.25	na
Other income	0.45	0.01	na	0.44	0.48	(7.9)
Transaction cost on debt issuance	0.00	0.00	na	0.00	(0.14)	(100.0)
Interest expense	(9.10)	(9.80)	(7.1)	(30.06)	(25.50)	17.9
Exchange gain (loss)	(1.47)	3.63	na	0.46	2.61	na
Gain in sell properties	0.00	-	na	17.92		na
Gain on revaluation of investment properties	13.94	19.24	(27.5)	58.34	50.77	14.9
<b>Total other (expenses) income</b>	<b>3.84</b>	<b>13.31</b>	<b>(71.1)</b>	<b>47.17</b>	<b>28.48</b>	<b>65.6</b>
<b>Profit Before Income Taxes</b>	<b>32.99</b>	<b>41.64</b>	<b>(20.8)</b>	<b>135.78</b>	<b>110.23</b>	<b>23.2</b>
Income Tax Expense	(20.58)	(2.28)	801.9	(50.39)	(22.98)	119.2
Current Tax	(6.40)	(15.08)	na	(29.84)	(26.11)	14.3
Deferred Tax	(14.18)	12.80	(210.8)	(20.55)	3.13	(756.5)
<b>Profit for the Period</b>	<b>12.41</b>	<b>39.36</b>	<b>na</b>	<b>85.39</b>	<b>87.25</b>	<b>(2.1)</b>
Valuation of derivative financial instruments	(0.36)	0.27	na	(2.02)	2.34	(186.5)
Exchange differences on translating other functional currency operations	0.02	12.16	na	2.14	5.91	na
<b>Total Comprehensive Income for the period</b>	<b>12.07</b>	<b>51.79</b>	<b>(76.7)</b>	<b>85.51</b>	<b>95.50</b>	<b>(10.5)</b>
Shares (average)	575.54	598.11	(3.8)	584.33	598.11	(2.3)
EPS	0.021	0.087	(75.8)	0.146	0.160	(8.3)

Consolidated Statements of Financial Position (million)	September 30, 2019	December 31, 2018
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	110.10	64.48
Financial assets held for trading	0.76	0.72
Accounts receivable - net	6.22	26.34
Operating lease receivable, net	8.13	8.13
Due from related parties	0.00	0.00
Prepaid expenses	2.50	0.54
Guarantee deposits made	0.00	0.00
<b>Total current assets</b>	<b>127.72</b>	<b>100.22</b>
<b>NON-CURRENT</b>		
Investment properties	1,928.13	1,884.62
Leasing Terms	1.22	0.00
Office equipment - net	2.98	2.49
Derivative financial instruments	0.00	2.38
Guarantee Deposits made	4.45	4.38
<b>Total non-current assets</b>	<b>1,936.78</b>	<b>1,893.87</b>
<b>TOTAL ASSETS</b>	<b>2,064.50</b>	<b>1,994.09</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Current portion of long-term debt	0.79	4.51
Financial leases payable-short term	0.54	0.00
Accrued interest	2.34	5.32
Accounts payable	6.15	2.79
Income tax payable	0.51	0.41
Derivative financial instruments	0.00	0.00
Accrued expenses	3.57	3.66
<b>Total current liabilities</b>	<b>13.90</b>	<b>16.69</b>
<b>NON-CURRENT</b>		
Long-term debt	713.59	695.28
Financial leases payable-long term	0.72	0.00
Derivative financial instruments	0.51	0.00
Guarantee deposits received	13.14	13.05
Dividends payable	25.67	0.00
Deferred income taxes	236.50	215.35
<b>Total non-current liabilities</b>	<b>990.12</b>	<b>923.69</b>
<b>TOTAL LIABILITIES</b>	<b>1004.02</b>	<b>940.38</b>
<b>STOCKHOLDERS' EQUITY</b>		
Capital stock	426.30	435.61
Additional paid-in capital	303.74	321.02
Retained earnings	366.99	333.83
Share-base payments reserve	5.60	5.51
Foreign currency translation	(41.80)	(43.94)
Valuation of derivative financial instruments	(0.36)	1.67
<b>Total shareholders' equity</b>	<b>1,060.48</b>	<b>1,053.70</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>2,064.50</b>	<b>1,994.09</b>

Consolidated Statements of Cash Flows (million)

September 30, 2019

September 30, 2018



<b>Cash flow from operating activities:</b>		
Profit before income taxes	135.78	110.23
Adjustments:		
Depreciation	0.73	0.37
Depreciation of right of use assets	0.34	0.00
Gain on revaluation of investment properties	(58.34)	(50.77)
Effect of foreign exchange rates	(0.46)	(2.61)
Interest income	(0.06)	(0.25)
Interest expense	30.06	25.50
Share base compensation	1.40	1.47
Gain in sale of investment property	(17.92)	0.00
<b>Working capital adjustments</b>		
(Increase) decrease in:		
Operating leases receivables- net	0.00	(1.95)
Recoverable taxes	7.25	(14.57)
Prepaid expenses	(1.96)	(1.22)
Guarantee Deposits made	0.00	0.00
(Increase) decrease in:		
Accounts payable	3.36	(1.57)
Guarantee Deposits received	0.00	0.00
Accrued expenses	(0.09)	(14.12)
Income Tax Paid	(15.44)	(1.68)
Income Tax Deferred	0.00	0.00
<b>Net cash generated by operating activities</b>	<b>84.63</b>	<b>48.82</b>
<b>Cash flow from investing activities</b>		
Purchases of investment property	(74.00)	(100.62)
Sale of investment property	109.26	0.00
Acquisition of office furniture	(1.22)	(0.43)
Financial assets held for trading	0.00	(0.07)
Interest received	0.06	0.25
<b>Net cash used in investing activities</b>	<b>34.10</b>	<b>(100.86)</b>
<b>Cash flow from financing activities</b>		
Financial leasing paid	(0.41)	0.00
Repurchase of treasury shares	(27.90)	(4.37)
Repayments of borrowings	(210.76)	0.00
Dividends paid	(26.57)	(47.90)
Interest paid	(32.92)	(24.81)
Guarantee deposits granted	(0.07)	0.12
Guarantee deposits collected	0.09	1.40
Costs paid for debt issuance	0.33	0.84
Borrowings	225.00	116.60
<b>Net cash (used in) generated by financing activities</b>	<b>(73.21)</b>	<b>41.88</b>
<b>Effects of exchange rates changes on cash</b>	<b>0.09</b>	<b>9.30</b>
<b>Net Increase in cash and cash equivalents</b>	<b>45.61</b>	<b>(0.87)</b>
<b>Cash, restricted cash and cash equivalents at the beginning of period</b>	<b>65.22</b>	<b>91.74</b>
<b>Cash, restricted cash and cash equivalents at the end of period</b>	<b>110.83</b>	<b>90.87</b>

Consolidated Statements of Changes in Stockholders' Equity (million)	Capital Stock	Additional Paid-in Capital	Retained Earnings	Share- based payment reserve	Foreign Currency Translation	Valuation of derivative financial instruments	Total Stockholders' Equity
Balances as of January 1, 2018	439.84	327.27	288.67	3.30	(37.33)	0.58	1022.33

Equity issuance	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Vested shares	0.30	0.48	0.00	(0.78)	0.00	0.00	0.00
Share-based payments	0.00	0.00	0.00	1.47	0.00	0.00	1.47
Dividends declared	0.00	0.00	(47.90)	0.00	0.00	0.00	(47.90)
Repurchase of shares	(1.78)	(2.60)	0.00	0.00	0.00	0.00	(4.37)
Derivative financial instruments	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Comprehensive income (loss)	0.00	0.00	87.25	0.00	5.91	2.34	95.50
<b>Balances as of September 30, 2018</b>	<b>438.36</b>	<b>325.15</b>	<b>328.02</b>	<b>4.00</b>	<b>(31.42)</b>	<b>2.92</b>	<b>1067.03</b>
<b>Balances as of January 1, 2019</b>	<b>435.61</b>	<b>321.02</b>	<b>333.83</b>	<b>5.51</b>	<b>(43.94)</b>	<b>1.67</b>	<b>1053.70</b>
Equity issuance	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Vested shares	0.51	0.80	0.00	(1.31)	0.00	0.00	0.00
Share-based payments	0.00	0.00	0.00	1.40	0.00	0.00	1.40
Dividends payments	0.00	0.00	(52.23)	0.00	0.00	0.00	(52.23)
Repurchase of shares	(9.82)	(18.08)	0.00	0.00	0.00	0.00	(27.90)
Comprehensive income	0.00	0.00	85.39	0.00	2.14	(2.02)	85.51
<b>Balances as of September 30, 2019</b>	<b>426.30</b>	<b>303.74</b>	<b>366.99</b>	<b>5.60</b>	<b>(41.80)</b>	<b>(0.36)</b>	<b>1060.48</b>

## Financial Derivative Instruments

In 2018, Vesta signed a derivative contract to fix our floating interest rate to a fixed interest rate in order to reduce the Company's financial risks.

Because it is a derivative for accounting purposes, the IFRS practice of "hedging financial instruments" applies. Vesta values the derivative at fair value. The fair value is based on the market prices of derivatives traded in recognized markets.

Fair value is recognized in the balance sheet as an asset or liability, in accordance with the rights or obligations derived from the contracts executed and in accordance with accounting norms. For hedging derivatives, changes in fair value are recorded temporarily in other comprehensive income within stockholders' equity and are subsequently reclassified to results while they are affected by the item being hedged.

Financial Derivative Instruments (million)		September 30, 2019	December 31, 2018
<i>Underlying</i>	<i>Type of Instrument</i>	<i>Mark to Market</i>	
3M Libor Syndicated Loan	Swap	(0.36)	(1.27)

## Notes and Disclaimer

**Interim Consolidated Condensed Financial Statements:** The figures presented within this release for the three-month periods ending September 30, 2019 and 2018 have not been audited.

**Exchange Rate:** The exchange rates used for the figures expressed in US dollars (US\$) were:

Date	Exchange Rate
<b>Balance Sheet</b>	
September 30, 2018	18.812
September 30, 2019	19.636
<b>Income Statement</b>	
3Q18 (average)	18.978
3Q19 (average)	19.417
9M18 (average)	19.037
9M19 (average)	19.255

**Prior period:** Unless otherwise stated, the comparison of operating and financial figures compare the same prior year period.

**Percentages** may not sum to total due to rounding.

**Net Operating Income (NOI)** is calculated as: rental income minus the operating cost for the investment properties that generated income.

**EBITDA** represents rental revenue minus the operating cost of the investment properties minus the administrative costs, except for the long-term incentive plan. The rental cost and administrative cost do not include depreciation or amortization.

**Funds from Operations (FFO)** are calculated as: the total comprehensive gain/loss in the period minus the conversion effect of the foreign operations, income tax, gain (loss) due to the

revaluation of investment properties, foreign exchange gain (loss), other income (expenses), interest income, depreciation of other assets and paid taxes in cash.

**Build to Suit (BTS):** a building tailor-made in design and construction in order to meet client-specific needs.

**Inventory buildings:** buildings constructed in accordance with standard industry specifications, for those clients that do not require a BTS Building.

Analyst Coverage



In compliance with the internal regulation of the BMV, article 4.033.01 Frac. VIII, Vesta is covered by analysts at the following brokers:

- Barclays Bank Mexico, S.A.
- Bradesco BBI Research
- BTG Pactual US Capital LLC
- Banco Invex, S.A.
- Casa de Bolsa Credit Suisse S.A. de C.V.
- Casa de Bolsa Santander S.A. de C.V.
- Citigroup Global Markets Inc.
- GBM Grupo Bursátil Mexicano S.A. de C.V.
- Grupo Financiero Interacciones S.A. de C.V.
- Grupo Signum, S.A. de C.V.
- HSBC México S.A. de C.V.
- Itaú Corretora de Valores S.A.
- J.P. Morgan Casa de Bolsa, S.A. de C.V.
- Merrill Lynch Mexico, S.A. de C.V.
- Scotia Inverlat Casa de Bolsa S.A. de C.V.
- UBS Casa de Bolsa S.A.

## About Vesta

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Vesta is a best-in-class, fully integrated real estate company that owns, manages, acquires, sells, develops and re-develops industrial properties in Mexico. As of September 30, 2019, Vesta owned 182 properties located in modern industrial parks in 14 states of Mexico totaling a GLA of 29.3 million ft<sup>2</sup> (2.72 million m<sup>2</sup>). The Company has multinational clients, which are focused in industries such as aerospace, automotive, food and beverage, logistics, medical devices, and plastics, among others. For additional information visit: [www.vesta.com.mx](http://www.vesta.com.mx).

## Note on Forward-Looking Statements

This report may contain certain forward-looking statements and information relating to the Company that reflects the current views and/or expectations of the Company and its management with respect to its



performance, business and future events. Forward looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain words like “believe,” “anticipate,” “expect,” “envisages,” “will likely result,” or any other words or phrases of similar meaning. Such statements are subject to a number of risks, uncertainties and assumptions. We caution you that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in this presentation and in oral statements made by authorized officers of the Company. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.