VESTA.COM.MX

VESTA

2017

INNOVATING MEXICO'S INDUSTRIAL PLATFORM

ANNUAL REPORT

CONTENT

INNOVATING MEXICO'S INDUSTRIAL PLATFORM

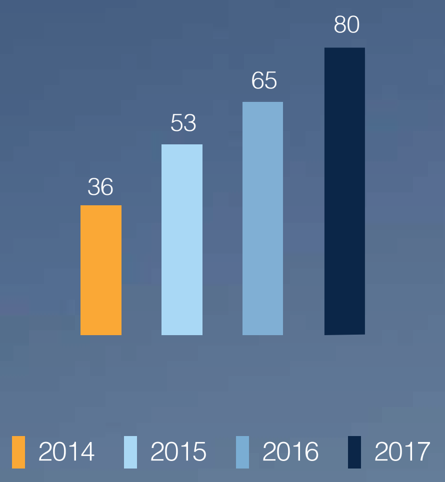
At VESTA we are evolving toward a new understanding of our company, services, and products, and of the way our teams work.

Mexico is a strategic country and VESTA plays a key role in connecting the manufacturing and logistics processes, hastening growth in the most important industries.

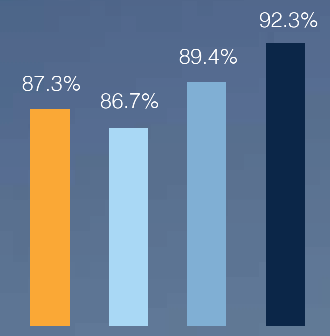
We also prepare ourselves to meet the needs of Industry 4.0 not only to ensure its success, but also to turn our country into a leader in Latin American in this new industrial era.

KEY FIGURES

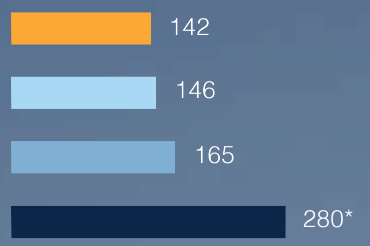
EMPLOYEES



OCCUPANCY RATE



SOCIAL INVESTMENT
(THOUSANDS OF DOLLARS)



*In 2017 we made extraordinary social investments in initiatives to support the victims of the September earthquakes in the states of Oaxaca, Chiapas, Puebla and in Mexico City.

FINANCIAL

26.72 M SF
of Gross Leasable Area (GLA)

US $106.5 million
in Net Operating Income (NOI)

92.3%
Occupancy rate

ENVIRONMENT

1.6 M SF
of GLA are LEED certified

292 kWp
of installed photovoltaic capacity

SOCIAL

US $280,047
invested in social projects

44 average
training hours per employee

IN THE WORDS OF OUR CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

GRI: 102-14

“NOW, MORE THAN EVER, IT IS IMPORTANT TO INVEST IN INNOVATION TO ACHIEVE THE LEVEL OF COMPETITIVENESS OUR COUNTRY REQUIRES; THAT’S WHY AT VESTA WE BELIEVE IN STAYING A STEP AHEAD SO WE CAN ENSURE OUR INDUSTRIAL REAL ESTATE OFFERINGS ARE APPROPRIATE TO THE NEEDS OF THE FOURTH INDUSTRIAL REVOLUTION. WE ARE ALSO CONVINCED MEXICO HAS THE OPPORTUNITY TO BECOME A LEADER FOR THE REGION IN THIS ARENA.”

When we began operating as real estate developers 19 years ago, we did so with the conviction that our country was worth betting on. Today we are very satisfied with that decision and the exponential growth it has produced year after year. 2017 was no exception, with the company posting growth in every quarter. We registered a record 92.3% occupancy rate and purchased 21 properties. This, in addition to our annual growth, resulted in a total Gross Leasable Area (GLA) of 26.72 million square feet, up 16% compared to the GLA of the previous year.

The sustained growth we have achieved is the result of strategic planning and our adherence to the **VESTA Vision 20/20** plan and is reflected in our annual performance and the best financial results we have attained to date.

Revenues for 2017 increased by 20.9% to US $109.4 million, up from US $90.5 million in 2016, while the NOI margin for the whole year stood at 96.2%. Our growing revenue base boosted EBITDA growth by 21.5% to USD $92.0 million, compared to US $75.7 million last year, which results in higher non-diluted returns for our investors.

We also strengthened VESTA's balance sheet in 2017, securing long-term debt with an extremely competitive cost of funds with 32% LTV and a long-term average maturity of 7.2 years. Currently, VESTA has one of the most competitive debt profiles in the industry.

At VESTA, however, we do more than create value for our shareholders. We also work with tenacity to create social value through strategically-located developments and to address challenges resulting from urban expansion and population growth. In these efforts, we are always cognizant of the need to work alongside our clients and local governments to detect opportunities that will enable us to design sustainable spaces that can connect companies, industries, and society, providing a better environment for all.

Our commitment to creating people-friendly spaces applies not only to our complexes, but also to our own office buildings. In 2017 we attained our goal of obtaining the WELL Building Standard certification for our corporate offices. This translates into a better quality of life for our employees which, in turn, results in improved performance and productivity.

Our commitment to maintaining constant communication with the communities neighboring our developments was never more important than in 2017, when two strong September earthquakes had a considerable impact on population centers in Central and Southern Mexico. As a sign of support and solidarity, VESTA made extraordinary contributions of more than US $55,000 that were allocated to organizations in civil society charged with overseeing the rebuilding of affected areas.

In addition, we continue working on social initiatives and projects in the regions where our developments are located, promoting projects related to education, inclusion, and community development that are aimed at building economically and socially sustainable communities.

In terms of our environmental stewardship efforts, we implemented a project to assess the environmental impact of our developments so we can strategically redirect our actions in this area.

All this has allowed us to continue to be part, for yet another year, of the group of companies included in the Sustainability Index of the Mexican Stock Exchange and to maintain the recognition and trust of our investors.

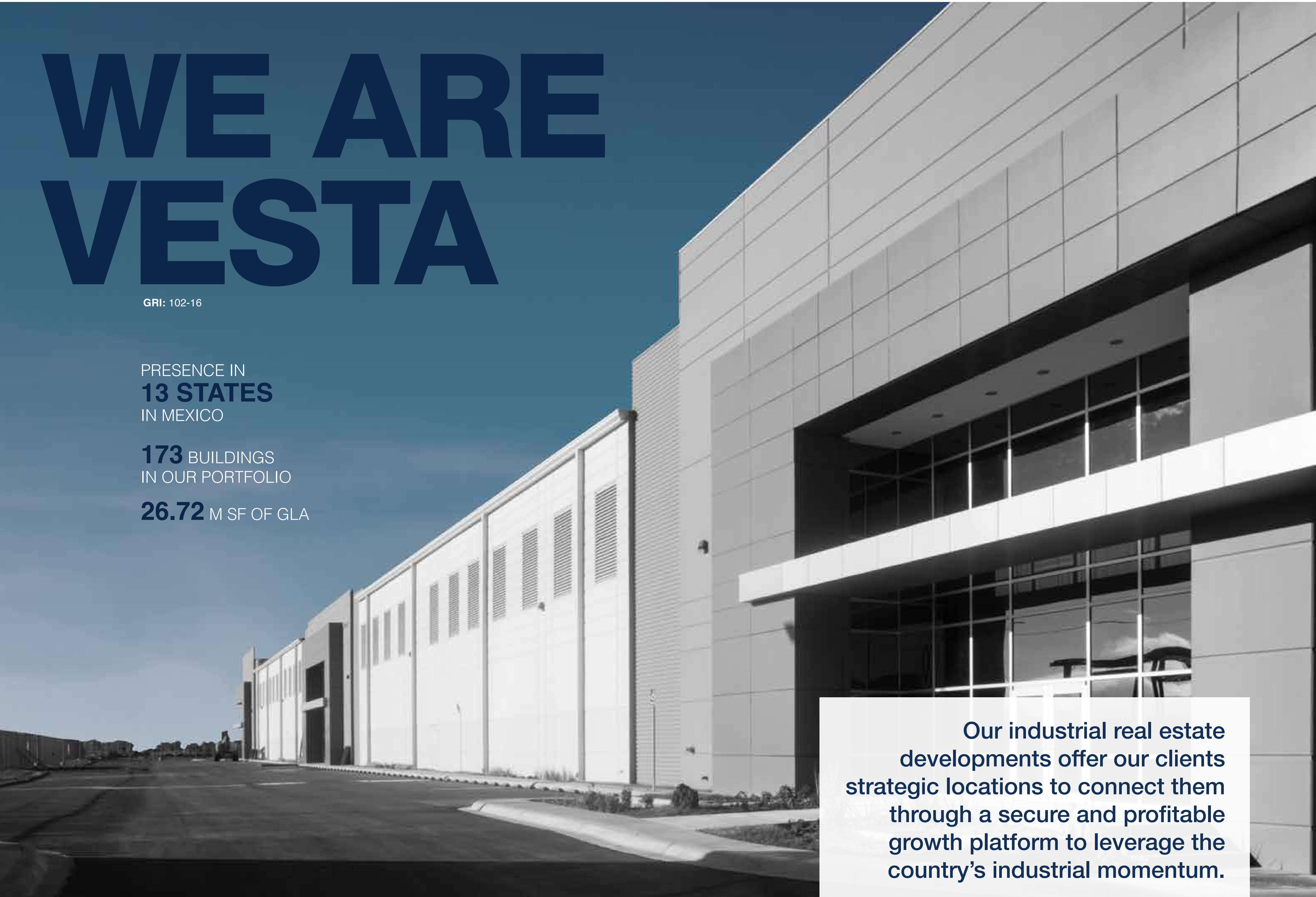
This year we are preparing to celebrate our company's 20th anniversary. As part of our effort to anticipate the needs of our clients, we carried out a prospective study on the potential mid-to-long-term impacts of the technological changes brought about by the fourth industrial revolution. The study gives us a basis on which we will begin to design industrial parks that will house the most technologically advanced companies. The assessment also serves as a framework to set new goals that reinforce and extend achievements already made thanks to the excellent implementation of our VESTA Vision 20/20 strategic plan.

In order to share our findings and enthusiasm for what has been achieved and for what is still to come, we published a book entitled "Innovating Mexico's Industrial Platform: Smart Parks for Industry 4.0". The book describes the evolution of the light manufacturing and logistics system in our country and, more importantly, shows how the world-class clients who occupy our industrial buildings already have at their disposal the means, processes, and robotics of this new and disruptive era. Likewise, the book lays out our thoughts on where we intend to direct the efforts of the organization to help improve living conditions for future generations.

We are confident that in 2018 we will maintain our trend of growth and profitability, even in light of the political environment prevailing in our country. Precisely because it is an election year, we feel obligated to continue investing in new projects that help promote economic activity in the nation. Regardless of the election outcome, we trust in the strength of our institutions, which have evolved and been fortified under successive administrations headed by different parties.

I thank all those who make it possible for our business to continue to add value to our shareholders, employees, and country. Mexico is the sum of all those who work and collaborate for its growth and development. I am certain that together we will be able to capitalize on the latest trends and realize our vision for a better future for all.

Lorenzo Berho C.
Chairman of the Board of Directors
And Chief Executive Officer



WE ARE VESTA

GRI: 102-16

PRESENCE IN
13 STATES
IN MEXICO

173 BUILDINGS
IN OUR PORTFOLIO

26.72 M SF OF GLA

Our industrial real estate developments offer our clients strategic locations to connect them through a secure and profitable growth platform to leverage the country's industrial momentum.

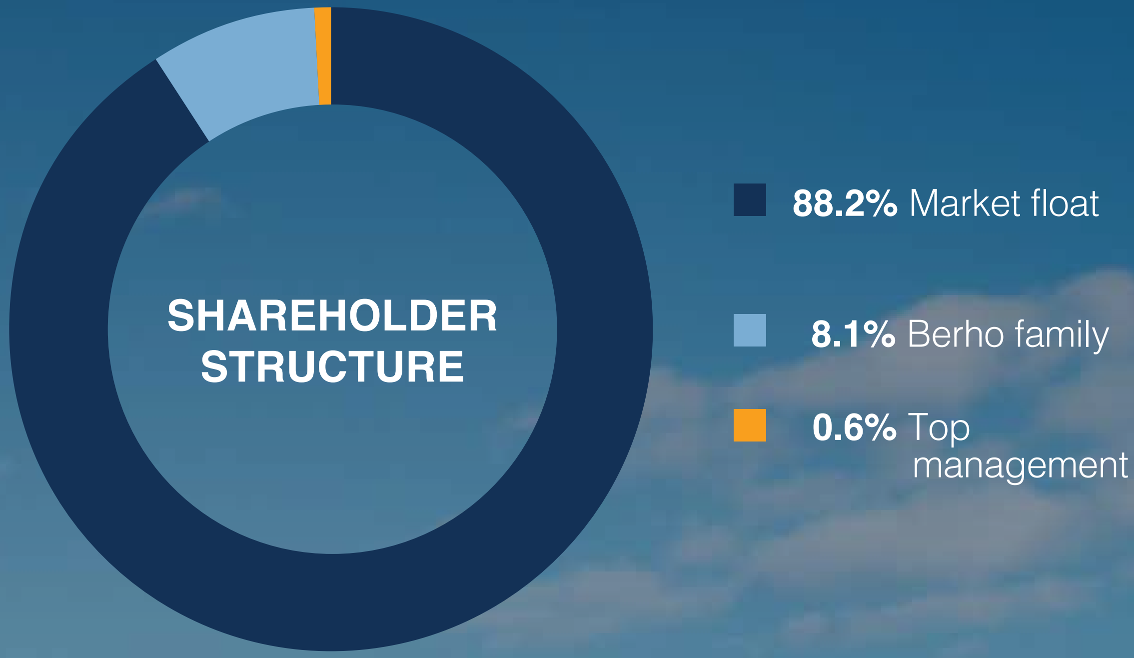
VESTA has helped drive Mexico's industrial development by attracting leading edge **Industry 4.0** companies in strategic locations in 13 states.

Vision

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

Mission

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



Treasury shares—31 million shares as of December 2017—are not in the stock market. Percentages stated for the Berho family and for the company's top management are as of March 30, 2017.

1998

Company is founded
0.6 M SF

1999

First GE loan for
US $9.7 M

2000

Ned Spieker (Founder of Spieker Properties) investment
1.1 M SF

2003

2.6 M SF

2004

CalPers investment
US $50 B 3.5 M SF

2005

Acquisition of Nestlé properties
Acquisition of the
4.8 M SF

2006

DEG investment
Calpers buyout
6.9 M SF

2007

Joint Venture with GE: Aerospace Park in Querétaro
Acquisition of the Ciudad Juárez portfolio
DEKA investment
9.9 M SF

2008

Acquisition of the Guanajuato portfolio
10.8 M SF

2009

11.0 M SF

2010

GE buyout **11.3 M SF**

2011

11.4 M SF

2012

IPO for **US $286 MM**
12.0 M SF

2013

Follow on for **US $220 B**
NISSAN Park to Suit®
14.4 M SF

2014

Follow on for **US $230 B**
16.8 M SF

2015

Innovation as a priority
2nd Follow on for
US $230 B
20.1 M SF

2016

22.6 M SF

2017

Private bond and debt restructuring

26.7 M SF

2018

VESTA celebrates 20th anniversary
Publication of the book "Innovating Mexico's Industrial Platform: **Smart Parks for Industry 4.0"**

Lorenzo Berho Corona takes on the position of Chairman of the Board of Directors full time

Lorenzo D. Berho Carranza takes on the position of Chief Executive Officer

2020

Vesta Vision 20/20
39.9 M SF (estimate)

Vesta Visión 20/25
New development goal

Solar energy will be cheaper than energy generated by carbon

2030

Vertical spaces for warehousing and the use of autonomous and retractable cranes will predominate

2035

Modular manufacturing in industries with massive use of robots

2040

29% of energy will be **solar and 13% wind**

Dates for the massive use of technological advances are approximate given the prospective nature of the analysis we did for our book "**INNOVATING MEXICO'S INDUSTRIAL PLATFORM: SMART PARKS FOR INDUSTRY 4.0**"

PRODUCTS

GRI: 102-2

We help our clients maximize their potential by offering industrial parks and buildings dedicated to light manufacturing and logistics that include the following features: they are built under international environmental standards, comply with the highest quality standards in the market, are located in strategic regions in Mexico, are backed by a team of experts in the industrial real estate sector, and take into consideration the needs of Industry 4.0.

- OUR BTS BUILDINGS HAVE THE LEED CERTIFICATION OPTION.
- ALL OF OUR BUILDINGS ARE FREE OF PCU AND ASBESTOS.
- WE INSTALL PHOTOVOLTAIC PANELS AT OUR PARKS.
- WE BUILD IN ACCORDANCE WITH OUR ECO-EFFICIENCIES MANUAL.

MULTI-TENANT BUILDINGS

We have nine VESTA Parks in strategic locations that are ideal for light manufacturing and logistics due to their connectivity and features.

These parks have been developed to house companies that are already applying Industry 4.0 technology. They are designed to improve internal flows of traffic, offer areas for use as loading docks, have safe points of access, and offer photovoltaic energy.

The facilities are built according to industry specifications for clients in any industry who need warehousing and manufacturing spaces in the short-term. They can be shared by two or more tenants and are flexible enough to offer office spaces, depending on specific client needs.

SUCCESS STORY
VESTA PARK TOLUCA II

- **2013** YEAR IN WHICH CONSTRUCTION BEGAN
- **GLA 1.47 M SF** (137,000 M2)
- **6** BUILDINGS
- **CLIENTS** LOGISTICS, ROBOTICS, AUTOMOTIVE INDUSTRY SUPPLIERS, INFORMATION STORAGE AND PROTECTION, AND ADHESIVES TECHNOLOGIES

PARK TO SUIT®

Industrial parks designed and tailor-built to the needs of our clients, enabling them to adapt their supply chains. These parks are designed according to international standards and are located in the most dynamic industrial regions in the country.

We offer two kinds of projects: Clusters, in which members of a supply chain can be integrated; and Supplier Parks, for companies in a given industry that supply a single integrator.

Under this concept we are positioned as a reliable supplier for the aerospace, automotive, logistics, and electronics industries.

SUCCESS STORY
DOUKI SEISAN PARK – DSP – NISSAN AND COMPAS SUPPLIER PARK ADJACENT TO THE AGUASCALIENTES II PLANT

- **2013** YEAR IN WHICH CONSTRUCTION BEGAN
- **GLA 2.13 M SF** (198,000 M2)
- **8** BUILDINGS
- **CLIENTS** NISSAN AND AUTOMOTIVE SUPPLIERS

BUILD TO SUIT®

Buildings designed and built according to the specific needs of each client.

We participate in the design process and make recommendations based on our experience and expertise so that the buildings comply with the best international standards and with the most cutting-edge eco-efficiency trends.

SUCCESS STORY
SAFRAN

- **GLA 1.09 M SF**
  (101,778 M2)
- **2009:**
  LANDING GEAR BUILDING (281,422 SF)
- **2009:**
  TURBINE COMPONENTS BUILDINGS (163,040 SF)
- **2011:**
  MAINTENANCE WORKS, REPAIRS, AND MOTOR OVERHAULS BUILDING (172,653 SF)
- **2013:**
  RE-MANUFACTURING BUILDING (96,767 SF)
- **2016:**
  AERO-COMPONENTS/ALBANY BUILDING (338,363 SF)
- **2017:**
  TURBINE COMPONENTS BUILDING (43,281 SF)

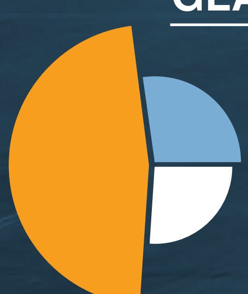
PRESENCE

GRI: 102-4, 102-6

We currently have **26.72 million sf of gross leasable area (GLA)** distributed across 173 industrial buildings covering every latitude in Mexico, divided into three main regions: **North, Central, and Bajío.**

	North	Bajío	Central
MILLION SF	6.9	12.7	7.1
Buildings	63	76	34
Clients	55	74	31
Acres of land reserves	72	684	28

GLA*



North **26% - 6.9 M SF**

Bajío **47% - 12.7 M SF**

Central **27% - 7.1 M SF**

*Gross Leasable Area.

Number of Buildings

North 63 - 36%

Bajío 76 - 44%

Central 34 - 20%

CLIENTS

GRI:102-6, 102-43, 102-44

Our portfolio includes **160 clients from more than 8 sectors and 14 countries**, all of whom share VESTA's commitment to generate economic and sustainable growth in Mexico.

We strive to become long-term strategic partners for our clients and to help maximize the profitability of their businesses as well as the growth of VESTA.

AUTOMOTIVE

FCA, DANA, Delco Remy, DELPHI, DETROIT DIESEL, elringklinger, HARMAN, LEAR, MAN, Mercedes-Benz, NISSAN, Stant, SUMITOMO, Valeo

FOOD AND BEVERAGES

DANONE, kraft foods, Nestlé, Sabritas

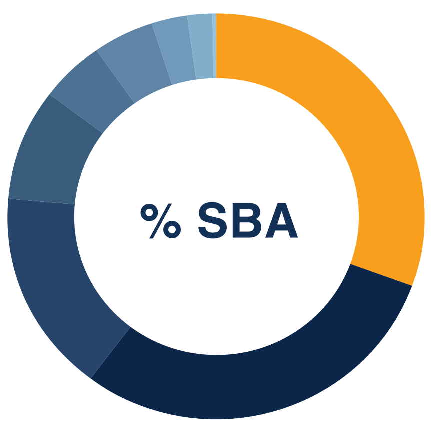
AEROSPACE

A.E. Petsche Co., BOMBARDIER, MEGGITT, PCC, SAFRAN

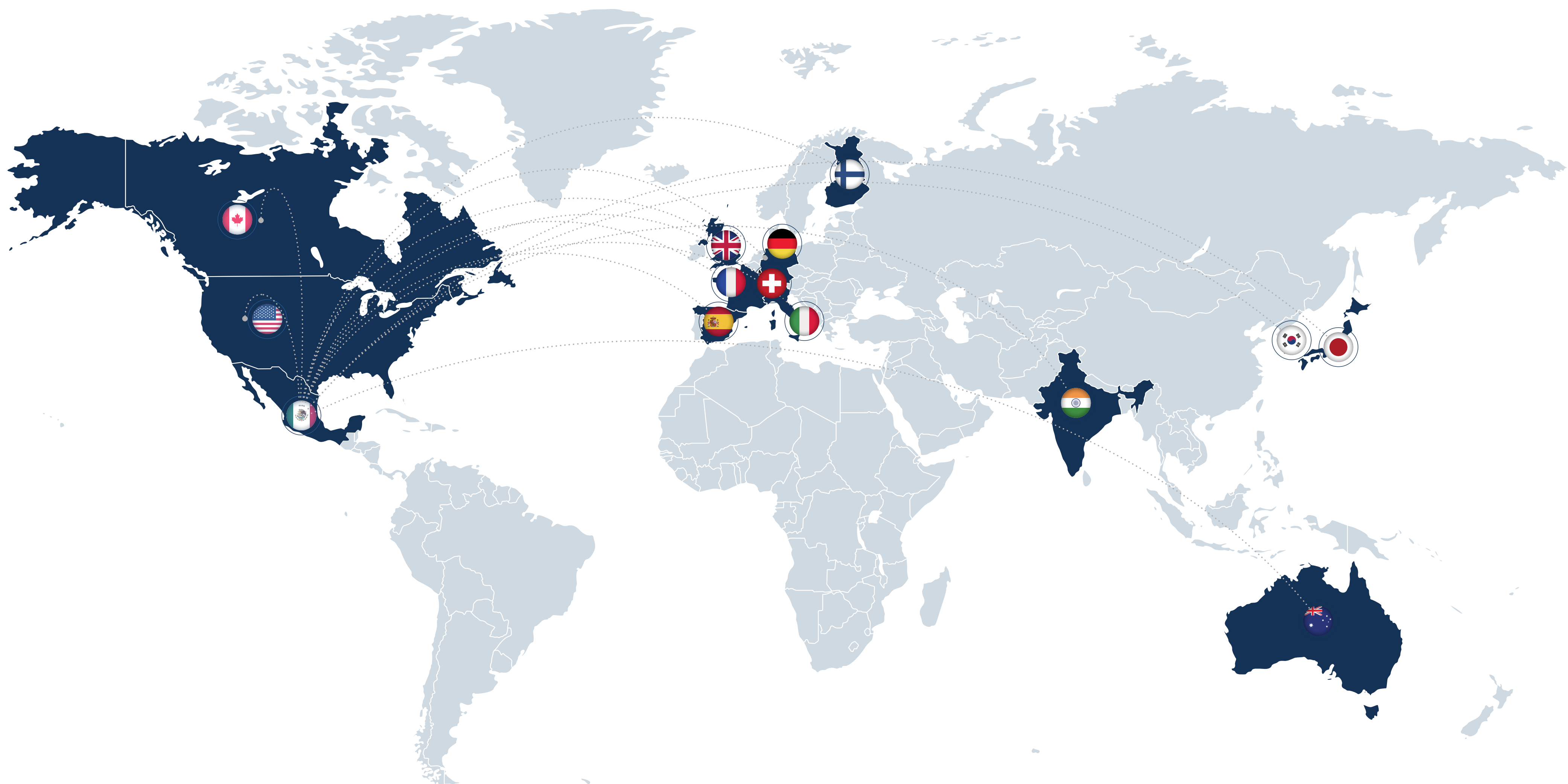
LOGISTICS

NEOVIA, OXXO, Ryder, Wilson, xpedx, zemog, Medistik

PORTFOLIO
BY INDUSTRY



- **30.7%** Automotive
- **29.8%** Logistics
- **16.0%** Other
- **9.0%** Aerospace
- **4.9%** Recreational vehicles
- **4.6%** Plastic
- **2.8%** Energy
- **2.1%** Medical devices
- **0.1%** Paper



OUR KEY CLIENTS	Nestlé	NISSAN	SAFRAN	BRP	tpi	LEAR	BOMBARDIER	CHRYSLER	elektra	ZF
Country of origin of our clients' capital										
% GLA	6.8%	4.2%	4.2%	3.7%	2.8%	2.7%	2.4%	1.9%	1.9%	1.8%
Years remaining in contract	7	7	12	10	10	8	11	7	6	10
Credit rating	AA	N/A	N/A	A-	B	BB-	N/A	A	BB-	N/A

We registered **high contract renewal rates: 86%** in 2017, **70% of anticipated renewals** for 2018, **and 16% of renewals** for 2019.

The Asset Management division, which includes professionals in the real estate sector, is in charge of strengthening these relationships by offering contract renewal, investment maintenance, administration, and park operation services.

In addition, we maintain open communications with our clients by means of two different surveys: a **Commercial Satisfaction Survey and a Maintenance Satisfaction Survey**. With the first survey we seek to understand and assess perception levels related to quality, building design, service, and our response capabilities; the second survey allows us to identify issues that could affect the VESTA properties or the performance of our tenants.

Averaging the results of both surveys, **CLIENT PARTICIPATION WAS 45%** this year.

47%
believe the **effectiveness** with which we provide a solution to their problems **was good or excellent.**

77%
believe **our service** and the availability of the administrative, commercial, and operational staff **was good or excellent.**

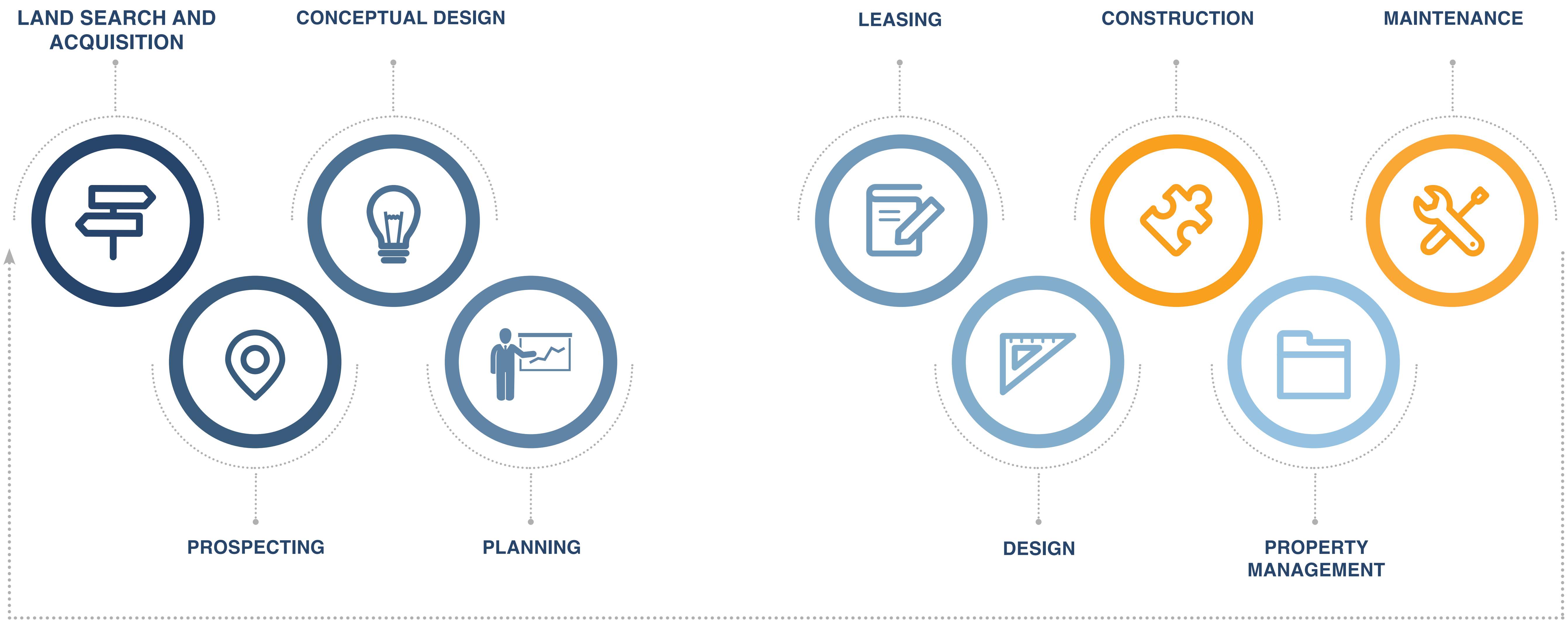
The Satisfaction Survey, which we carried out for the sixth consecutive year, is based on the ISO 9001 methodology and strives to understand the level of customer satisfaction and the status of their properties, as well as opportunities for growth and recommendations for improving our service, among others. Improving client satisfaction levels is one of our company's goals.

In 2017, the customer **satisfaction level** was **63%.**

VALUE CHAIN

GRI: 102-9, 308-1, 414-1, 416-2

At **VESTA** we develop and manage industrial buildings and parks. We are not a construction company; rather, we consolidate a value chain with activities and services we perform in collaboration with specialized suppliers who adapt to the needs of our clients and to our specific requirements.



OUR CORE COMPETENCIES

We focus our efforts on creating commercial intelligence that allows us to anticipate future needs and develop strategic facilities that can attract new industries. Simultaneously, we continue to build long-term relationships with our clients in order to achieve our expected future growth.

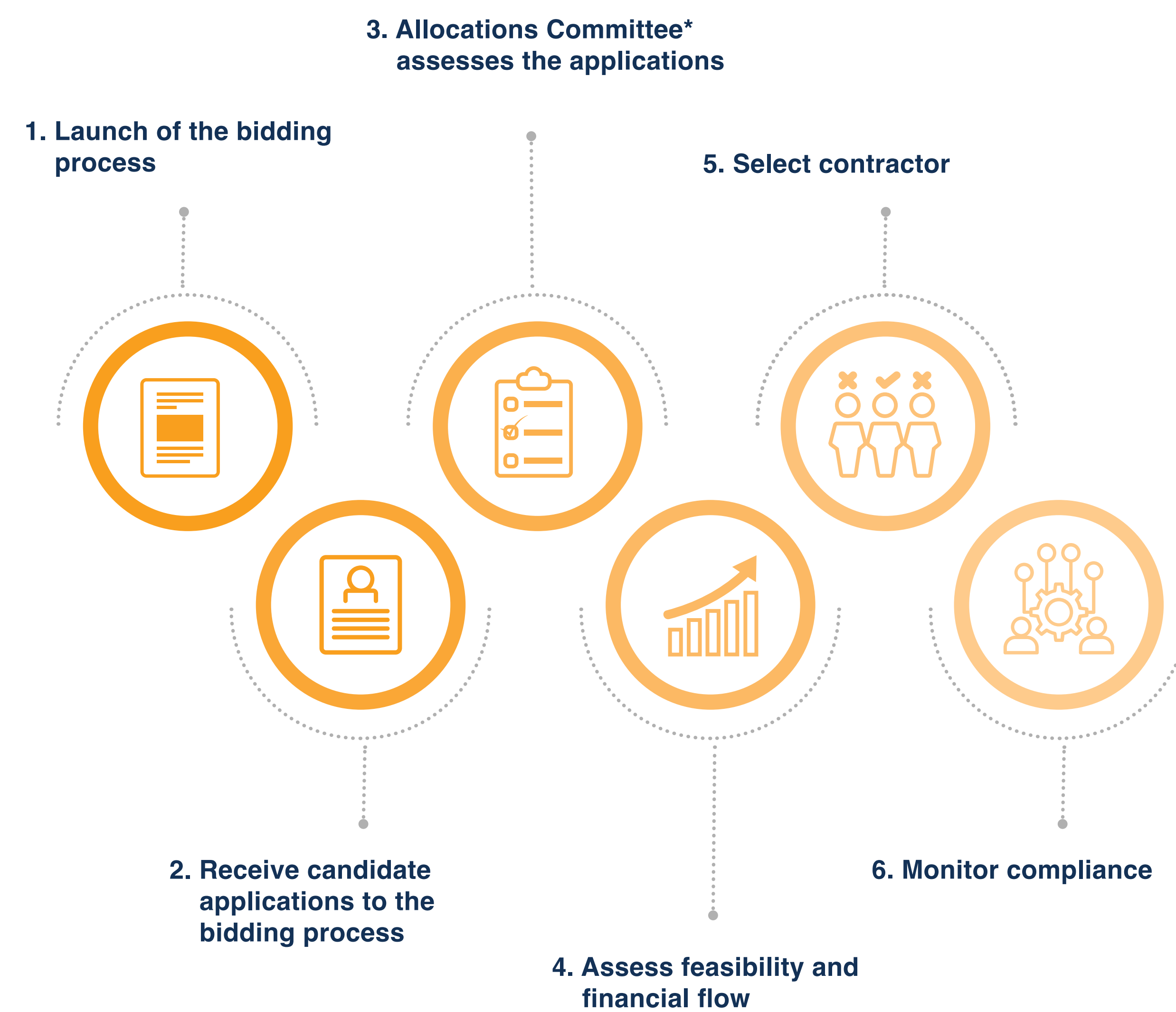
OUTSOURCED SERVICES

We work in collaboration with companies who are experts in design, construction, and maintenance so we can ensure the best and fastest real estate development that complies with the costs metrics as well as with the established timelines of our projects. For all permits and legal procedures, we work with specialists who help us manage them. Once a building is ready, maintenance services are provided by a variety of contractors.

In our search for the most innovative, functional, and cost-effective options, and in order to encourage healthy competition, VESTA has, for the almost 20 years since we began operations, selected our contractors and suppliers by means of a bidding process.

This competitive process generates multiple benefits for VESTA and, consequently, for our tenants, in terms of delivery times, quality, and cutting-edge buildings.

We choose and work with contractors based on a series of steps:



***The Allocations Committee takes into consideration:** a. quality, b. experience, c. reputation, d. sustainability, e. use of state-of-the-art construction techniques and engineering f. on-time delivery of the developments.

We demand from all suppliers that they comply with our **Sustainability Requirements for Suppliers**, in order for us to be able to ensure that their construction processes and activities are aligned with VESTA's requirements.

OUR SUPPLIERS HAVE THE FOLLOWING CERTIFICATIONS:

CLEAN INDUSTRY	ENVIRONMENTAL QUALITY	ISO 14001	OSHAS 18001	SAFE INDUSTRY	SOCIALLY RESPONSIBLE COMPANY (ESR) AWARD	SIGNATORIES OF THE GLOBAL COMPACT
3	6	6	8	3	9	7

We also carry out annual evaluations based on environmental, labor, freedom of association, and human rights criteria. In 2017 we did not detect any errors or breaches on these issues from any of our suppliers or contractors.

With the purpose of maintaining close, efficient, and productive relationships, for two consecutive years we have conducted a **Supplier Survey.**

In 2017, **57%** of our main **SUPPLIERS** participated in the survey.

92%
are **satisfied** with **VESTA's contractual compliance.**

81%
believe they have **an excellent or good relationship with VESTA.**

66%
recognize that their **relationship with VESTA has evolved** favorably over the past year.

On the other hand, all our construction projects follow an **Occupational Safety Program** through which our suppliers make periodic reports on work site safety meetings, which are supervised by our Project Manager. We also make sure that all workers are registered with the Mexican Social Security Institute (Instituto Mexicano del Seguro Social, IMSS) in compliance with Mexican law. In 2017 we received notification of a minor breach in employer obligations by a supplier in the Bajío region, which was addressed and resolved.

At VESTA we are working to create a solid value chain based on a mutual commitment to create value for one another's stakeholders.

To this end, we invite our suppliers and contractors to participate in activities we organize for their benefit, and to embrace the social responsibility efforts we promote in communities where VESTA has a presence. The following were the most relevant during 2017:

INAUGURATION AND KICK-OFF EVENTS. We carried out two events, one in Tijuana and the other in San Miguel Allende, encouraging integration and participation with clients and contractors.

SOCIAL RESPONSIBILITY. Two of our main contractors participated in the "Construyendo" (Building) initiative through which homes were built for two low income families.

STRATEGY

MEXICO'S GROWTH AS AN **EMERGING** MARKET

THE **4TH INDUSTRIAL** REVOLUTION

CLIMATE CHANGE AND THE **ENERGY** REVOLUTION

Committed to innovation, we are promoting long-term strategies that allow us to face the trends that the future holds.

VESTA **VISION 20/20**

1

DOUBLE THE SIZE OF OUR PROPERTY PORTFOLIO.

2

STRENGTHEN OUR CORPORATE RESPONSIBILITY AND RISK MANAGEMENT EFFORTS.

3

INCREASE OUR INVESTMENT IN DEVELOPING OUR MOST IMPORTANT ASSET: **OUR HUMAN CAPITAL.**

In addition to our Vision, we continue working on the Massive Transformative Purpose (MTP) that we designed in 2016, focusing on maintaining leadership in our industry.

- **BE POWERFUL AND INSPIRING.**
- **GENERATE A CULTURAL MOVEMENT THAT INVITES CHANGE AND HELPS US BECOME AN AGENT FOR TRANSFORMATION.**
- **HAVE A WELL-DEFINED PURPOSE.**

COMPONENTS OF VESTA **VISION 20/20**

BUSINESS
Focus on markets and geographies
Corporate governance

EMPLOYEES
Job security
Attracting and retaining talent
Training and development

INDUSTRY PARTNERS/BROKERS
Key trade channels
Strong relationships

INVESTORS
Return on investment
Growth
Net operating income

CORPORATE CITIZENSHIP
Risk management
Transparency
Environment
Community
Reputation
Human rights

LOCAL AUTHORITIES
Strong relationships
Long-term relationships
Economic and social development
Local development

CLIENTS/CONSUMERS
Attract global players in key industries
Capture growth of current clients
Long-term relationships

PRODUCT
Class A buildings
Stricter eco-efficiency standards
Certified buildings

SUPPLIERS / CONTRACTORS
Business continuity
Business partners
Fair and equitable treatment

VESTA'S MASSIVE TRANSFORMATION PURPOSE

INNOVATING MEXICO'S INDUSTRIAL PLATFORM

1 INNOVATION IS THE FOUNDATION OF OUR INNOVESTING PHILOSOPHY, SO INVESTING IN INNOVATION IS A PRIORITY FOR US.

2 BUILDING A CONSOLIDATED INDUSTRIAL PLATFORM THAT IS CUTTING-EDGE, SMART, AND THAT CAN ACCOMMODATE THE MOST MODERN COMPANIES IN THE WORLD IS OUR WORK AMBITION AND REASON FOR BEING.

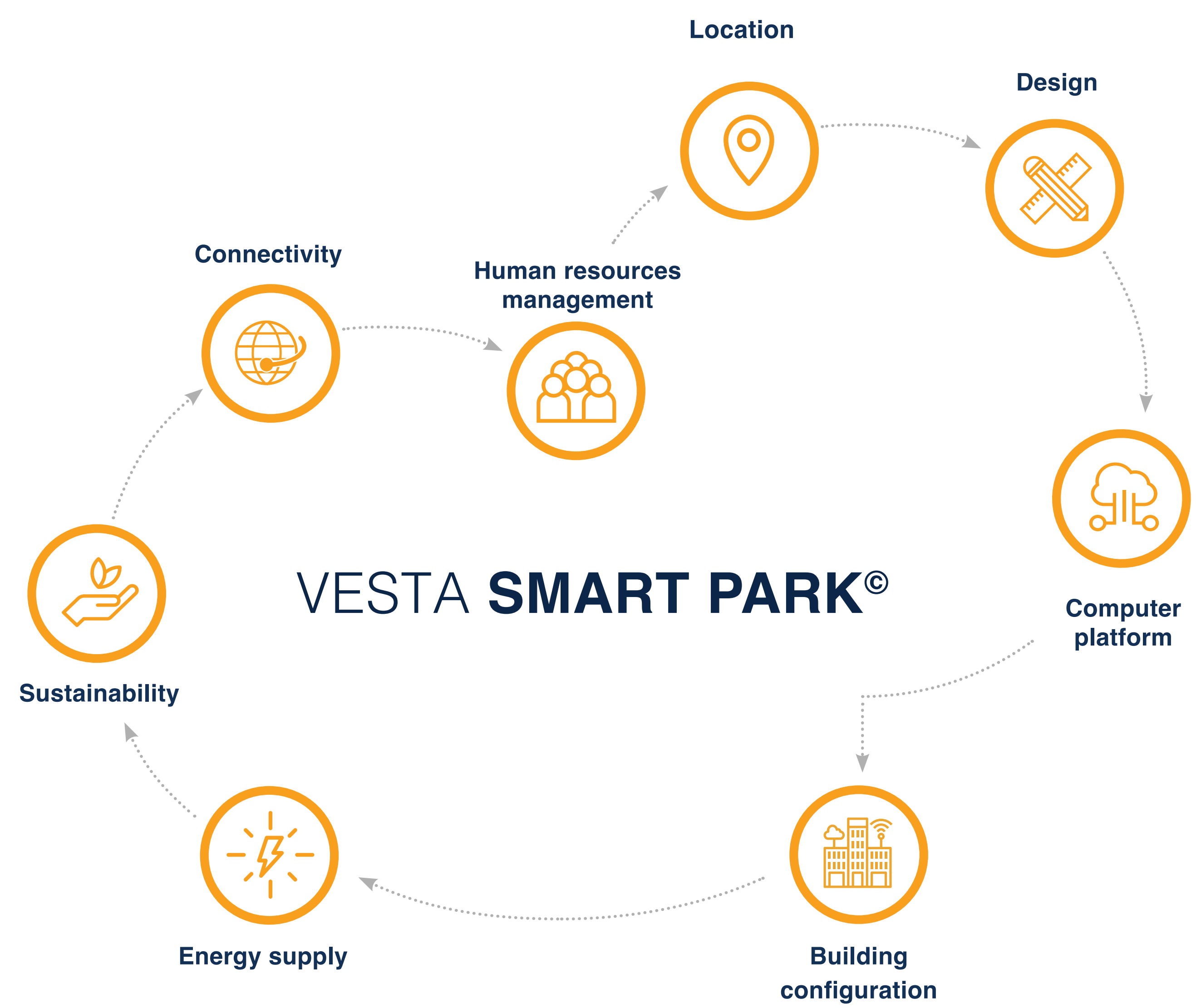
3 MEXICO IS OUR INSPIRATION AND THE COUNTRY WHOSE SUCCESS WE WORK SO PASSIONATELY TO SUPPORT.

VESTA VISION **20/40**

On the other hand, with the future in mind, we are drafting **VESTA Vision 20/40**, anticipating the technological, economic, and social trends for the next 20 years, in order to offer our clients cutting-edge and inspiring real estate solutions.

These trends are already beginning to manifest themselves in our facilities through the use of artificial intelligence, robotics, and technology applied to sustainability. The creativity, innovation, and drive of our clients who already are navigating the advances of Industry 4.0 are both a source of pride and an inspiration to us to continue building the country we deserve, one in which future generations will be able to live and work to the fullest.

Our proposal is to continue to employ the best technological advances in the design, construction, and outfitting of our parks with the aim of developing Smart Parks for Industry 4.0.



SUSTAINABILITY

GRI:102-19, 102-20

As part of **VESTA Vision 20/20**, in 2017 we promoted a short-term strategic process that will allow us to align our sustainability efforts with the growth needs of our business.

A **company** is defined as **sustainable** when it **creates economic, environmental, and social** value in the short- and long-term in all the places where it is present, contributing to the increase of well-being as well as to the authentic progress of current and future generations.

At VESTA, we view **sustainability** as making a contribution to our clients' competitiveness and to the welfare of society by reducing the environmental and social impacts of our developments and our operations.

MATERIALITY

GRI:102-21, 102-46, 102-47

As part of our business strategy and in order to complement our VESTA Vision 20/20, in 2017 we carried out a materiality exercise to understand which issues generate greater impacts on our operation, profitability, market share, reputation, and creation of value for all our stakeholders.

In doing so, we follow a methodology consistent with the recommendations of the Global Reporting Initiative (GRI)—which includes identifying, prioritizing, and validating data—and with the principles of inclusion of stakeholders, sustainability context, materiality, and comprehensiveness.

We determine the relevant issues in VESTA's external operating environment by analyzing companies in our sector, clients in all industries, global trends, and initiatives in industrial real estate, as well as articles published by trade press.

We also identify topics that are relevant to us internally through strategic questions to our top management and an online survey we conduct with employees, investors, clients, suppliers, and civil society organizations.

Out of this exhaustive research we obtained a list of issues that were weighted according to the impact they have on the business, taking into account the severity and level of risk of the impact if unaddressed; the importance of the impact on our long-term performance; and how likely we are to grow or have an advantage as a consequence of the impact.

Finally, following this weighting, we compared the results of the prioritization of the issues with our stakeholders with those of the impact assessment, which allowed us to define the material issues for VESTA.

VESTA MATERIALITY MATRIX

MATERIAL ISSUES

RELEVANT ISSUES FOR STAKEHOLDERS

Resulting from this exercise, which we concluded during the final quarter of 2017, we are aligning our actions and projects related to each of the issues and working on those for which we did not previously have defined strategic initiatives.

In 2017, we redefined our sustainability goals by taking into account the material issues and our business vision, which has led to the updating of activities, policies, and processes that will enable us to be more efficient and improve our social and environmental performance.

One of the measures we implemented consisted of developing and/or upgrading some of our internal policies, including our Social Responsibility, Quality, and Asset Safety policies.

The goal of our **Social Responsibility and Sustainability Policy** is to define the basic principles with which to manage and carry out our social responsibility and sustainability practices at all our operations, allowing their integration into the business model, and in **VESTA's** daily operations.

http://www.vesta.com.mx/uploads/xcrud/asset/Vesta_Politica_de_Responsabilidad_Socia_y_Sustentabilidad.pdf

VESTA's Sustainability Manager reports directly to our CEO and to the Social Responsibility and Environmental Committee (SREC). The manager is responsible for planning, executing, and monitoring all initiatives pertaining to corporate governance, social, and environmental issues.

The Social Responsibility and Environmental Committee is in charge of determining the sustainability plan and of verifying that we comply with environmental and social projects we implement in the communities neighboring our operations.

We strive to generate social and environmental value for the communities where we are present through the projects we promote, which need to comply with the following strategic lines of action:

- **OUR EMPLOYEES:**
  Corporate governance, human rights, and labor practices.
- **ENVIRONMENT:**
  Measure and reduce water and energy consumption, promote repurchasing and/or recycling waste, develop efforts to mitigate and adapt to climate change, and reduce the ecological impact of our developments by promoting practices for continuous improvement at our facilities.
- **RESPONSIBLE CITIZENSHIP:**
  Active participation with the community.

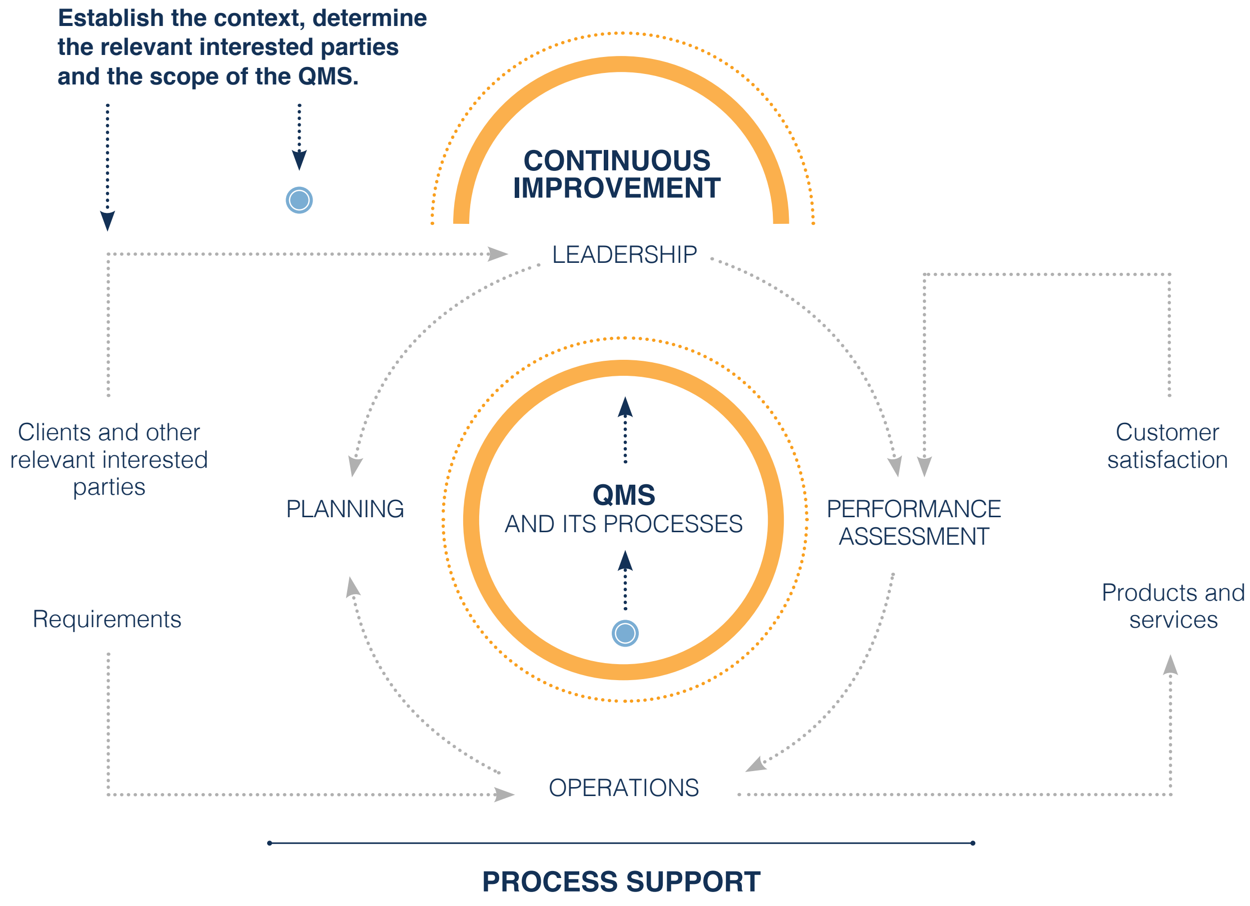
We have no control over the activities of our clients or over how they use resources, but we offer them eco-efficient spaces that allow them to optimize their operation in a sustainable manner; additionally, these spaces comply with the guidelines of international certifications such as ISO 9001:2015 or Leadership in Energy & Environmental Design (LEED), for some buildings.

QUALITY

For VESTA, quality is more than just a requirement to ensure total satisfaction in our clients; it is also a component of the strategy with which we operate that helps us mitigate risks and capitalize on resources to create value for all our stakeholders.

The goal of the **VESTA Quality Policy** is to offer our clients an efficient service based on personalized service and sustainable real estate developments supported by a Quality Management System (QMS).

QUALITY MANAGEMENT SYSTEM ISO 9001:2015



Like quality, safety is a component of our strategy. We believe that safety is everyone's responsibility since the physical integrity, well-being, and good performance of everyone who visits, works at, or enjoys the VESTA facilities depend on it.

The goal of the **VESTA Asset Safety Policy** is to promote a culture of prevention that protects all aspects of our buildings, facilities, and industrial parks, including people, assets, information, processes, and the community.

POTENTIAL

20.9% INCREASE IN INCOME

20% GROWTH IN STABLE GLA

9% GROWTH IN TOTAL LEASING ACTIVITY

We offer real estate tailored for our clients that combine innovation, intelligence, and quality to help them maximize their potential and, at the same time, contribute to VESTA's profitability.

GROWTH

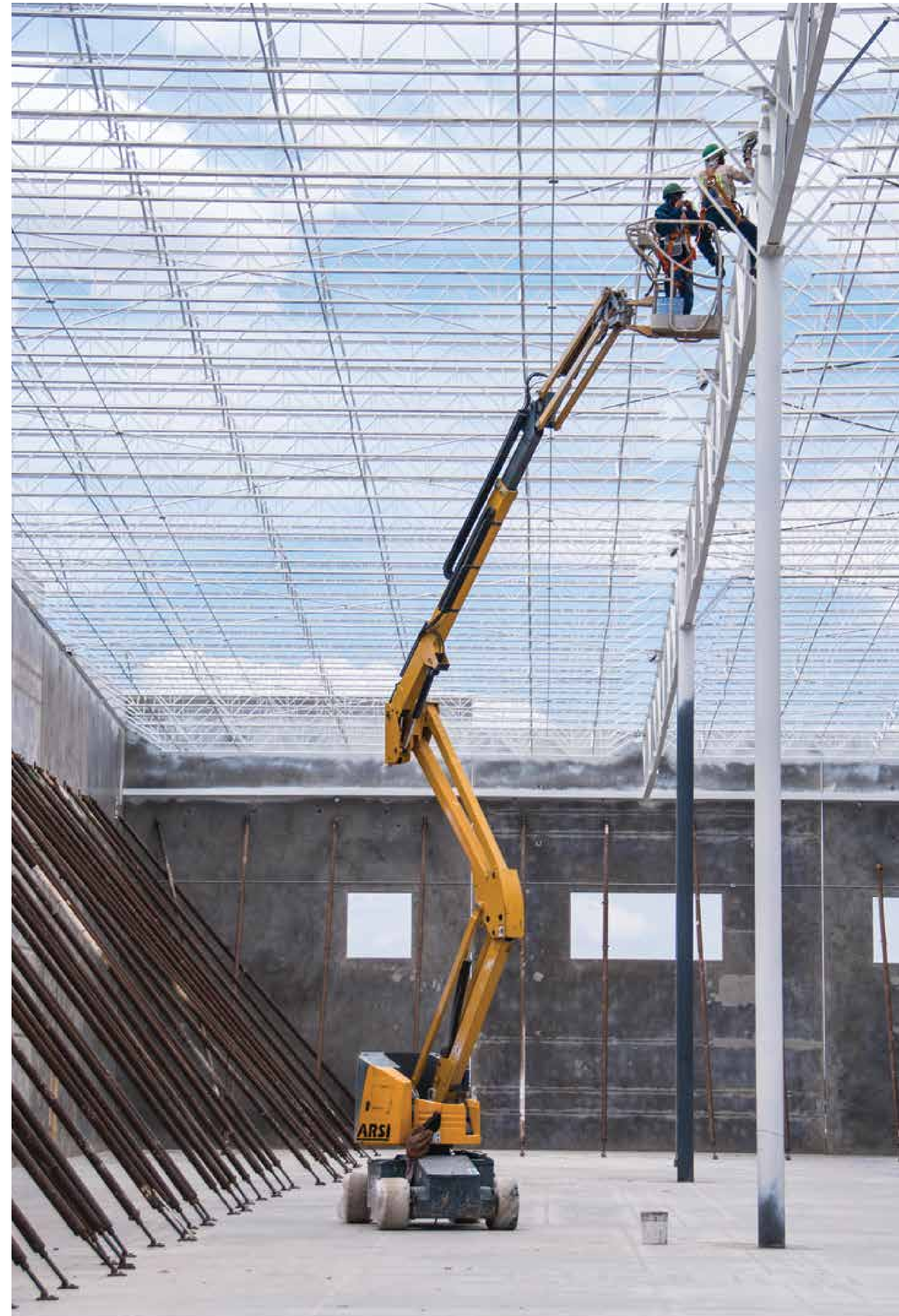
So far, 2017 has been the best year in VESTA's history; the result of record high leasing activity and the expansion of our portfolio, which has stabilized due to assertive organic growth as well as key acquisitions, all of which has translated into attractive returns for our shareholders.

We secured long-term debt with competitive fund costs that will allow us to continue to leverage investment opportunities in 2018 while maintaining a healthy capital structure, which means that VESTA has one of the most competitive debt profiles in the industry.

In 2017 we signed new leasing contracts for a total of 2.7 million square feet while we renewed 3,605 square feet in our portfolio, for a record leasing activity of 6.4 million square feet for the year and a 9% increase compared to the 5.8 million square feet of total leasing activity the previous year.

Our stabilized annual occupancy rate grew at a record 95.3% in 2017, an increase of 150 basis points compared to the 93.8% of 2016. Our stabilized GLA (Gross Leasable Area) increased to 24.7 million square feet, or a 20% increase compared to almost 21.5 million square feet in 2016. Advanced renewals helped VESTA reach the best average leasing maturity in the industry at 5.3 years, with very few leases reaching the end of the contract over the next two years: **7% in 2018 and 12% in 2019**. These factors accelerated growth in VESTA's main financial metrics.

Our financial performance, adhering to our VESTA Vision 20/20 plan, the conditions of the Mexican market that offer great opportunities for growth and investment, as well as our highly-specialized team will continue to strengthen VESTA's sustainable growth over the coming years.



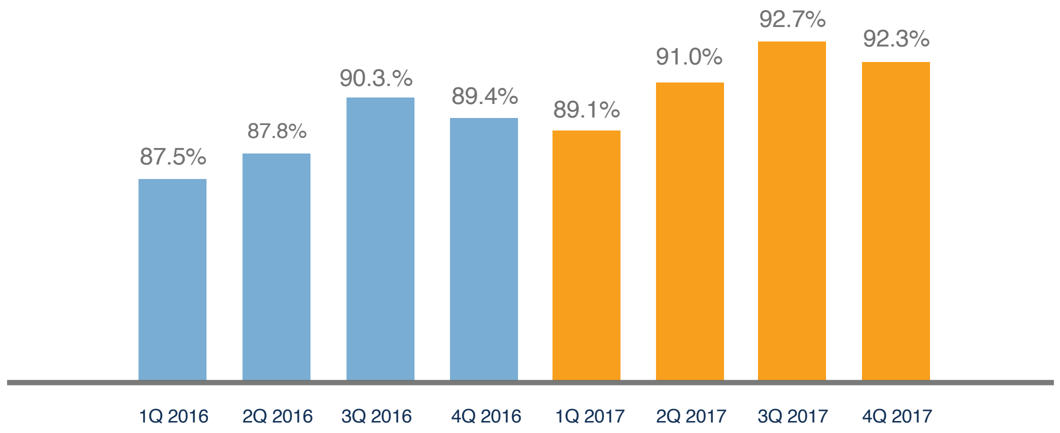
PORTFOLIO METRICS

Since 2016, in order to improve transparency and standardize VESTA's evaluation with that of our peers in the US, we defined new metrics to report the performance of our portfolio based on the market practices of the National Association of Real Estate Investment Trusts® (NAREIT®).

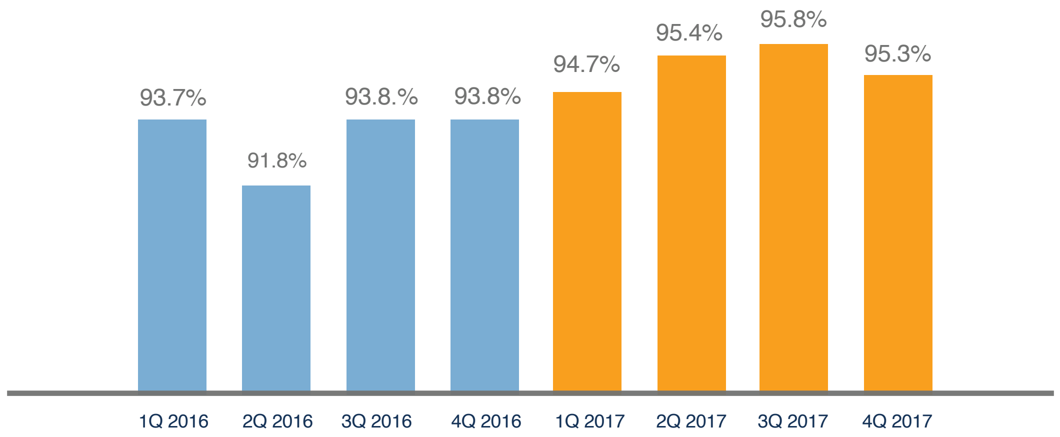
We define **total portfolio** as all occupied properties, including their development, re-development, stabilized, and properties for sale. The **stabilized portfolio** includes those properties that are at 80% occupancy or that have been delivered for at least one year, whichever comes first. The **same-stores portfolio** includes properties that have been operating (stabilized) for two comparable periods.

Our performance in 2017 was at **92.3%** for the total portfolio, **95.3%** for the stabilized portfolio, and **95.5%** for the same-stores portfolio.

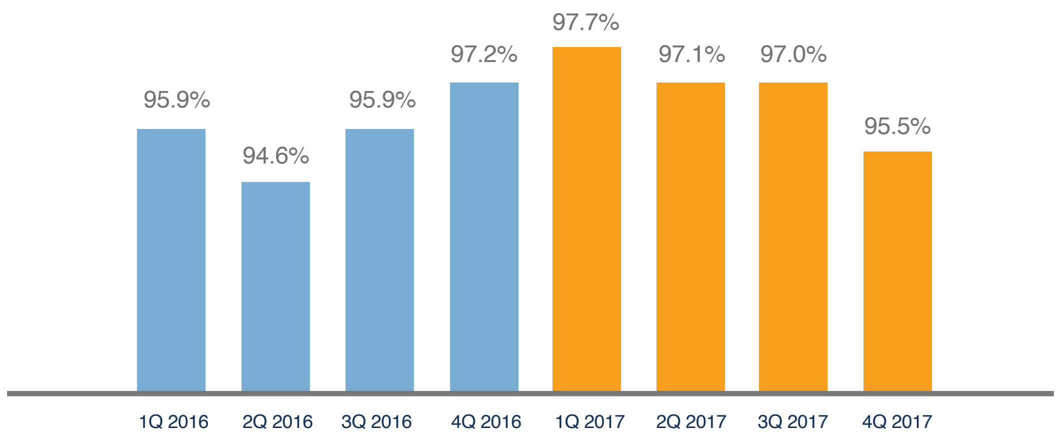
% **TOTAL PORTFOLIO** Occupancy



% **STABILIZED PORTFOLIO** Occupancy



% **SAME-STORES** Occupancy



ECONOMIC VALUE

GRI: 103-1, 103-2, 103-3, 201-1

CONCEPT		2016		2017	
		(+)	(-)	(+)	(-)
Direct Economic Value Generated	Rental Income	$ 87,278,706		$ 106,255,940	
	Refundable	$ 3,233,116		$ 3,171,342	
EVD		**$ 90,511,822**		**$ 109,427,282**	
Economic Value Distributed (EVD)	Property Operating Expenses		$ 4,376,446		$ 4,993,091
	Direct Employee Benefits		$ 7,130,504		$ 9,293,945
	Administrative Expenses		$ 1,220,309		$ 1,405,885
	Legal and Audit Expenses		$ 1,212,794		$ 1,282,256
	Marketing		$ 1,136,643		$ 1,328,200
	Others		$ 2,762		$ 9
	Property Appraisal Expenses		$ 352,357		$ 359,832
	Issuance of Indirect Shares		$ 181,309		$ 209,168
EVR			**$ 15,613,124**		**$ 18,872,385**
Economic Value Retained	Economic Value Generated (-) Economic Value Distributed		**$ 74,898,698**		**$ 90,554,897**

*** AMOUNTS IN DOLLARS**

COLLABORATION

10 DIRECTORS COMPRISE OUR BOARD OF DIRECTORS

7 MAIN STAKEHOLDERS WITH WHOM WE INTERACT

22 NEW EMPLOYEES HIRED IN 2017

The leadership of the VESTA Board of Directors, the talent of our employees, and the commitment of our stakeholders is the key to collectively being able to transform Mexico's industrial platform.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS AS OF MARCH 2018

GRI: 102-18, 102-22, 102-23, 102-24, 102-25, 102-26, 102-27, 102-28, 102-32, 102-33, 102-34, 102-35, 102-36, 103-1, 103-2, 103-3, 405-1

LORENZO MANUEL BERHO CORONA**
Chairman of the Board and Chief Executive Officer

WILFRIDO CASTILLO SÁNCHEZ MEJORADA*

MARLENE HORMES*

JOSÉ MANUEL DOMÍNGUEZ DÍAZ CEBALLOS*

JOHN ANDREW FOSTER

* Independent Members.
** Chairman of the Board of Directors and Chief Executive Officer for VESTA, approves the Sustainability Report in collaboration with the Social Responsibility and Environmental Committee.

STEPHEN B. WILLIAMS

FRANCISCO URANGA THOMAS

OSCAR FRANCISCO CÁZARES ELÍAS*

LUIS DE LA CALLE PARDO

CRAIG WIELAND***

ENRIQUE CARLOS LORENTE LUDLOW

*** Alternate directors who attended the Meetings of the Board with no voting rights because the named director was also present. They participated in the meetings in order to stay up to date on the company's strategies and projects.

Our Board of Directors is the governing body in charge of executing and overseeing compliance with the decisions made by the shareholders. It also defines the VESTA policies and approves the business plan and the annual budget.

It is made up of 10 directors, eight of whom are independent; it is chaired by Lorenzo Berho Corona, who is the company's Chief Executive Officer.

The members of the Board of Directors and their corresponding alternate directors are selected based on their expertise, track record, and moral character in accordance to article 26 of the Mexican Securities Law (Ley de Mercado de Valores, LMV); they are approved, annually, by the Shareholders Meeting. Independent directors must have no conflict of personal, property, or economic interests. Our Chairman of the Board is also Chief Executive Officer for VESTA, given his expertise, working capabilities, decision making abilities, moral character and, above all, corporate integrity.

DIRECTOR	TYPE	ALTERNATE DIRECTOR	TYPE	POSITION
Lorenzo Manuel Berho Corona	Proprietary	Lorenzo Dominique Berho Carranza	Proprietary	Chairman
Stephen B. Williams	Independent	Michael Peckham	Independent	Director
José Manuel Domínguez Díaz Ceballos	Independent	José Humberto López Niederer	Independent	Director
Enrique Carlos Lorente Ludlow	Independent	Luis Javier Solloa Hernández	Independent	Director
Marlene Hormes	Independent	Craig Wieland	Independent	Director
Wilfrido Castillo Sánchez Mejorada	Independent	José Antonio Pujals Fuentes	Independent	Director
John Andrew Foster	Proprietary	Craig Gladstone Vought	Proprietary	Director
Oscar Francisco Cázares Elias	Independent	Daniela Berho Carranza	Proprietary	Director
Francisco Uranga Thomas	Independent	Jorge Alberto de Jesús Delgado Herrera	Independent	Director
Luis de la Calle Pardo	Independent	Javier Mancera Arrigunaga	Independent	Director

- **Secretary of the Board of Directors**: Alejandro Pucheu Romero.
- **Alternate Secretary of the Board of Directors:** Claudia Alejandra Márquez Rueda.

2017 MEETINGS OF THE BOARD OF DIRECTORS					
DATE	January 26	February 14 (Continuation of the January 26 meeting)	April 27	July 27	October 26
ATTENDANCE	100%	90%	80%	100%	100%

We strive to transform Mexico's industrial platform through everything we do, particularly based on the decisions made by the Board of Directors with respect to the direction of the company. Accordingly, in every meeting we include updates on relevant issues pertaining to Mexico's macroeconomic situation, sustainability, financial markets, performance of the sectors with which we work, or the dynamics of our supply chains, among others. In addition, these meetings can include visits to a work site, industrial building, or company that holds a specific interest for the Board.

In order for this transformation to be successful we need to promote transparent and open relationships with our stakeholders. That is why we have policies in place concerning the activities performed by our Board members, top management, and employees who have access to confidential or privileged information, as well as policies related the company values and to the guidelines for the share buyback program, in accordance with the Mexican Securities Law and the Document for Issuers and Other Market Participants.

We make available to our stakeholders different ways in which to obtain information, issue a recommendation, or state their opinion relating to how we manage the company, our financial information, or our corporate governance:

- E-mail **investor.relations@vesta.com.mx**
- Publishing relevant information.
- Making our reports to the Mexican Stock Exchange and the Mexican Banking and Securities Commission (Comisión Nacional Bancaria y de Valores, CNBV).
- Issuing our annual and quarterly reports
- Website **www.vesta.com.mx**

On average, we pay our Board members US $3,500 per meeting for their contribution, experience, and knowledge of our industry.

Likewise, our top management receive a salary based on their responsibilities and market comparisons, which is approved by the Corporate Practices Committee and by the Board of Directors.

To fully comply with its functions, our **Board of Directors** has the support of six Operating Committees and at least one independent director and top executives participate in all of them. The Chairman of the Board participates in all the meetings in order to ensure that every issue that is relevant to VESTA is discussed.

AUDIT COMMITTEE

Chairman: José Humberto López Niederer
Members: Stephen B. Williams, Marlene Hormes y José Manuel Domínguez Díaz Ceballos

Issues discussed: financial statements, external auditing, notes to the financial statements, accounting practices.

CORPORATE PRACTICES COMMITTEE

Chairman: Javier Mancera Arrigunaga
Members: Stephen B. Williams, José Antonio Pujals Fuentes y Oscar Francisco Cázares Elías

Issues discussed: assessment of the potential risk of carrying out an operation in conditions that are disadvantageous or that benefit a specific group of people or shareholders; compensation plans; evaluation of relevant executives; and specific issues related to relevant executives.

INVESTMENT COMMITTEE

Chairman: John Andrew Foster
Members: Stephen B. Williams, Marlene Hormes y Lorenzo Manuel Berho Corona

Issues discussed: project assessments and investment approvals. Ensures that all investments take in consideration environmental and social responsibility aspects. The Sustainability Manager participates in the meetings of this committee.

ETHICS COMMITTEE

Chairman: José Antonio Pujals Fuentes
Members: Alejandro Pucheu Romero y Elías Laniado Laborín

Issues discussed: verifies compliance with the Code of Ethics; receives and processes complaints, violations, and breaches in the company's rules and Code of Ethics.

SOCIAL RESPONSIBILITY AND ENVIRONMENTAL COMMITTEE

Chairman: Jorge Alberto de Jesús Delgado Herrera
Members: José Manuel Domínguez Díaz Ceballos y Daniela Berho Carranza

Issues discussed: promotes sustainable development in the company's projects. Oversees that the Social Responsibility and Sustainability Policy is enforced in every project and makes an annual report to the Board of Directors and the Shareholders Meeting.

DEBT AND EQUITY COMMITTEE

Chairman: Wilfrido Castillo Sánchez Mejorada
Members: Stephen B. Williams, John Andrew Foster y Lorenzo Manuel Berho Corona

Issues discussed: Market analyses, general strategy and financial policies, financial growth, and recommendations for raising equity and debt strategy.

2017 MEETINGS OF THE OPERATING COMMITTEES

OPERATING COMMITTEE	DATE	ISSUES DISCUSSED
Audit	· February 13 · April 24 · July 24 · October 27	Budget review; modifications to accounting policies; comments on internal and external audits; monitoring resolutions; and selecting an external auditor.
Corporate Practices Committee	· January 24 · October 6 · November 22 · December 18	Review of the VESTA Vision 20/40 strategy; review and approval of labor issues, including salaries, benefits, and bonuses; analysis of the CEO succession plan.
Investment	· January 26 · April 18 · July 5 · July 20 · October 12	Approval for developing infrastructure and buildings, and for purchasing land and other properties.
Ethics	· January 25 · July 7 · November · December 15	Review of reports related to non-compliance with the Code of Ethics; meetings and updates with employees with respect to ethics and anti-corruption issues.
Social Responsibility and Environmental	· December 14	Approval of the budget and projects for 2018, as well as the sustainability policy.
Debt and Equity	· March 30 · June 27	Review and approval of the company's financing and debt issuance.

RISK MANAGEMENT

GRI: 102-15, 102-19, 102-29, 102-30, 102-31

In order to address changing market needs, at every meeting of the Board we assess economic, political, social, and environmental conditions in Mexico and other countries following a risk management methodology to identify their potential impact on our business.

The Members of the Board define mitigation plans and a risk management methodology to be used to identify and evaluate them. We closely monitor issues that could pose a risk to the operation of our business.

The Board receives regular reports from the corresponding committees to evaluate risks, and the Board members, based on their financial expertise and in accordance to our competitive market programs and financial goals, identify, assess, prioritize, and monitor the risk with a comprehensive approach.

RISK CATEGORY	RISK	CONTROL MEASURE	IMPACT
VACANCIES	Increase in same-stores vacancies.	Minimize same-stores vacancies, improve reaction times in the market, and explain possible causes for vacancies.	Very high
	Increase in Multi-Tenant Buildings vacancies (stabilizing period).	Improve reaction in the market (marketing), shorten response times for sending proposals, and explain possible causes for vacancies.	High
	Low generation of prospects.	Quarterly reports on leads and opportunities: be aware of possible prospects.	High
	Ignoring visit requests and not sending proposals in a timely manner.	Be aware of requests received and ensure follow up until closing.	Very high
	Non-competitive pricing.	Balance between market expectations and VESTA return expectations.	High
	Unsatisfactory building conditions.	Enable programs to review and intervene in order to decrease the number of deteriorated buildings.	Very high
	Low absorption market.	Report on regional behavior, anticipate market trends.	Very high
	Unsafe area.	Monitor risk conditions in every region where we are present.	High
RENEWALS	Lack of a prior relationship with the client.	Measure service level at every visit: renewed or not, and follow up on any requests from the client.	Very high
	Unsatisfied clients.	Measure client satisfaction and be aware of unsatisfactory conditions.	Very high
	Not addressing and/or clearing up requests in a timely manner.	Measure client satisfaction and be aware of unsatisfactory conditions.	High
	Building conditions.	Enable programs to review and intervene in order to decrease the number of deteriorated buildings.	Very high
	Corporate decisions contrary to VESTA's interests.	Monitor corporate decisions made by clients to try to find ways in which to adapt to the new conditions.	High
GROWTH	Not complying with developments in a timely manner.	Monitor and create awareness about the speed and quality of construction.	Very high
	Lack of land reserves available in the target markets.	Anticipate market trends.	High
	Not responding to client expansion needs in a timely manner.	Anticipate and address client needs.	Middle
	Excessive construction in markets with low absorption.	Collect information on regional behavior and anticipate market trends.	High
	Balance between BTS and inventory.	Ensure profitability and cash flow.	High
ASSET MANAGEMENT	Modifying the building without informing VESTA.	Identify opportunely non-authorized or not revealed changes.	Middle
	Lack of control over building insurance.	Make sure 100% of the buildings are insured.	Very high
	Deterioration of the building from lag in maintenance works by VESTA.	Ensure compliance with maintenance programs.	Very high
	Deterioration of the building from lag in maintenance works by the client.	Enable programs to review and intervene in order to identify deficiencies in maintenance works done by the client.	Very high
	Inadequate CAPEX valuation.	Determine improvements to the conditions of the building based on a use and maintenance profile to execute CAPEX opportunely.	Very high

ADMINISTRATION AND FINANCES	Lack of control over revenue due to adjustments to leases, CAM, and deposits.	Monitor updating processes for changes and follow up.	High
	Technological vulnerabilities (information leaks).	Ensure the safety of information.	Very high
	Lack of control over budget.	Ensure compliance with budget.	Very high
	Not defining faculties and limits of the authority.	Establish limits and determine scaling.	High
HUMAN RESOURCES	Dependence on key positions/executives.	Ensure succession, as well as operational and document transparency in light of a possible absence of key executives.	Very high
	Lack of personnel who can handle critical processes.	Balance between work load, responsibilities, and authority to ensure business continuity.	Very high
	Non-compliance with the authorized organization chart.	Ensure 100% compliance with the authorized organization chart.	High

The process to delegate authority for economic issues to company executives is handled by the Board of Directors and the Investment and Debt and Equity committees. These internal bodies grant the authority to the executives to implement specific instructions for each case.

For environmental and social issues, the process to delegate authority is carried out by the Board of Directors and the Social Responsibility and Environmental Committee, who communicate through the Sustainability Manager. Any actions requiring representation are carried out by top executives based on their general authority, based on a request made by the committee.

ETHICS AND HUMAN RIGHTS

GRI: 102-11, 102-16, 102-17, 102-25, 205-1, 205-2, 205-3, 206-1, 407-1, 408-1, 409-1, 103-1, 103-2, 103-3, 412-1, 414-2

At VESTA we work and interact with our stakeholders based on the highest integrity standards, promoting a culture of legality in everything we do by complying with the policies and procedures that are the foundation for our operation as well as all applicable national and state regulations.

We are a solid company that investors trust and that contributes to Mexico being an **industrial platform** for North America and the rest of the world.

Our **Code of Ethics*** is the document that establishes how we expect our employees and Board members to behave in all relationships with clients, suppliers, shareholders, society, industry, government, and the environment. Besides guiding our behavior, the code also includes a series of measures to avoid conflicts of interest and acts of corruption. We also share the Code with our clients and suppliers so that they too comply with its principles.

The content of our Code of Ethics is always up to date because we carry out annual dialogue sessions to discuss new ethical challenges and dilemmas in the real estate industry in Mexico and the world. In addition, it is up to date in terms of the daily activities of our employees because we give them periodic training and we include the code in our orientation program for new hires.

We offer our stakeholders the following e-email address **etica@vesta.com.mx** through which they can contact us to report any acts or behaviors that go against our Code of Ethics. They can do so anonymously, if they prefer.

All complaints are received by the Ethics Committee, which investigates every case and determines if it is able to address the matter or if it needs to be handled by another division in the company. It also determines if it merits a sanction, which can go from a simple reprimand, to employee dismissal, or application of existing laws. VESTA executives are responsible for executing the sanctions, not the Ethics Committee.

In 2017 we received a report related to acts of corruption, which we addressed immediately and resulted in the firing of two employees. We adhere to all applicable regulations in the markets where we operate. In 2017 we were not subject to any reviews, reports, sanctions, or fines related to monopolistic or antitrust practices, privacy violations or leaks of personal data, or for not complying with the law.

We maintain our position of zero tolerance for corruption, and we promote this with all of our stakeholders. We request that our clientes and suppliers adhere to the Law for Preventing and Identifying Operations Done with Illicit Resources, as we do internally. This implies having information on third parties with whom we do business in order to ensure that all activities are legitimate.

* The VESTA Code of Ethics can be viewed on our website: **www.vesta.com.mx**

We also respect human rights internally and in the relationships we establish with our clients and suppliers with leasing contracts that include specific covenants and describe VESTA's position against employing children or creating conditions for forced labor.

Derived from our commitment and code of conduct, all our leasing and supplier contracts include covenants for the protection of human rights through which both parties commit to respecting the human rights of all their employees and people in general in all their relationships, and an explicit obligation to abstain from employing child labor.

In 2017 we received no reports concerning labor practices, discrimination, negative social impacts or violations to human rights.

So that we are able to create legitimate, trustworthy, and sustainable relationships, we demand from our suppliers and clients that they adhere to the Federal Labor Law in Mexico and with our Sustainable Construction Manual for contractors.

We have been signatories of the **United Nations Global Compact** since 2011 and we actively foster its 10 principles with our stakeholders.

OUR TEAM

GRI: 102-7, 102-8, 102-41, 103-1, 103-2, 103-3, 401-1, 401-2, 401-3, 403-1, CRE6, 404-1, 404-2, 404-3, 405-1

One of the essential components for transforming Mexico's industrial platform is our team, composed of 80 men and women who every day contribute with their know-how, professionalism, talent, and effort so that VESTA can become an exponential organization.

An **exponential organization** is flexible enough to adapt to change and capitalize on the opportunities offered by disruptive changes in the world.

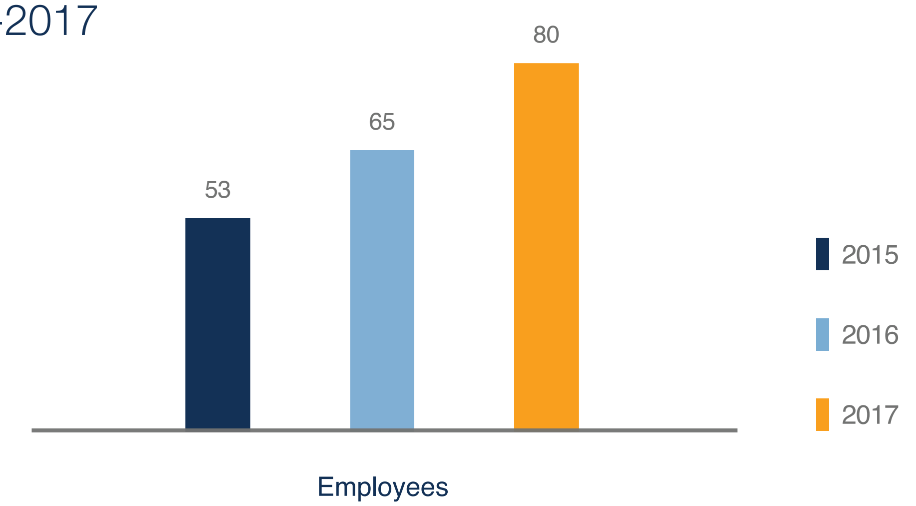
In order to address the varying needs of our clients, as well as the constant evolution of the real estate industry, we attract and form a diverse team. Because we recognize that differences make us better, we make no distinctions for age, gender, origin, nationality, social status, ideas, opinions, religious beliefs, political affiliation, sexual preferences, or social or economic situation.

In 2017, as part of the company's organic growth, we hired 22 people, 9 men and 13 women.

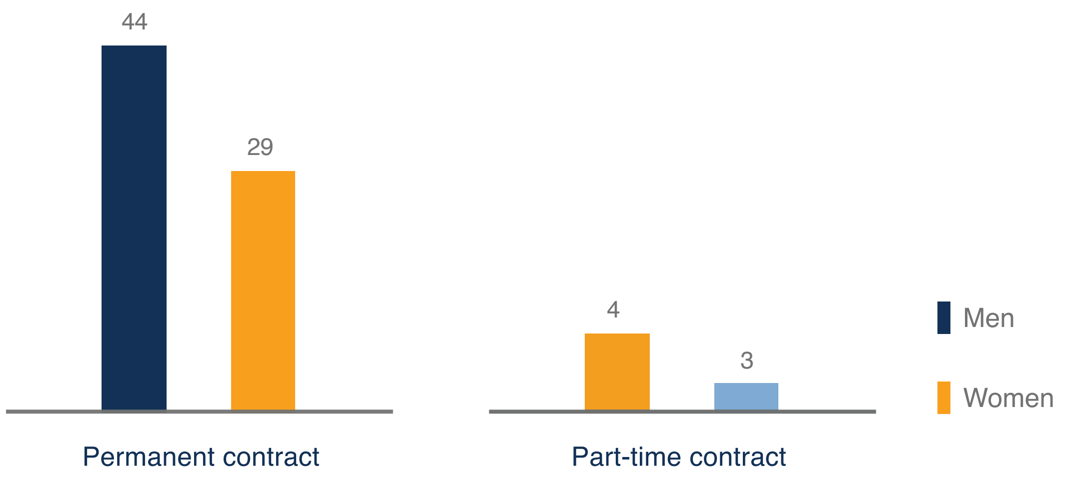
These new members of our team, as well as the rest of our employees, share the **INNOVESTEAM** philosophy: working with a common goal and shared values, and applying innovation in our daily work. Since we want to make sure that they incorporate this philosophy into their daily activities soon after being hired, we hold a feedback exercise with our new hires at their three-month anniversary in order to assess their attitude, teamwork, results, know-how, planning, and organization skills.

All our employees are hired directly by VESTA Management, S. de R.L. de C.V. and, although we respect freedom of association, none of them are unionized. However, it is important to point out that construction of our industrial buildings and parks is handled by independent contractors who do have their own collective bargaining contracts.

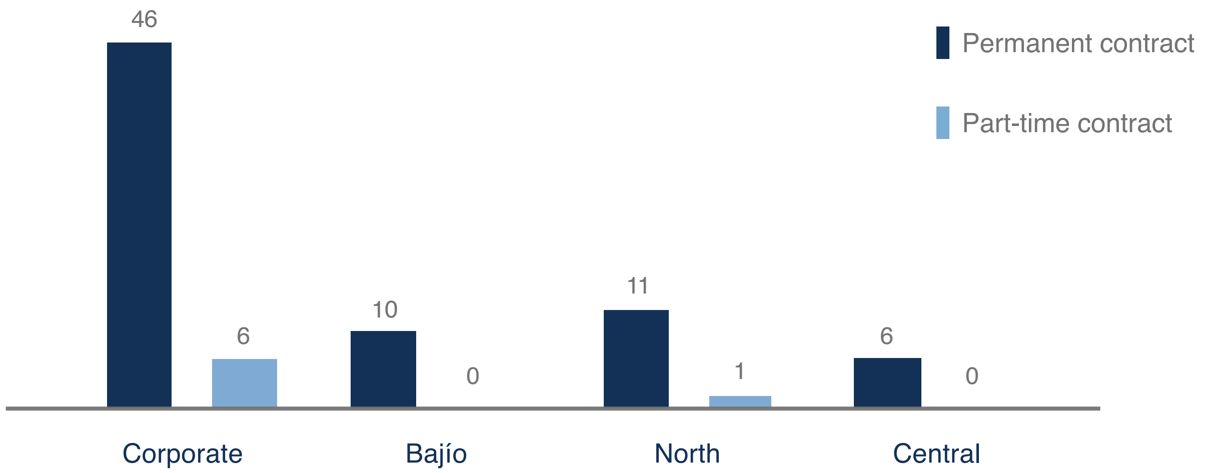
EMPLOYEES
2015 -2017



EMPLOYEES
by type of contract and gender in 2017



EMPLOYEES
by type of contract and region in 2017



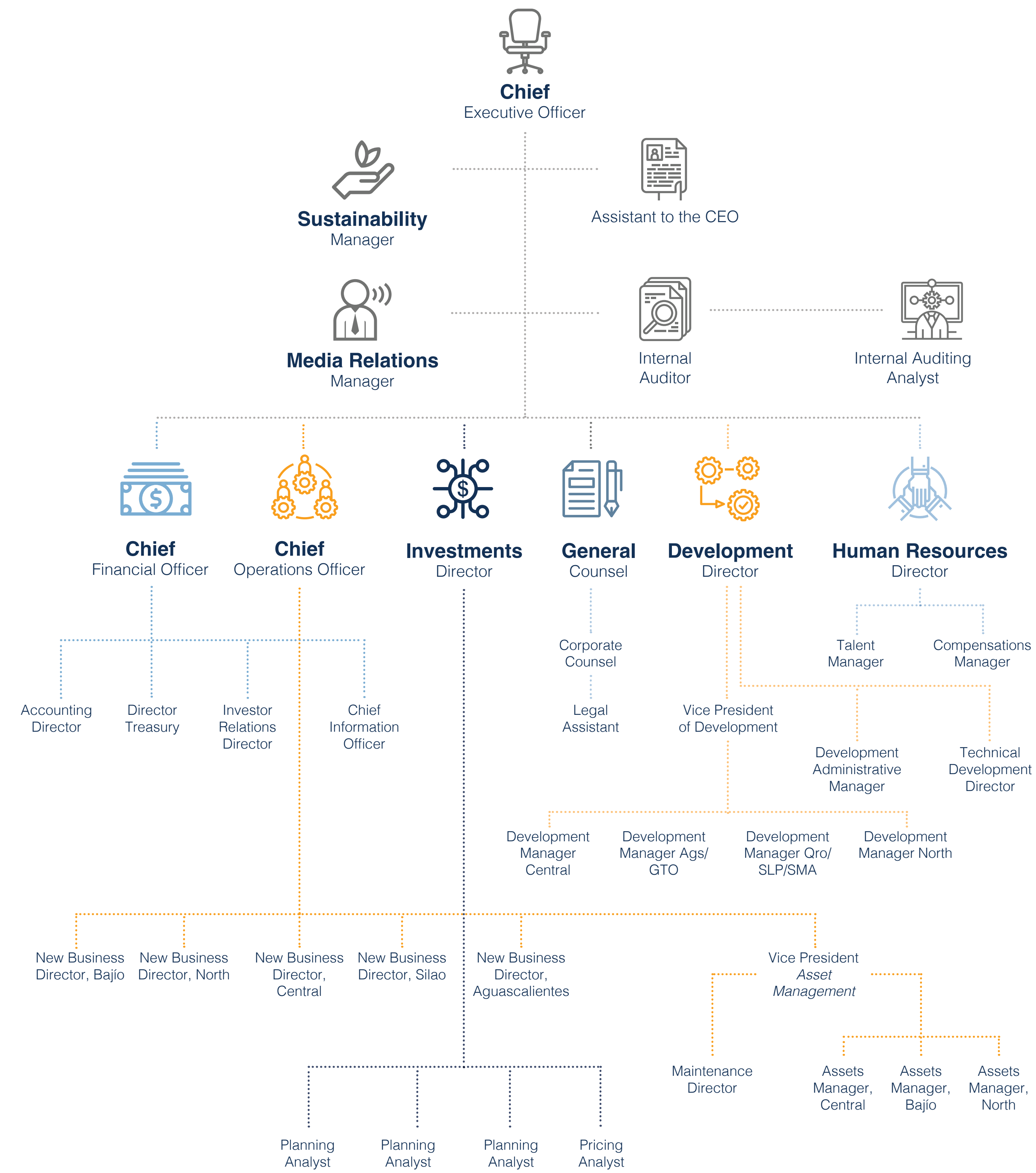
EMPLOYEES BY GENDER, AGE RANGE AND POSITION 2017						
Category	**Women** -30 years old	**Men** -30 years old	**Women** between 30 and 50 years old	**Men** between 30 and 50 years old	**Women** +50 years old	**Men** +50 years old
Directors	1%	0%	0%	6%	1%	9%
Managers	0%	0%	16%	14%	1%	5%
Administrative staff	**14%**	**10%**	**8%**	**8%**	**5%**	**3%**

In **2017**, our turnover rate decreased nine percentage points with respect to 2016 and **average seniority** continues to be four years.

EMPLOYEE TURNOVER 2015-2017			
	2015	**2016**	**2017**
EMPLOYEE HIRES	19	25	20
EMPLOYEE CUTS	2	11	10
TOTAL EMPLOYEES	53	66	80
TURNOVER RATE	**23.6%**	**30%**	**20.5%**

Formula to calculate turnover: (hires+cuts)/2 * 100 divided into the total number of employees at the beginning of the period + total number of employees at the end of the period/2

VESTA ORGANIZATION CHART



In addition to attracting the best talent, we work to retain the people who make up our team by offering them competitive remuneration with respect to the market, benefits that exceed the Mexican labor law, and performance bonuses.

To ensure that the remuneration we provide is competitive, we follow the HAY terminology, which groups positions in our company in a 16-level salary tabulator, where the lowest level is 10 and the highest 25. This tabulator takes into account the degree of responsibility of each position and is compared to equivalent positions in companies similar to VESTA in terms of industry, sales volume, and number of employees. We also review salaries annually and we adjust them according to inflation so that our employees can maintain their purchasing power.

The Corporate Practices Committee is charged with verifying performance evaluations and remunerations for the company's most relevant executives. Likewise, it assesses performance and makes a recommendation for the CEO, which is then analyzed and either approved or modified by the Board of Directors.

We offer our employees benefits that go beyond what the law requires, including a 30-day Christmas bonus, 25% vacation pay, employee profit sharing, between 6 and 25-days vacation depending on the position, a three-month performance bonus, gasoline coupons, major medical insurance for our employees and their children under the age of 24, life insurance, and auto insurance in the VESTA fleet policy.

In our effort to promote well-being and health, we offer our employees daily healthy snacks, as well as a subsidy of up to US $480 per year for them to carry out physical activities at a gym, in sports programs or to participate in races.

Additionally, in 2017 we granted three maternity and paternity leaves for birth or adoption of a child. Our female employees can determine the date on which they want to begin their paid maternity leave and we give them the opportunity to work on a flex-time basis with full-pay for up to six months after the expiration of their law-backed leave. Depending on the needs of the division they work for, they can have the opportunity to work from home. Our male employees, on the other hand, can take off up to 10 working days within six months from the date of birth or adoption of the child.

TRAINING

To be at the forefront of our industry and offer better service to our clients, it is vitally important that we offer our employees training and development options that meet their professional and personal needs. We do this through our Human Resources division, which is in charge of managing our training plans and programs so that they are not only aligned with the company's goals but also to VESTA Vision 20/20.

In 2017, we offered our employees 3,267 hours of training, or 44.1 hours, on average, per employee, to improve their position within the company. The training included English lessons, courses on Excel and on tax-compliance upgrades.

In 2017, we offered **44 training hours per employee**, on average.

In 2017, we carried out performance evaluations for **44 employees, 52% women and 48% men.**

In addition to the training our employees receive in the company, we also offer them flex-time to pursue other educational courses outside the company or to obtain a postgraduate or Master's degree.

Because it is also important for us to assess how the people in our team are performing their jobs in order to see whether we are on the right track, in 2016 we performed a competencies performance evaluation to identify training needs, structure an annual plan with specific goals for each employee, and drive their professional growth.

SUCCESS STORY
WELL BUILDING STANDARD®

After several years of efforts designed to improve work spaces at our corporate offices, create a friendly environment, and meet the highest quality standards to benefit our INNOVESTEAM, in 2017 we became the first industrial real estate developer to obtain the WELL Building Standard® granted by the International WELL Building Institute TM, for the VESTA corporate offices in Mexico City. Additionally, we were the first company in Mexico to obtain the standard's Gold level.

This certification groups best practices in design and construction with the purpose of improving, certifying and monitoring the characteristics of the work environment that can affect employee health and well-being. It is granted to companies who prove to adequately manage six health-related concepts in the workplace:

1. AIR
2. WATER
3. NOURISHMENT
4. LIGHT
5. FITNESS
6. COMFORT
7. MIND

It is with this same interest that we strive to have work spaces that are safe and help protect the integrity of our employees, contractors, and any other person visiting a VESTA park.

We constantly safeguard the safety and integrity of the people visiting our facilities in order to prevent accidents and mitigate risks. We designate evacuation, fire, and first aid brigades, and carry out emergency drills to be prepared to face any unforeseen event at our facilities.

It is worth mentioning that given the nature of our business, at VESTA we do not perform any high-risk activities nor do we use hazardous materials, so our employees are not at risk of acquiring any work-related illness. In 2017 we registered no accidents, injuries, lost time, or fatalities.

STAKEHOLDERS

GRI: 102-21, 102-40, 102-42, 102-43, 102-44

To establish true collaborative relationships throughout our value chain, we must maintain constant and open communications with the stakeholders with whom we interact.

Through our Social Responsibility and Environmental Committee we have identified seven stakeholder groups with whom we maintain contact through different means to understand their concerns, requirements, requests, and needs, thus ensuring long-lasting relationships that allow us work collaboratively in the process of transforming Mexico's industrial platform.

STAKEHOLDER	TYPE OF CONTACT AND FREQUENCY	KEY TOPICS AND CONCERNS
CLIENTS	· Biannual Customer Satisfaction Survey. · Ongoing individual and group meetings. · Building-maintenance program and contract renewals. · Corporate and regional contact, in addition to specific requirements, with the Asset Management division. · Website. · Quarterly electronic newsletter for external communication. · Integrated Annual Report. · Participation in industry events and forums in different regions. · Collaboration in local social responsibility projects. · Inauguration and kick-off events at our developments. · E-mail account that is reviewed on a daily basis **contact@vesta.com.mx**	· Courtesy as the main characteristic of our service. · Fastest response time to concerns.
SHAREHOLDERS AND INVESTORS	· Shareholders Meeting. · Quarterly results conference call including Q&A session with top management. · Integrated Annual Report. · Annual report to the Mexican Stock Exchange (BMV) and Mexican Securities Commission (CNBV). · Investor Relations division. · Participation in investor conferences. · Meetings with shareholders, investors, financial analysts, debt holders, and global banks. · Site visits to properties and industrial parks. · Tenant Appreciation Day. · Website. · e-mail account that is reviewed on a daily basis **investor.relations@vesta.com.mx**	· Results reporting, information related to sustainability issues, particularly Scope 2 emissions.
SUPPLIERS	· Annual Satisfaction Survey. · Contractors Day. · Bidding process to select contractors. · Work meetings and calls. · Weekly reports during the construction process. · Annual Satisfaction Survey. · Joint participation in local social responsibility projects. · e-mail account that is reviewed on a daily basis **contact@vesta.com.mx**	· Satisfactory contract compliance.
EMPLOYEES	· Quarterly management review. · Annual Satisfaction Survey. · Annual Organizational Climate Survey. · Annual Competencies Performance Evaluations. · Reporting e-mail account. · Intranet. · Monthly internal electronic newsletter. · Website. · Open doors policy to meet with any director. · Videowall. · e-mail account that is reviewed on a daily basis **contact@vesta.com.mx**	· Satisfactory company reputation. · Pride for being part of the INNOVESTEAM. · Some employees expressed their concern for improving internal communications by formal means. · Training programs.

REAL ESTATE PARTNERS	· Active participation in industry associations. · Participation as panelists and sponsors at industry events. · Continuous meetings with brokers. · Site visits to buildings and industrial parks. · Media interviews. · Visibility in publications promoting foreign investment and sustainability issues. · Brokers Day in each region. · e-mail account that is reviewed on a daily basis **contact@vesta.com.mx**	· Collaboration in efforts to strengthen the real estate sector in Mexico.
SOCIETY	· Participation in local community projects. · B20, AfI, YPO and other panels. · Open communication before and during the development of our industrial parks. · Reporting e-mail account. · Advertising in local newspapers in every region. · Invitations to the press to inauguration and kick-off events at our developments. · Visibility in publications promoting foreign investment and sustainability issues. · Website. · Promoting our developments in different media. · e-mail account that is reviewed on a daily basis **contact@vesta.com.mx**	· Participation in communities where we are present with projects that address their needs, always aligned with our core business.
GOVERNMENT	· Active participation in forums and events focused on attracting foreign investment. · Meetings and calls. · Visibility in publications promoting foreign investment and sustainability issues. · Participating in municipal and state forums. · Invitations to relevant authorities to inauguration and kick-off events at our developments. · e-mail account that is reviewed on a daily basis **contact@vesta.com.mx**	· Compliance with all applicable federal, state, and municipal laws in each of our operations.

ASSOCIATIONS

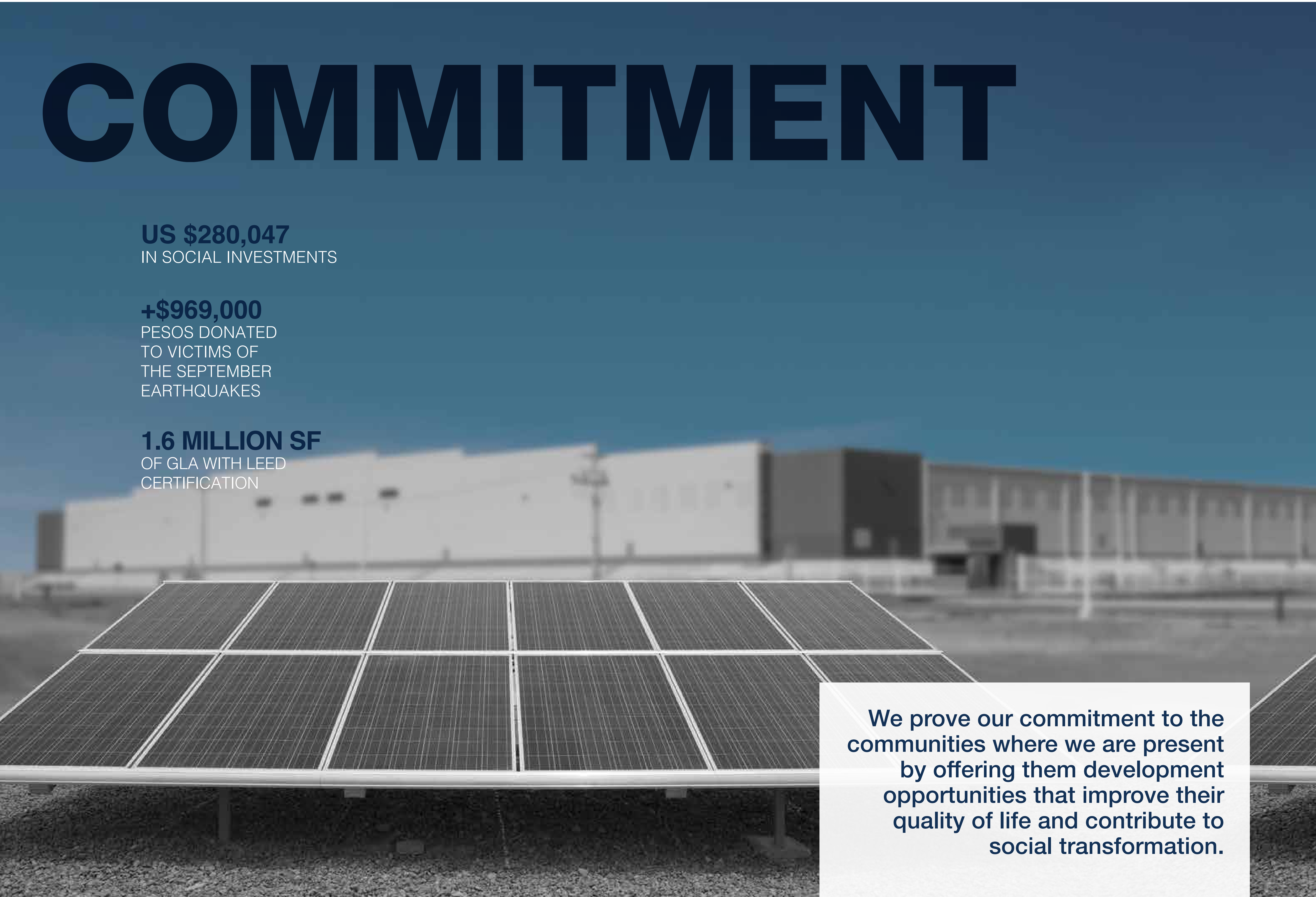
GRI: 102-12, 102-13

We actively participate in the real estate industry through our membership in associations and chambers with which we have established partnerships or develop projects.

Our CEO participates in the Committee for Responsible Conduct in Business and Anti-corruption of the B20.

ASSOCIATION
Alliance for Integrity
Asociación Mexicana de la Industria Maquiladora y Exportación (AIM) Tijuana y Ciudad Juárez
Asociación Mexicana de Parques Industriales (AMPIP)[2]
Asociación de Parques Industriales Privados del Estado de Guanajuato (APIPEG)
Asociación de Parques Industriales del Bajío
Consejo Consultivo de Financiamiento Verde de la Bolsa Mexicana de Valores
Comité de Emisoras de la Bolsa Mexicana de Valores
Comité de Sustentabilidad de la Bolsa Mexicana de Valores
Comité México-Alemania de Comercio e Industria (CAMEXA)
Consejo de América Latina de Real Estate Network de YPO/WPO[2]
Consejo Empresarial Mexicano de Comercio Exterior, Inversión y Tecnología (COMCE)[1,2]
Desarrollo Económico de Ciudad Juárez
Desarrollo Económico e Industrial de Tijuana (DEITAC)
Federación Mexicana de la Industria Aeroespacial (FEMIA)
Industria Nacional de Autopartes (INA)[2]
ISO 9001:2015
National Association of Real Estate Investment Trusts (NAIRET)
Otay Mesa Chamber of Commerce
Pacto Mundial de las Naciones Unidas (UNGC)
Smart Border Coalition
Sustentabilidad para México (SUME)
US Green Building Council (USGBC)
Urban Land Institute (ULI)
WELL Building Standard
Western Maquila Association

1 VESTA occupies one post on the association's governing body.
2 VESTA participates in certain of the association's projects or committees.



COMMITMENT

US $280,047
IN SOCIAL INVESTMENTS

+$969,000
PESOS DONATED TO VICTIMS OF THE SEPTEMBER EARTHQUAKES

1.6 MILLION SF
OF GLA WITH LEED CERTIFICATION

We prove our commitment to the communities where we are present by offering them development opportunities that improve their quality of life and contribute to social transformation.

SOCIAL

GRI: 203-1, CRE7, 413-1, 413-2

The impact and responsibility that we adopt, in collaboration with our clients, by being part of a platform for economic growth, job creation, sharing knowledge, generating connectivity and infrastructure, and developing opportunities translates into concrete actions to work hand-in-hand with the communities where we are present.

As part of this responsibility, we make sure that all our parks are established on land that has been designated by the local authorities as industrial areas, meaning that we have not caused any voluntary or involuntary community displacements, nor have we had a negative impact on them.

Construction of our buildings always comes with tangible benefits for the people who live in nearby communities, since we improve the area with new pavement, public lighting, road signs, road connections, powerline infrastructure, access to public transportation, and installations for people with disabilities, among others.

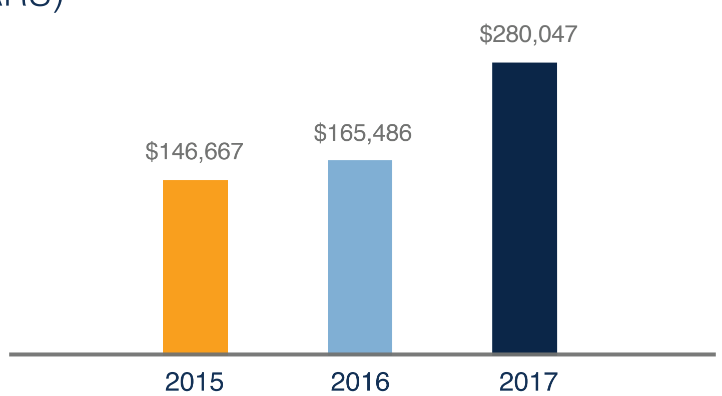
Likewise, in every area where one of our industrial parks is located, we promote the development of opportunities to generate changes that will benefit the communities.

We do this through community engagement programs that we carry out in collaboration with organizations in civil society charged with tending to specific needs of the population related to education, housing, childhood, health, art, and culture. Programs must comply with a series of guidelines in order to be approved by the Social Responsibility and Environmental Committee, and by the CEO.

Once approved, we follow the VESTA Social Responsibility and Sustainability Policy which establishes that for every leased square foot, VESTA needs to invest US $0.01 in the communities. In 2017 we invested US $280,047, US $114,561 more than in 2016, to benefit more than 2,500 people directly.

In 2017 we implemented social initiatives under social efforts guidelines in **90% of the regions in which we operate.**

INVESTMENT IN SOCIAL PROJECTS
ANNUAL (DOLLARS)



VESTA ADOPTS A SCHOOL

As we have done for the past five years, we enhance infrastructure, technology, recreational areas and training, to offer better education opportunities to children in the elementary schools we adopt in the communities where our buildings are located.

First we rehabilitate common areas, install electric and water infrastructure, and equip classrooms with technology, all so students can learn under optimal conditions.

Afterwards, in collaboration with the Yo Quiero Yo Puedo Foundation, IMIFAP, we collaborate in offering programs aimed at students, teachers and parents to provide training in life skills and to prevent violence and addiction. The goal is to help them make good decisions and promote a virtuous circle that will strengthen the social fabric and community networks.

In 2017 we invested $1,800,000 pesos to benefit more than 1,200 students in the towns of El Colorado and Colón in Querétaro, Huejotzingo in Puebla, Huemantla in Tlaxcala, Ciudad Juárez in Chihuahua, and San Blas in Estado de México.

LOCATION	SCHOOL	NUMBER OF STUDENTS	INVESTMENT IN US $
EL COLORADO, QUERÉTARO	Pdte. Adolfo López Mateos	430	**$16,250**
COLÓN, QUERÉTARO	Gral. José Siurob Ramírez	40	**$16,250**
HUEJOTZINGO, PUEBLA	Centro de Educación Primaria	200	**$16,250**
HUEMANTLA, TLAXCALA	30 de Agosto	45	**$16,250**
CIUDAD JUÁREZ, CHIHUAHUA	Othón Martínez Lara	400	**$16,250**
SAN BLAS, ESTADO DE MÉXICO	Prof. Faustino Arciniega Morales	70	**$9,200**
SAN BLAS, ESTADO DE MÉXICO	Pdte. Adolfo López Mateos	30	**$8,200**

PLAY CENTER

In partnership with Fondo Unido México, during the month of May we made a donation to furnish a Play Center in Silao, located inside the Erasmos Castellanos Quinto kindergarten, 10 minutes away from our offices, that will service not only the school, but also the community as a whole.

The goal of this learning facility is to contribute to the cognitive, psychomotor, and social-emotional development of infants with a space where they can play freely. Mothers of these children are the main promoters of the effort and are responsible for overseeing it.

We invested US $7,700 in this project and we expect it to be ready by May 2018, benefiting at least 99 students, three teachers, and six mothers.

CONSTRUYENDO

In collaboration with the Construyendo (Building) program, three of our contractors—Seica, Copachisa, and Fortius—gathering 148 employee volunteers, we built three homes, one classroom, and one bathroom, benefiting three families and close to 40 people in the community of San Andrés Cuexcontitlán, in the Estado de México.

We invested $117,500 pesos in each of the homes, and $234,000 pesos to build the classroom and the bathroom. All the homes were equipped with a water tank, electricity, and bathroom fixtures.

CHILDFUND:
THE THEORY OF CHANGE

We collaborated with Childfund and Nestlé to transform the lives of 50 children between the ages of 3 and 15, in four communities in the municipality of Tlacotepec, Puebla, with programs focused on educating and protecting them.

We invested US $10,600 to carry out the three life stages of the Theory of Change project, each including a portfolio of programs focused on:

1. **HEALTHY AND SAFE INFANTS:**
Growing together and Nutrition.

2. **BOYS AND GIRLS WHO ARE EDUCATED AND SAFE:**
My body and me, Growing up without violence, Technological abilities, Reading, and Nutrition.

3. **YOUNGSTERS WHO HAVE ABILITIES AND ARE ENGAGED:**
My body and me, Growing up without violence, Online High School, Friendly accountability, and Nutrition.

VESTA CHALLENGE

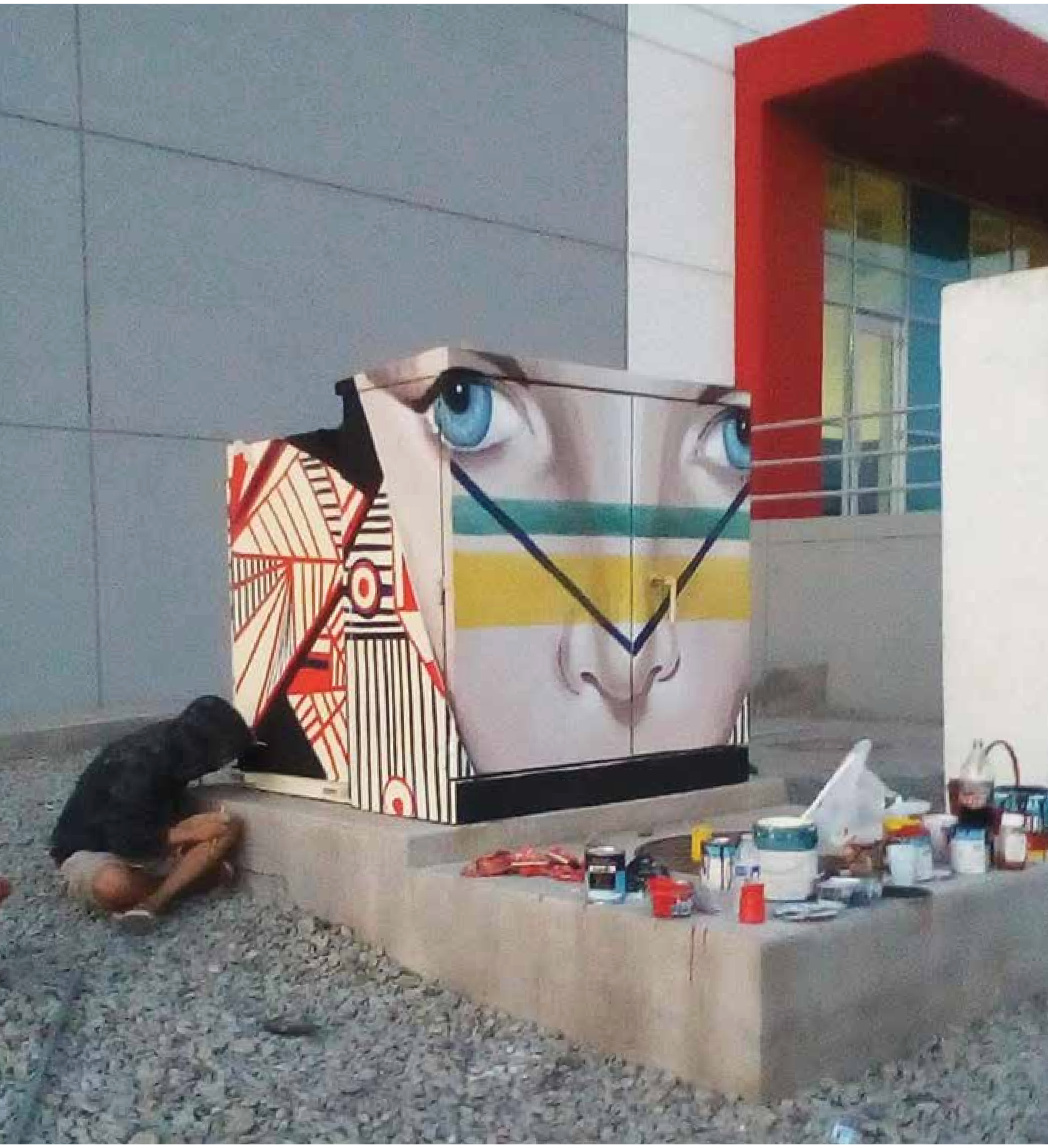
As we have done in previous years, we foster sports and recreational activities among our employees and their families through our VESTA Challenge cycling event.

The goal of the event is to raise funds to be allocated to the Castro-Limón Foundation, an organism that offers comprehensive help to children and adolescents who have cancer, which is the number one cause of death in this sector of the population in the city of Tijuana.

In this year's event, 81 cyclists participated and we invested US $11,000, benefiting five children.

BAJA CHALLENGE 2017: TIJUANA

In order to improve the quality of life of nine members of a low-income family, and to promote volunteer efforts among our team in Tijuana, we built a home in collaboration with a promotor called WareMalcom and our contractor Seica. The project required a US $5,500 investment.



SPONSORSHIPS

Every year, through the **Por un Mundo Lleno de Color (For a World Full of Color)** initiative, we promote art and culture in Tijuana by inviting five Mexican artists in the state of Baja California to paint five sub-stations in our VESTA Park Tijuana III. We invested US $5,000 in this project.

Additionally, for the first time we granted a sponsorship to the **Diana Miriam Hayton Sánchez, A.C. Foundation** that contributes to the comprehensive development of women who have been victims of domestic violence. We granted a US $2,000 sponsorship for a bicycle race in Rosarito.

EARTHQUAKES

This year, in response to the earthquake of September 7th that hit several states in Mexico, we raised $23,338 pesos in cash and collected more than 900 food products for victims in the states of Oaxaca and Chiapas, which we donated through the Mexican Red Cross.

Days later, when another earthquake hit on September 19, we collaborated with some of our contractors in rubble removal efforts in the communities of Huaquechula, Metepec, and Tianguismanalco, in the state of Puebla. We donated one thousand blankets to the municipal government of Huejotzingo, Puebla, in addition to US $50,000 to the Carlos Slim Foundation to help damaged communities in Estado de México, Puebla, and Morelos.

VESTA's commitment to sustainability in every aspect of the business has positioned us as the top industrial real estate company in the **Sustainability Index of the Mexican Stock Exchange.**

2015: 8.35/10
2016: 8.95/10
2017: 9.03/10

ENVIRONMENT
A SUSTAINABILITY CULTURE

From the initial planning stages and onward, we collaborate with our contractors and suppliers in the effort to ensure the environmental impact of our buildings should remain as low as possible. We also promote a culture of environmental stewardship within VESTA and with our stakeholders.

In 2017 we began to lay the foundations that will allow us to manage our business in a more sustainable way. First we reviewed and restructured our **Social Responsibility and Sustainability Policy**, taking into account the results of the materiality assessment we carried out in the final months of the year, the UN's Sustainable Development Goals and Global Compact, the guidelines of the Global Reporting Initiative (GRI), and the OECD's Code of Ethics.

Afterwards, we began to standardize the way in which we measure and report our consumption of energy and water, as well as our waste generation and emissions at every asset in our portfolio.

Data collection, both for the common areas and for the leased areas, is the first step on our path to identifying our best practices, opportunities for improvement, and risks. Accordingly, we will move forward with this project, which launched in 2017 and will be strengthened during 2018, in order to have clear and consistent information for all our parks, considering the organic growth we are currently experiencing.

This will help us design initiatives for achieving savings and improvement initiatives, thus allowing us to lower operating costs for our tenants, avoid risks, and add value for our investors and stakeholders.

MATERIALS MANAGEMENT

GRI: 302-5, CRE8

Our developments are built by contractors based on the specifications of the **VESTA Sustainable Construction Manual.**

The Manual, developed in 2012 in collaboration with a strategic partner and in accordance to international sustainable construction standards, establishes five essential environment-related aspects that our suppliers and contractors need to take into account during construction of any of our developments:

1 SUSTAINABLE SITES

To reduce pollution and the negative impact on the construction site by implementing erosion and sedimentation plans, using thermal materials and permeable paving to harvest rainwater, and protecting surrounding habitats and natural resources.

2 WATER EFFICIENCY

Install water harvesting and reuse systems and water-saving fixtures, plant native vegetation that requires little water, and treat wastewater to reduce the use of drinking water.

3 ENERGY AND ATMOSPHERE

Include specifications for thermal materials to be used in windows, domes, roofs, and walls to reduce energy consumption, maintain optimal comfort levels based on the requirements established in the Heating Ventilation Air Conditioning (HVAC) system, and consider using natural light, LED lighting, and photovoltaic panels.

4 MATERIALS AND RESOURCES

Use regional, recycled, and environmentally-friendly materials to reduce environmental impact and, at the same time, contribute to local development; consider including a space in the facility for separating waste and for recycling.

5 INDOOR ENVIRONMENTAL QUALITY

Reduce the amount of volatile organic compounds that affect the health and productivity of employees, promote access to spaces with a view, natural light, and comfortable temperature, and minimize exposure to cigarette smoke, in order to create an environment that promotes well-being.

** Leadership in Energy and Environmental Design (LEED) and International Green Construction Code (IGCC).*

Although VESTA has no control over the activities or consumption habits of its tenants, we do encourage them to apply best practices such as installing technological tools that will allow them to use the space in an efficient, healthy, environmentally-friendly and, above all, in a profitable way.

In addition, we contribute to the creation of spaces that are sustainable not only in terms of the materials used for construction, but also in terms of their operation and maintenance. We do this by means of the LEED (Leadership in Energy and Environmental Design) certification process.

For some of our buildings, such as the Build to Suit (BTS), starting at the negotiation stage with our future clients, we offer to prepare the building for certification.

At the end of 2017, **6.31% of our Gross Leasable Area (GLA)** was LEED certified.

LEED CERTIFIED FACILITIES AT YEAR-END 2017		
PROJECT	**LEVEL OF CERTIFICATION**	**GLA SF**
Bombardier J85	LEED	183,675
Bombardier MA2	LEED *Silver*	228,270
TPI Juárez	LEED *Silver*	329,999
BRP Querétaro	LEED *Silver*	536,753
BRP Juárez	LEED	407,004
TOTAL		**1.6 M**
TOTAL PORTAFOLIO		**26.72 M**
% LEED		**6.31%**

ENERGY MANAGEMENT

GRI: 103-1, 103-2, 103-3, CRE1, 302-1, 302-3

Most of the energy consumption at our industrial parks comes from the activities of our tenants, over which VESTA has no direct control. However, it is important to point out that starting with the design stages for these facilities, we promote the use of eco-efficient technologies, both inside the installations and in the common areas, in order for total energy consumption to be lower.

Consumption levels reported below correspond exclusively to those activities that are under VESTA's control, namely the operation of common areas and corporate offices located at different parks:

DIRECT ENERGY CONSUMPTION					
2015		2016		2017	
kWh	GJ	kWh	GJ	kWh	GJ
439,373	1,581.77	287,649	1,035.54	376,701	1,356.12

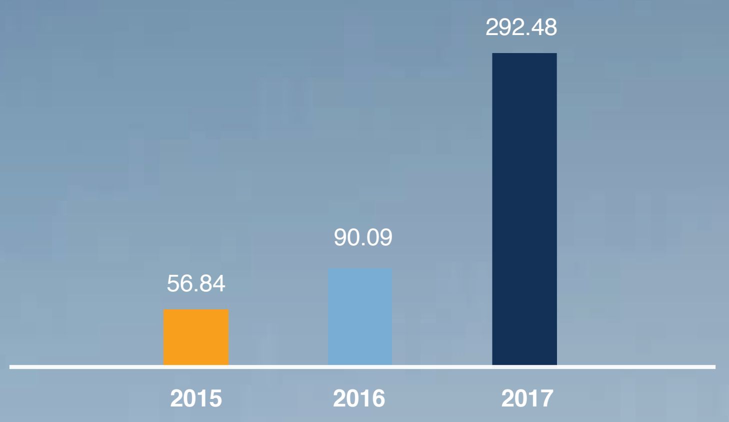
ENERGY INTENSITY			
	2015	2016	2017
kWh by m²	0.24	0.14	0.15

1,862,981 m² in 2015; 2,100,000 m² in 2016; y 2,480,000 m² in 2017.

As part of our current effort to measure and report standardized information, we are reporting for the first time fuel consumption for our operations in Ciudad Juárez, Puebla, Tlaxcala, Toluca, Querétaro, and Baja California, which came to 607.98 GJ.

We promote the use of renewable sources, such as solar energy. To this end, we have 292.48 kWh of installed photovoltaic capacity in our parks in Aguascalientes, Ciudad Juárez, Querétaro, Silao, Toluca, and Tlaxcala.

INSTALLED PHOTOVOLTAIC CAPACITY
in industrial buildings and parks, annual (kWh)



WATER MANAGEMENT

GRI: 103-1, 103-2, 103-3, 303-1, 303-2, 306-1

Although water is not an essential input for our business, we recognize how important this resource is and the urgent need to use it efficiently, and to reduce our own consumption and that of our tenants.

The water we use at our facilities, mainly to irrigate common areas, is ground water from wells for which we have obtained the necessary concessions and permits from local authorities; the rest is municipal water.

Our **water consumption** for 2017 was **118,110 m³**.

The discharge water we generate comes from service areas and is sent to wastewater treatment plants within the parks themselves, decreasing our impact on bodies of water. Treated water complies with the quality allowed under the Official Mexican Standards to be drained into the sewage system.

In 2017 we received no claims or complaints about spills or impacts from these activities.

EMISSIONS MANAGEMENT

GRI: 103-1, 103-2, 103-3, 305-2

Direct emissions generated at VESTA are the result of our consumption of the electric power we need to operate our corporate offices, as well as the common areas within the parks

SCOPE 2 EMISSIONS (TONS OF CO_2e)	
2015	148
2016	131
2017	172

Derived from our direct consumption of electric power using the emissions factor for 2017 which was 0.458 ton CO_2/MWh.

WASTE

GRI: CRE5, 103-1, 103-2, 103-3, 307-1

Given the nature of our business, most of the waste we generate comes from the maintenance of parks and corporate offices; all are non-hazardous wastes and are disposed of by a certified external company.

In 2017 we received no fines, sanctions, or claims for non-compliance with environmental regulations in terms of waste, nor did we have to repair any soil or land as a result of our activities.

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE

RENTAL INCOME

Rental income for the year ending on December 31st 2017 was US $109.4 million, compared to US $90.5 million as of December 31st 2016, for an increase of US $18.9 million, or 20.9%. This increase in rental income is mainly due to:

- A 22.8% increase from new lease agreements for new spaces or spaces that remained vacant in 2016 but were occupied during 2017.

- A 1.8% increase in rental income from an inflation-adjusted increase in rent, as stipulated in the lease agreements. Most of our lease agreements include a provision stipulating that the rent is automatically adjusted annually to reflect changes in the US Consumer Price Index, for dollar-denominated rent payments, or the Mexican Consumer Price Index (INPC), for rent payments that are denominated in pesos.

These increases were partly offset by:

- A US $2.11 million, or 2.3%, decrease in rental income from lease agreements that expired in 2016 and were not renewed in 2017. A US $1.0 million, or 1.1%, decrease in rental income from lease agreements in which the price-per-square-meter was reduced in order to retain the client when the contract was renewed.

- A 0.2% decrease due to exchange rate effects from peso-denominated rent payments.

- A 0.1% decrease in expenses related to payments we made for our clients, for which they later reimbursed us, that have been recorded as rental income.

OPERATING COSTS

Our property operating costs as of December 31st 2017 were US $5.00 million, compared to US $4.38 million as of December 31st 2016, for an increase of US $0.61 million, or 14.1%.

Of this increase, US $0.72 million are direct operating costs of leased investment properties which generated rental income. During 2017 these costs amounted to US $4.11 million, while for 2016 the cost was US $3.38 million.

This change is mainly due to:

- An increase of US $ 0.19 million, or 17.9%, in property taxes, which came to US $1.29 million in 2017, and were US $1.09 million in 2016.

- A US $0.13 million, or 16.8%, increase in maintenance costs. Maintenance costs for 2017 and 2016, respectively, were US $0.87 million and US $0.75 million;

- A US $ 0.06 million, or 21.1%, increase in the insurance for investment properties; in 2016 we paid US $0.30 million in insurance, and for 2017 the payment came to US $0.37 million.

- A US $0.17 million, or 100%, increase in structural maintenance costs. This item was not reported in 2016.

Additionally, we registered a US $0.11 million decrease in direct operating costs from investment properties that were not leased and did not generate any rental income. The decrease is mainly explained by a higher occupancy of the buildings, resulting in lower costs:

- Our tax payment was down US $0.03 million. In 2016 we paid US $0.29 million in taxes, and in 2017 our tax payment was for US $0.27 million;

- A decrease of US $0.05 million in maintenance costs;

- And a decrease of US $0.03 million in other expenses.

ADMINISTRATION EXPENSES

Administration expenses for the year ending on December 31st 2017 came to US $13.91 million, compared to US $ 11.24 million as of December 31st 2016, for an increase of US $ 2.68 million, or 23.8%.

This increase is primarily due to the expenses resulting from the Company hiring a management team.

- In 2016 we registered a US $1.56 million, or 25.2% increase compared to 2016, in employee salary and administration expenses.
- A US $0.19 million, or 16.9%, increase in marketing expenses.
- A US $0.02 million, or 15.4%, increase in indirect bond-placement expenses.

As part of our strong corporate governance practices, the Board of Directors approved a compensation plan for top executives based on the return generated for shareholders.

Shares were granted based on the performance of the Company's share price as of December 31st 2017 and 2016, in accordance with the VESTA Vision 20/20 plan. We registered an equity-based expense of US $1.48 million and US $0.86 million, respectively. This expense is calculated as the fair value as of the date the shares were granted, and is determined using a Monte Carlo model, which takes into account expectations of how the company's stock will perform. The long-term bonus plan does not represent a cash outflow nor does it have an effect on EBITDA. For more information please read Note 16 of the Financial Statements.

DEPRECIATION

Depreciation expenses as of December 31st 2017 came to US $0.36 million, compared to US $0.32 million as of December 31st 2016.

OTHER INCOME AND EXPENSES

Other income and expenses for the twelve-month period grew to an income of US $67.40 million in 2017, compared to the US $25.50 million income year over year. The increase is mainly due to an increase of US $17.05 million from the gain resulting from the revaluation of investment properties that came to US $84.06 million, compared to US $67.00 million the prior year. The appraisal as of December 31st 2017 reflects conditions in the real estate market as of that date.

	Year ending on December 31st			*Figures in pesos por informational purposes*		
	2017	2016	2015	2017	2016	2015
OTHER INCOME AND EXPENSES	(thousands of dollars)			(thousands of dollars)		
Interest income	55.17	3,368.38	6,138.65	1,044.40	62,842.89	97,325.87
Other income (expenses)	449.19	722.44	639.64	8,503.31	13,478.33	10,141.19
Transaction costs of debt placement	(395.56)	(947.88)	-	(7,488.01)	(17,684.22)	-
Interest expense	(19,668.27)	(19,862.67)	(23,373.26)	(372,324.36)	(370,571.93)	(370,573.62)
Exchange loss	2,897.26	(24,781.51)	(45,820.68)	54,845.64	(462,341.12)	(726,468.51)
Gains on revaluation of investment properties	84,058.11	67,004.61	31,444.06	1,591,236.74	1,250,084.93	498,532.96
Total other (expenses) income	**67,395.89**	**25,503.38**	**(30,971.59)**	**1,275,817.71**	**475,808.87**	**(491,042.11)**

Interest income decreased by US $3.31 million during 2017, down from US $3.37 million in 2016 to US $0.06 million in 2017. The decrease is due to the interest generated by investments in resources of the follow-on offerings held during the year, which are being invested in short-term government securities. We registered a cash reduction year on year, because the company continues to invest in developing new properties.

Exchange gain in 2017 was US $2.90 million, compared to a loss in 2016 of US $24.78 million. Exchange losses or gains are explained mainly by the effect of the peso/dollar exchange rate on the dollar-denominated WTN debt balance, as well as by the balance in pesos of CIV-held resources from the initial public offering.

Transaction costs for the debt placement were down 53%, or US $0.55 million, during 2017. The decrease is explained by the fact that in June 2016 we refinanced our Blackstone-held debt, while debt transactions in 2017 were lower.

Gain on revaluation of investment properties that generated income as of December 31st 2017 registered a US $17.05 million increase, compared to 2016.

EARNINGS BEFORE TAXES

For the reasons described above, our earnings before taxes as of December 31st 2017 came to US $157.56 million, compared to a gain of US $ 100.08 millions as of December 31st 2016.

INCOME TAXES

Income tax expense as of December 31st 2017 resulted in a US $31.53 million expense, compared to an expense of US $55.00 million as of December 31st 2016. This is mainly explained by the effect of deferred tax expenses which came to US $16.39 million.

Deferred taxes mainly reflect: (i) changes in the exchange rate as of the end of the year that are used to convert our Mexican peso-denominated asset balances for tax purposes (including our investment property and net tax loss carryforwards) to US dollars, (ii) a benefit resulting from the impact of inflation on the tax basis of our asset balances (including our investment property and net tax loss carryforwards), as allowed by Mexican Income Tax Law (Ley del Impuesto Sobre la Renta), and (iii) the effects of the fair value recognition in our investment properties for accounting purposes, which are not reflected for tax purposes because the tax value of the asset remains at its historical cost and is subsequently depreciated.

PROFIT (LOSS) FOR THE YEAR

For the reasons described above, our gain as of December 31st 2017 came to US $126.03 million, compared to a US $ 45.08 million gain as of December 31st 2016.

COMPREHENSIVE PROFIT (LOSS) FOR THE YEAR

Comprehensive profit includes differences in currency exchange rates for foreign operations, reflecting the impact of the exchange rate fluctuations year over year in the WTN accounts. WTN is the only one of our subsidiaries that employs the Mexican peso as its functional currency.

As of December 31st 2017 we recorded a US $0.92 million exchange rate loss from converting foreign operations, compared to a US $20.86 million loss as of December 31st 2016.

In 2017 we obtained derivative financial instruments, which resulted in a US $0.58 million gain as of December 2017.

Consequently, comprehensive income for 2017 stood at US $127.53 million, compared to a gain of US $ 24.22 million in 2016.

CASH FLOW

The following table shows the cash generated and used for the years ending on December 31st 2017, 2016, and 2015.

	Year ending on December 31st		
	2015	2016	2017
	(thousands of dollars)		
Cash flow from operating activities	82,164.53	68,276.85	68,688.82
Cash flow from investing activities	-196,480.01	23,383.16	-266,503.09
Cash flow from financing activities	158,705.54	-64,749.77	215,520.09
Effects of exchange rate fluctuations	-4,109.10	-3,896.54	61.77
Net cash flow (used) generated	**40,280.96**	**23,013.70**	**17,767.59**

CASH FLOW FROM OPERATING ACTIVITIES

The most significant factors in the generation of cash flow from operating activities are the rent payments collected from our tenant base.

Cash flow generated from operating activities was US $82.16 million, US $68.27 million, and US $68.68 million for 2017, 2016, and 2015, respectively. Cash flow generated by operating activities in 2017 was affected primarily by the increase in taxes that have yet to be reimbursed in the amount of US $14.32 million. Cash flow in 2016 was affected primarily by the increase in taxes that have yet to be reimbursed in the amount of US $6.15 million. Cash flow from operating activities in 2015 was affected primarily by the decrease in accounts receivable from operating leases, for US $3.36 million.

CASH FLOW FROM INVESTING ACTIVITIES

Cash flow from investing activities came from an expense for US $196.48 million, generating US $23.38 million, and using US $266.50 million as of December 31st 2017, 2016, and 2015, respectively.

During 2017, investing activities were primarily related to the construction of new buildings in the Bajío, North, and Central regions, and to the acquisition of properties in the Tijuana area. Total investments paid during 2017 reached US $196.2 million in 2017, and US $157.44 million and US$116.67 million in 2016 and 2015, respectively.

CASH FLOW FROM FINANCING ACTIVITIES

Cash flow from financing activities for 2017, 2016, and 2015 came from generating US $158.71 million, using US $64.75 million, and generating US $215.52 million, respectively. By issuing 124.27 million shares in 2015, VESTA was able to add US $224.06 million to its equity.

DEBT

On September 22nd 2017, the company successfully placed a private non-secured two-tranche private bond for a total of US $125 million. The first US $65-million tranche has a 7-year maturity and a six-month fixed 5.03% coupon; the other is a non-depreciable tranche for US $60 million with a 10-year maturity and a six-month fixed 5.31% coupon. The Notes were issued with a market-leading US consortium of investors.

In December 2017, the company secured a loan for US $118 million from MetLife with a 4.75% fixed interest rate, a 30-year amortization schedule, 10-year maturity, and a 5-year interest only period. As a result, VESTA's cost of debt is at 4.27%, with a 7.2-years weighted average maturity.

As of December 31st 2016, debt balance stood at US $340.87 million, of which 100% was long-term debt. Total debt is secured by 53 of our investment properties and the corresponding rent payments. As of December 31st 2016, 100% of the debt was dollar-denominated.

On July 22nd 2016 we obtained a 5-year maturity loan from several financial institutions in the amount of US $150,000,000 (the "Syndicated Loan"), and we received the resources on the same day. The Syndicated Loan also includes a revolving line of credit for up to US $100,000,000 that had not been used as of December 31st 2016. On July 27th 2016 the company obtained a new loan with a 10-year maturity from MetLife, in the amount of US $150,000,000. Resources from both loans were used by the company to pay back a Blackstone loan, maturing on August 1st 2016.

As of December 31st 2015, debt balance stood at US $ 344.76 million, of which US $298.07 million, or 86.5%, corresponded to the principal of short-term liabilities, while US $46.70 million, or 13.5%, were long-term debt.

Long-term debt includes the following payable documents:

INITIAL DATE	ORIGINAL AMOUNT	ANNUAL INTEREST RATE	MONTHLY AMORTIZATION	MATURITY	31/12/2017	31/12/2016	31/12/2015
Jul-16	$150,000,000	Tasa Variable(1)	(1)	Jul-21	$150,000,000	$150,000,000	
Jul-16	150,000,000	4.55%	(2)	Aug-26	150,000,000	150,000,000	
Apr-15	47,500,000	4.35%	(3)	Apr-22	47,500,000	47,500,000	47,500,000
Sep-17	65,000,000	5.03%	(5)	Sep-24	65,000,000		
Sep-17	60,000,000	5.31%	(5)	Sep-27	60,000,000		
Nov-17	118,000,000	4.75%	(4)	Dec-27	118,000,000		
Sep-03				Aug-16			4,990,210
Apr-05				Aug-16			1,393,073
Aug-05				Aug-16			4,437,481
Aug-05				Aug-16			10,247,179
Nov-05				Aug-16			21,237,473
Mar-06				Aug-16			7,767,320
Jul-06				Aug-16			47,256,946
Jul-06				Aug-16			10,609,960
Sep-06				Aug-16			8,961,734
Oct-06				Aug-16			6,887,259
Nov-06				Aug-16			8,006,030
Nov-06				Aug-16			11,343,196
May-07				Aug-16			5,475,496
Sep-07				Aug-16			6,905,008
Apr-08				Aug-16			28,271,033
Apr-08				Aug-16			1,437,785
April 2008 *				Aug-16			11,718,557
Aug-08				Aug-16			4,570,012
Aug-08				Aug-16			5,431,327
Apr-09				Aug-16			16,167,177
Dec-09				Aug-16			24,171,582
Jul-12				Aug-16			16,778,331
Jul-12				Aug-16			24,392,657
Jul-12				Aug-16			4,364,210
Mar-13				Aug-16			5,248,924
TOTAL DEBT					**590,500,000**	**347,500,000**	**345,569,960**
Minus current amount					0	0	-298,069,960
TOTAL LONG-TERM DEBT					**590,500,000**	**347,500,000**	**47,500,000**
Minus: Direct placement costs					-8,505,121	-6,628,583	-810,951
Net long-term debt with MetLife					581,994,879	340,871,417	46,689,049
TOTAL LONG-TERM DEBT					**581,994,879**	**340,871,417**	**46,689,049**

(1) 5-year syndicated loan; quarterly interest payments; calculated using LIBOR rate plus margin. Margin varies depending on the company's leverage ratio. Currently a 200 basis points margin is being applied.

(2) 10-year loan with MetLife; monthly interest payments; calculated using a 4.55% fixed rate.

(3) On March 9th 2015, the company secured a 7-year loan with MetLife; monthly interest payments; calculated using a 4.35% fixed rate.

(4) On November 1st 2017, the company secured a 10-year loan with MetLife; interests on this loan are calculated at a 4.75% fixed rate. Monthly interest-only payments made to this loan for 60 months; afterwards, monthly amortizations on the principal and interest, until maturity on December 1st 2027. Loan is secured by 21 of the company's properties.

(5) Senior Series A and Senior Series B Promissory Notes are not secured by any of the company's properties.

* These payable documents have a six-month amortization schedule.

PRIVATE BOND CONTRACT

On September 22nd 2017, the company successfully placed a private non-secured two-tranche private bond for a total of US $125 million, (the "Notes"). The Notes received a BBB- rating from Fitch Ratings and include a US $65-million tranche with a 7-year maturity and a six-month fixed 5.03% coupon, and another non-depreciable tranche for US $60 million, with a 10-year maturity and a six-month fixed 5.31% coupon. The Notes were issued with a market-leading US consortium of investors. The resources will be allocated to developing the VESTA Vision 20/20 growth plan, and to paying the balance on its revolving line of credit.

LOAN CONTRACT WITH A BANK SYNDICATE

A 5-year syndicated loan, with quarterly interest payments, and calculated using LIBOR (London Interbank Offered Rate), plus an applicable margin. The applicable margin varies based on the company's leverage ratio (greater than or less than 40%) and the number of months the syndicated loan has been in force. The current applicable margin is 200 basis points; when the debt margin is greater than 40% of the applicable margin, it is increased to 225 basis points. Amortization on the principal will begin on July 22nd 2019, with quarterly payments, for an amount equivalent to 1.25% of the amount of the syndicated loan. As of this date the variable rate has been calculated using a derivative financial instrument.

LOAN CONTRACT WITH METLIFE

On March 9th 2015, through several of our subsidiaries, we secured a loan with MetLife for US $47.50 million. The loan generates an annual 4.35% interest, with monthly interest-only payments for a period of 42 months, until October 1st 2018. After that, monthly amortizations on the principal, plus interest, will be made until maturity on April 1st 2022.

The loan is secured by the transfer of rights, titles, and interests to a Trust for five of our properties, including six lease agreements in Tijuana, Querétaro, and Silao, in accordance to Trust CIB/2728 with CI Banco, S.A., Institución de Banca Múltiple, as the fiduciary institution. The Trust includes accounts receivable for leases. The funds we receive from rent payments are deposited by our client to the fiduciary institution and are subsequently transferred to our accounts, as long as we are in compliance with the terms of the agreement. The terms of the MetLife loan do not allow for advance payment of the remaining debt before October 1, 2018. Additionally, any advance payments after that date and before January 1st 2022 are subject to a fine.

The loan contract obligates us to maintain specific financial stipulations: (i) deliver to MetLife periodic financial information and reports concerning rent payment flows (ii) submit new lease contracts, changes, and terminations for approval from MetLife, (iii) maintain the buildings in good conditions and ensure tenants do the same, (iv) allow MetLife to carry out environmental audits on our properties, and (v) have valid and comprehensive insurance policies for the properties.

Likewise, based on the terms of the loan contract, we can't sell or mortgage any of the assets included in the Trust without prior consent from MetLife, nor can we (a) make any changes in control of the debtors, or (b) participate in mergers, restructurings, dilutions, or any other changes in the ownership or organizational structure of the debtors, nor (c) make any changes in the legal or administrative control of the corresponding subsidiary, (d) issue or seek to issue any rights, shares, certificates, or any other additional instrument with respect to our property for any person other than our parent company or our subsidiaries, (e) incur in any financing secured by a collateral or encumbrance on the properties in the Trust or offer as collateral or encumbrance any interest in our properties included in the Trust, (f) take any action to transfer our liabilities under the documents of the loan, or (g) incur, without prior approval from MetLife, in any debt or liability related to any property included in the individual Trust.

Funds from this loan are being allocated to general corporate purposes, including additions and improvements to our properties. The loan contract is ruled by New York legislation. As of the date of this Annual Report, we are in compliance with all our payment obligations as stipulated by the contract.

In 2016, the company secured another loan with MetLife, for US $150 million, with a 10-year maturity. Interest payments on this loan are made on a monthly basis at a 4.55% fixed rate. Amortization payments on the principal will begin on September 1, 2023. The loan is secured by 48 of the company's properties.

In December 2017, the company secured a loan for US $118 million with MetLife with a 4.75% fixed interest rate, 30-year amortization schedule, 10-year maturity, and a 5-year interest only period. As a result, VESTA's cost of debt is at 4.27%, with a 7.2-years weighted average maturity.

Other terms and conditions of the 2016 and 2017 loans are basically the same as those for the 2015 loans.

RELEVANT EVENTS

VESTA has opportunely and completely delivered reports required by applicable law on relevant events, which as of the date of this Annual Report include the following:

2017

During the last quarter of the year, the Company acquired a 1.3-million-square-feet portfolio, for a total investment of US $73.4 million including closing costs. The company also signed a secured loan for US $118 million with MetLife, with maturity on November 2027.

We also announced our guidance for 2018, with an expectation for a growth in revenue of between 18% and 20%, a Net Operating Income (NOI) above 95%, and an EBITDA margin of 83%, maintaining our focus on our record of operational excellence.

On September 22nd 2017, the company announced the successful placement of a private non-secured two-tranche private bond for a total of US $125 million. The Notes received a BBB- rating from Fitch Ratings and include a US $65-million tranche with a 7-year maturity and a six-month fixed 5.03% coupon, and another non-depreciable tranche for US $60 million, with a 10-year maturity and a six-month fixed 5.31% coupon. The Notes were issued with a market-leading US consortium of investors.

During the second quarter, the company announced that Jaguar Growth Partners ("Jaguar"), a private investment management firm that focuses on real estate in global growth markets, had acquired a minority 5% strategic stake in VESTA.

- Barclays Bank Mexico, S.A.
- Bradesco BBI Research
- BTG Pactual USD Capital LLC
- 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.
- 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.

CORPORACIÓN INMOBILIARIA VESTA, S. A. B. DE C. V. AND SUBSIDIARIES

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

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INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS AND STOCKHOLDERS OF CORPORACIÓN INMOBILIARIA VESTA, S. A. B. DE C. V.

(In US dollars)

OPINION

We have audited the accompanying consolidated financial statements of Corporación Inmobiliaria Vesta, S. A. B. de C. V. and subsidiaries (the "Entity"), which comprise the consolidated statements of financial position as of December 31, 2017, 2016 and 2015, and the consolidated statements of profit (loss) and other comprehensive income (loss), consolidated statements of changes in stockholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and informing 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 8 of the consolidated financial statements.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those incharge 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 13, 2018

CORPORACIÓN INMOBILIARIA VESTA, S. A. B. DE C. V. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

ASSETS	Notes	2017	2016	2015
Current assets:				
Cash, cash equivalents and restricted cash	4	$ 91,001,709	$ 50,720,751	$ 27,745,055
Financial assets held for trading	5	677,828	613,015	203,563,025
Recoverable taxes	6	26,678,697	21,794,481	20,822,580
Operating lease receivables	7	5,221,517	7,028,975	4,148,109
Prepaid expenses		369,675	37,191	505,450
Guarantee deposits made		-	-	2,750,579
Total current assets		123,949,426	80,194,413	259,534,798
Non-current assets:				
Investment property	8	1,701,006,371	1,415,714,762	1,214,930,005
Office furniture - Net		1,868,778	1,965,192	1,842,468
Derivative financial instruments	14.8	827,251	-	-
Guarantee deposits made and restricted cash		4,440,163	2,920,475	1,210,131
Total non-current assets		1,708,142,563	1,420,600,429	1,217,982,604
Total assets		$ 1,832,091,989	$ 1,500,794,842	$ 1,477,517,402

LIABILITIES AND STOCKHOLDERS' EQUITY	Notes	2017	2016	2015
Current liabilities:				
Current portion of long-term debt	9	$ -	$ -	$ 298,069,960
Accrued interest		3,772,187	1,609,233	3,202,040
Accounts payable and client advances		4,082,166	1,795,748	1,409,555
Taxes payable, mainly income taxes		344,599	550,557	314,896
Accrued expenses		3,821,201	1,981,263	1,698,410
Total current liabilities		12,020,153	5,936,801	304,694,861
Non-current liabilities:				
Long-term debt	9	581,994,879	340,871,417	46,689,049
Guarantee deposits received		11,539,472	8,868,661	7,205,978
Deferred income taxes	13.3	204,205,361	185,733,064	144,140,530
Total non-current liabilities		797,739,712	535,473,142	198,035,557
Total liabilities		809,759,865	541,409,943	502,730,418
Litigation and other contingencies	17			
Stockholders' equity:				
Capital stock	10	439,843,107	450,880,150	455,741,735
Additional paid-in capital		327,270,539	343,037,228	349,557,056
Retained earnings		288,671,405	201,751,251	185,494,148
Share-based payments reserve		3,300,560	1,973,372	1,391,080
Foreign currency translation		(37,332,563)	(38,257,102)	(17,397,035)
Valuation of derivative financial instruments	14.8	579,076	-	-
Total stockholders' equity		1,022,332,124	959,384,899	974,786,984
Total liabilities and stockholders' equity		$ 1,832,091,989	$ 1,500,794,842	$ 1,477,517,402

See accompanying notes to consolidated financial statements.

CORPORACIÓN INMOBILIARIA VESTA, S. A. B. DE C. V. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PROFIT (LOSS) AND OTHER COMPREHENSIVE INCOME (LOSS)

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

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

See accompanying notes to consolidated financial statements.

CORPORACIÓN INMOBILIARIA VESTA, S. A. B. DE C. V. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

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

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

See accompanying notes to consolidated financial statements.

CORPORACIÓN INMOBILIARIA VESTA, S. A. B. DE C. V. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

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

See accompanying notes to consolidated financial statements.

CORPORACIÓN INMOBILIARIA VESTA, S. A.B. DE C. V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

1. General information

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

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

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

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

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

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

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

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

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

<u>Amendments to IAS 7 Disclosure Initiative</u>

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

2.1 New and revised IFRSs in issue but not yet effective

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

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

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

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

IFRS 9 Financial Instruments

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

Key requirements of IFRS 9:

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

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

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

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

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

IFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

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

IFRS 16, Leases

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

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

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

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

Furthermore, extensive disclosures are required by IFRS 16.

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

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

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

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

The amendments clarify the following:

1. In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments.

2. Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority, i.e. the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

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

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

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

Amendments to IAS 40 Transfers of Investment Property

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

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

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

IFRIC 22 Foreign Currency Transactions and Advance Consideration

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

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

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

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

3. Significant accounting policies

3.1 Statement of compliance

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

3.2 Basis of preparation

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

i. Historical cost

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

ii. Fair value

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

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

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

3.3 Basis of consolidation

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

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

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

Consolidation of a subsidiary begins when the Entity obtains control over the subsidiary and ceases when 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.

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.

	Ownership percentage			
Subsidiary/entity	31/12/2017	31/12/2016	31/12/2015	Activity
QVC, S. de R. L. de C. V.	99.99%	99.99%	99.99%	Holds investment properties
QVC II, S. de R. L. de C. V.	99.99%	99.99%	99.99%	Holds investment properties
WTN Desarrollos Inmobiliarios de México, S. de R. L. de C. V.	99.99%	99.99%	99.99%	Holds investment properties
Vesta Baja California, S. de R. L. de C. V.	99.99%	99.99%	99.99%	Holds investment properties
Vesta Bajío, S. de R.L. de C.V.	99.99%	99.99%	99.99%	Holds investment properties
Vesta Querétaro, S. de R. L. de C. V.	99.99%	99.99%	99.99%	Holds investment properties
Proyectos Aeroespaciales, S. de R. L. de C. V.	99.99%	99.99%	99.99%	Holds investment properties
CIV Infraestructura, S. de R.L. de C. V.	99.99%	99.99%	99.99%	Holds investment properties
Vesta Management, S. de R. L. de C. V.	99.99%	99.99%	99.99%	Holds investment properties
Vesta DSP, S. de R. L. de C. V.	99.99%	99.99%	99.99%	Provides administrative services to the Entity
Servicio de Administración y Mantenimiento Vesta, S. de R. L. de C. V.	99.99%	99.99%	99.99%	Provides administrative services to the Entity

3.4 Foreign currencies

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

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

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

3.5 Cash and cash equivalents

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

3.6 Financial instruments

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

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

3.6.1 Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3.6.2 Financial assets at FVTPL

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

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Entity's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designated as of FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other income (expenses) - Net' line item.

The Entity has not designated any asset as at FVTPL.

3.6.3 Effective interest method

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

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

3.6.4 Loans and receivables

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

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

3.6.5 Derecognition of financial assets

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

3.7 Investment property

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

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

3.8 Office furniture

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

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

3.9 Restricted cash

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

3.10 Provisions

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

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

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

3.11 Financial Liabilities

3.11.1 Financial Liabilities

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

3.11.2 Financial Liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Entity manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

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

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Entity's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designated as of FVTPL.

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

3.11.3 Other financial liabilities

Other financial liabilities (including borrowings) are subsequently measured at amortized cost using the effective interest method.

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

3.11.4 Derecognition of financial liabilities

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

3.12 Short term and other long term employee benefits and employee profit sharing ("PTU")

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

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

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

Statutory employee profit sharing

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

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

3.13 Derivative financial instruments

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

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

3.14 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.

3.15 Employee benefits for termination

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

3.16 Share-based payment arrangements

Share-based payment transactions of the Entity

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 16.

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

3.17 Leasing

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

- **The Entity as lessor**

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

- **The Entity as lessee**

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

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

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

3.18 Income taxes

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

3.18.1 Current tax

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

3.18.2 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

3.18.3 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.

3.19 Impairment of long-lived assets other than goodwill

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

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

3.20 Earnings per share

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

3.21 Critical accounting judgments and key sources of estimation uncertainty

In the application of the Entity's accounting policies, which are described in Note 2, management of the Entity is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

3.1 Valuation of investment properties

As described in Note 8, the Entity uses external appraisers in order to determine the fair value of its investment properties. Such appraisers use several valuation methodologies that include assumptions that are not directly observable in the market to estimate the fair value of its investment properties. Note 8 provides detailed information about the key assumptions used in the determination of the fair value of the investment properties.
In estimating the fair value of an asset or a liability, the Entity uses market-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 8 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.

4. Cash, cash equivalents and restricted cash

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

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

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 positon.

5. Financial assets held for trading

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

6. Recoverable taxes

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

7. Operating lease receivables

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

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

Pursuant to the lease agreements, rental payments should be received within 30 days following their due date; thereafter the payment is considered past due. As shown in the table above, 86 %, 64% and 71% of all operating lease receivables are current at December 31, 2017, 2016 and 2015, respectively.

All rental payments past due are monitored by the Entity; for receivables outstanding from 30 to 90 days efforts are made to collect payment from the respective client. Operating lease receivables outstanding for more than 30 days but less than 60 days represent 4%, 23% and 10% of all operating lease receivables at December 31, 2017, 2016 and 2015, respectively. Operating lease receivables outstanding for more than 60 and less than 90 days represent 4%, 8% and 8% of all operating lease receivable at December 31, 2017, 2016 and 2015. Operating lease receivables outstanding greater than 90 days represent 5%, 5% and 11% as of December 31, 2017, 2016 and 2015, respectively.

7.2 Movement in the allowance for doubtful accounts receivable

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

7.3 Client concentration risk

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

7.4 Leasing agreements

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

7.5 Non-cancellable operating lease receivables

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

		31/12/2017		31/12/2016		31/12/2015
Not later than 1 year	$	155,696,225	$	100,997,236	$	85,322,145
Later than 1 year and not later than 3 years		283,657,472		170,779,851		145,954,674
Later than 3 year and not later than 5 years		345,303,613		191,181,511		147,512,967
Later than 5 years		177,311,050		159,893,939		140,891,280
	$	961,968,360	$	622,852,537	$	519,681,066

8. Investment property

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

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

The Entity's investment properties are located in Mexico and they are classified as Level 3 in the IFRS fair value hierarchy. The following table provides information about how the fair values of the investment properties are determined (in particular, the valuation technique(s) and inputs used).

Property	Fair value hierarchy	Valuation techniques	Significant unobservable inputs	Value/range	Relationship of unobservable inputs to fair value
Buildings and land	Level 3	Discounted cash flows	Discount rate	2017: 9.35% 2016: 9.75% 2015: 9.50%	The higher the discount rate, the lower the fair value.
			Exit cap rate	2017: 8.75% 2016: 9.00% 2015: 9.00%	The higher the exit cap rate, the lower the fair value.
			Long-term NOI	Based on contractual rent and then on market related rents.	The higher the NOI, the higher the fair value.
			Inflation rates	Mexico: 4.10 % in 2017, 3.5% in 2016 and 3.4% in 2015 U.S.:2.1% in 2017,2.2% in 2016 and 2.1% in 2015	The higher the inflation rate, the higher the fair value.
			Absorption period	12 months on average	The shorter the absorption period, the higher the fair value
			Market related rents	Depending on the park/state	The higher the market rent the higher the fair value
			Exchange rate - Mexican pesos per $1	2017: 18.80 2016: 20.00 2015: 16.03	The higher the exchange rate the lower the fair value
Land reserves	Level 3	Market value	Price per acre	Weighted average price per acre in 2017 $111,786 and $105,893 in 2016.	The higher the price, the higher the fair value.

The table below sets forth the aggregate values of the Entity's investment properties for the years indicated:

	31/12/2017	31/12/2016	31/12/2015
Buildings and land	$ 1,679,059,000	$ 1,393,000,000	$ 1,198,208,983
Land improvements	18,815,371	9,652,444	2,770,159
Land reserves	87,631,000	79,377,000	58,602,000
	1,785,505,371	1,482,029,444	1,259,581,142
Less: Cost to complete construction in-progress	(84,499,000)	(66,314,682)	(44,651,137)
Balance at end of year	$ 1,701,006,371	$ 1,415,714,762	$ 1,214,930,005

The reconciliation of investment property is as follows:

	31/12/2017	31/12/2016	31/12/2015
Balance at beginning of year	$ 1,415,714,762	$ 1,214,930,005	$ 1,101,352,822
Additions	195,132,819	158,013,760	103,125,702
Investment properties sold		-	-
Foreign currency translation effect	6,100,685	(24,233,614)	(20,992,577)
Gain on revaluation of investment property	84,058,105	67,004,611	31,444,058
Balance at end of year	$ 1,701,006,371	$ 1,415,714,762	$ 1,214,930,005

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

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

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

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

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

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

9. Long-term debt

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

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

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

Issue date	Original amount	Annual interest rate	Monthly amortization	Maturity	31/12/2017	31/12/2016	31/12/2015
July 2016	$ 150,000,000	Variable rate plus margin(1)	(1)	July 2021	$ 150,000,000	$ 150,000,000	$ -
July 2016	$ 150,000,000	4.55%	(2)	August 2026	$ 150,000,000	$ 150,000,000	-
April 2015	$ 47,500,000	4.35%	(3)	April 2022	$ 47,500,000	$ 47,500,000	$ 47,500,000
September 2017	$ 65,000,000	5.03%	(5)	September 2024	$ 65,000,000	-	-
September 2017	$ 60,000,000	5.31%	(5)	September 2027	$ 60,000,000	-	-
November 2017	$ 118,000,000	4.75%	(4)	December 2027	$ 118,000,000	-	-
September 2003				August 2016	-	-	$ 4,990,210
April 2005				August 2016	-	-	$ 1,393,073
August 2005				August 2016	-	-	$ 4,437,481
August 2005				August 2016	-	-	$ 10,247,179
November 2005				August 2016	-	-	$ 21,237,473
March 2006				August 2016	-	-	$ 7,767,320
July 2006				August 2016	-	-	$ 47,256,946
July 2006				August 2016	-	-	$ 10,609,960
September 2006				August 2016	-		$ 8,961,734
October 2006				August 2016	-		$ 6,887,259
November 2006				August 2016	-		$ 8,006,030
November 2006				August 2016	-		$ 11,343,196
May 2007				August 2016	-		$ 5,475,496
September 2007				August 2016	-	-	$ 6,905,008
April 2008				August 2016	-	-	$ 28,271,033
April 2008				August 2016	-	-	$ 1,437,785
April 2008 *				August 2016	-	-	$ 11,718,557
August 2008				August 2016	-	-	$ 4,570,012
August 2008				August 2016	-	-	$ 5,431,327
April 2009				August 2016	-	-	$ 16,167,177
December 2009				August 2016	-	-	$ 24,171,582
July 2012				August 2016	-	-	$ 16,778,331
July 2012				August 2016	-	-	$ 24,392,657
July 2012				August 2016	-	-	$ 4,364,210
March 2013				August 2016	-	-	$ 5,248,924
					$ 590,500,000	$ 347,500,000	$ 345,569,960
Less: Current portion					-	-	$ (298,069,960)
Less: direct issuance cost					$ (8,505,121)	$ (6,628,583)	$ (810,951)
Total long-term debt					$ 581,994,879	$ 340,871,417	$ 46,689,049

* These notes payable had bi-annual amortization.

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

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

(3) On March 9, 2015, the Entity entered into a 7-year loan with MetLife, interest on this loan is paid on a monthly basis and calculated using an annual rate of 4.35%. The loan has monthly interest only payments for 42 months and thereafter monthly amortizations of principal and interest until it matures on April 1, 2022. The loan is secured by 6 of the Entity's investment properties.

(4) On November 1, 2017, the Entity entered into a 10-year loan agreement with Metlife, interest on this loan is paid on a monthly basis and calculated using an annual rate of 4.75%. The loan bears monthly interest only for 60 months and thereafter monthly amortizations of principal and interest until it matures on December 1, 2027. The loan is secured by 21 of the Entity's investment properties.

(5) Series A Senior Notes and Series B Senior Notes are not secured by investment properties of the Entity.

These credit agreements require the Entity to maintain certain financial ratios (such as Cash-on-Cash and debt service coverage ratios) and to comply with certain affirmative and negative covenants. The Entity is in compliance with these covenants as of December 31, 2017.

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

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

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

10. Capital stock

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

	2017		2016		2015	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Fixed capital						
Series A	5,000	$ 3,696	5,000	$ 3,696	5,000	$ 3,696
Variable capital						
Series B	600,262,388	$ 439,839,411	621,092,663	$ 450,876,454	631,132,923	$ 455,738,039
Total	600,267,388	$ 439,843,107	621,097,663	$ 450,880,150	631,137,923	$ 455,741,735

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

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

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

10.3 Dividend payments

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

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

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

11. Earnings per share

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

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

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

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

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

12. Property operating costs and administration expenses

12.1 Property operating costs consist of the following

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

		31/12/2017		31/12/2016		31/12/2015
Real estate tax	$	1,285,697	$	1,090,743	$	943,499
Insurance		366,613		302,400		274,669
Maintenance		873,367		748,043		468,528
Structural maintenance accrual		168,502		-		-
Other property related expenses		1,412,224		1,243,203		889,824
	$	4,106,403	$	3,384,389		2,576,520

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

		31/12/2017		31/12/2016		31/12/2015
Real estate tax	$	268,448	$	293,602	$	343,443
Insurance		53,731		51,280		52,879
Maintenance		100,440		148,689		91,689
Other property related expenses		464,069		498,486		465,476
		886,688		992,057		953,487
Total property operating	$	4,993,091		4,376,446	$	3,530,007

12.2 Administration expenses consist of the following

		31/12/2017		31/12/2016		31/12/2015
Employee direct benefits	$	7,849,558	$	6,270,379	$	5,044,294
Auditing, legal and consulting expenses		1,282,256		1,212,794		902,242
Property appraisal and other fees		359,832		352,357		358,903
Indirect equity issuance and trading costs		209,168		181,309		160,695
Marketing expenses		1,328,200		1,136,642		1,078,389
Other		1,405,893		1,223,070		1,220,641
		12,434,907		10,376,551		8,765,164
		1,477,031		860,125		1,067,316
Long-term incentive - Note 16		13,911,938		11,236,676		9,832,480

13. Income taxes

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

13.1 Income taxes are as follows

		31/12/2017		31/12/2016		31/12/2015
ISR expense:						
Current	$	15,137,320	$	6,134,040	$	2,501,584
Deferred		16,393,917		48,862,618		35,363,577
Total income taxes	$	31,531,237	$	54,996,658	$	37,865,161

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

	31/12/2017	31/12/2016	31/12/2015
Statutory rate	30%	30%	30%
Effects of exchange rates on tax balances	6) %	27%	90%
Effects of inflation	(5)%	(4)%	(12)%
Other	1%	2%	3%
Effective rate	20%	55%	111%

13.3 The main items originating the deferred ISR liability are

	31/12/2017	31/12/2016	31/12/2015
Deferred ISR assets (liabilities):			
Investment property	(207,074,235)	(199,134,089)	(160,640,067)
Effect of tax loss carryforwards	4,097,337	14,205,287	15,635,979
Other provisions and prepaid expenses	(1,228,463)	(804,262)	863,558
Deferred income taxes - Net	$ (204,205,361)	$ (185,733,064)	$ (144,140,530)

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

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

	31/12/2017	31/12/2016	31/12/2015
Deferred tax liability at the beginning of the period	$ (185,733,064)	$ (144,140,530)	$ (115,641,120)
Movement included in profit or loss	(16,393,916)	(48,862,618)	(35,363,577)
Movement included in equity	-	-	2,545,905
Movement included in other comprehensive income	(2,078,381)	7,270,084	4,318,262
Deferred tax liability at the end of the year	$ (204,205,361)	$ (185,733,064)	$ (144,140,530)

13.5 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, 2017 and expiration dates are

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

14. Financial instruments

14.1 Capital management

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

The capital structure of the Entity consists of net debt (total borrowings, including the current portion, as detailed in Note 9 offset by cash and bank balances) and equity of the Entity (comprising issued capital, additional paid-in capital, retained earnings and other comprehensive income as detailed in Note 10). The Entity is not subject to any externally imposed capital requirements.

14.2 Leverage ratio

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

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

	31/12/2017	31/12/2016	31/12/2015
Debt	$ 581,994,879	$ 340,871,417	$ 344,759,009
Cash, cash equivalents and restricted cash	(91,737,021)	(51,456,063)	(28,442,365)
Financial assets held for trading	(677,828)	(613,015)	(203,563,025)
Net debt	489,580,030	288,802,339	112,753,619
Equity	1,022,332,124	959,384,899	974,786,984
Net debt to equity ratio	48%	30%	12%

14.3 Categories of financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the consolidated financial statements.

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

14.4 Financial risk management objectives

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

14.5 Market risk

The Entity's activities expose it primarily to the financial risks of changes in interest rates (see 14.7 below) and foreign currency exchange rates (see 14.7 below). The Entity enters into an interest rate swaps to mitigate the risk of rising interest rates.

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

14.6 Foreign currency risk management

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

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

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

14.7 Foreign currency sensitivity analysis

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

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

14.8 Interest rate risk management

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

Interest rate swap contracts

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

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

Cash flow hedges

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

14.9 Credit risk management

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

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

The Entity currently leases two distribution facilities to a single customer, which represent 9% of its total portfolio's gross leasable area (unaudited), and 40%, 29% and 20% of its operating lease receivable balance and 7%, 11% and 12% its annualized rents as of and for the years ended December 31, 2017, 2016 and 2015, respectively. If this customer were to terminate its lease agreements with the Entity, the Entity may experience a material loss with respect to future rental income.

14.10 Liquidity risk management

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

The maturity of the long-term, its current portion and the accrued interest at December 31, 2017 is as follows:

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

14.11 Fair value of financial instruments

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

The Entity's financial assets held for trading are classified as level 1 in the IFRS 13 fair value hierarchy since they are traded in an active market.

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

14.11.2 Fair value of financial instruments carried at amortized cost:

The fair value of long-term debt and its related current portion as of December, 31, 2017, 2016 and 2015 is $590,500,000, $347,500,000 and $357,219,742, respectively. This measurement is classified as level 2, since management uses an adjusted observable discount rate to determine fair value of debt.

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

15. Transactions and balances with related parties

15.1 Compensation of key management personnel:

The remuneration of Entity's management and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends. The remuneration of members of key management personnel during the year was as follows:

		2017		2016		2015
Short-term benefits	$	3,804,628	$	4,244,235	$	3,932,214
Share-based compensation expense		1,477,031		860,215		1,067,316
	$	5,281,659	$	5,104,450	$	4,999,530

16. Share-based payments

16.1 Details of the share-based plans of the Entity

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

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

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

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

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

v. Under the 2014 Long-term Incentive Plan (the 2014 Incentive Plan), the Entity has a share-based plan for 12 top executives of the Entity. In accordance with the terms of the plan, as approved by the board of directors, based on certain performance metrics, the Entity executed a long-term incentive plan that will be settled by the Entity with its own shares which have been repurchased in the market. Under this plan, eligible executives will receive compensation, based on their performance during 2014, settled in shares and delivered over a three-year period. For this plan shares are kept in treasury and may be placed in a trust; they will be delivered to the executives in three equal settlement dates to the executives after 24, 36 and 48 months from the grant date, provided that the eligible executives remain in the employment of the Entity.

16.2 Fair value of share options granted in the year

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

ii. 2014 Incentive Plan - The fair value of the share awards granted under the 2014 Plan, was determined based on a fixed amount of cash determined as per the Entity’s plan. It is assumed that executives will receive the awards after vesting date. The expense under this plan affects the cash position of the Entity.

16.3 Compensation expense recognized

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

	31/12/2017	31/12/2016	31/12/2015
Vesta 20-20 Incentive Plan	$ 1,430,143	$ 840,985	$ 773,382
2014 Incentive Plan	46,888	19,140	293,934
	$ 1,477,031	$ 860,125	$ 1,067,316

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

16.4 Share awards outstanding at the end of the year

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

17. Litigation, other contingencies and commitments

Litigation

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

Commitments

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

18. Financial statements issuance authorization

On February 13, 2018 the issuance of the consolidated financial statements was authorized by the Board of Directors, consequently, they do not reflect events occurred after that date. These consolidated financial statements are subject to approval at the General Ordinary Shareholders’ Meeting, where the stockholders may decide to modify such consolidated financial statements according to the Mexican General Corporate Law.

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GRI CONTENT INDEX

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102-8	Information on employees and other workers.	68	
102-9	Supply chain.	28	
102-10	Significant changes to the organization and its supply chain.	-	In 2017 VESTA bought 21 industrial buildings and purchased several plots in a 122,015.18 m^2 lot in the city of Tijuana. It also bought a 44-hectare lot in the Logistik II Industrial Park in San Luis Potosí.
102-11	Precautionary principle or approach.	66	
102-12	External initiatives.	80	
102-13	Membership of associations.	80	
2. STRATEGY			
102-14	Statement from senior decision-maker.	5	
102-15	Key impacts, risks, and opportunities.	62	
3. ETHICS AND INTEGRITY			
102-16	Values, principles, Standards, and norms of behavior.	8, 66	
102-17	Mechanisms for advice and concerns about ethics.	66	
4. GOVERNANCE			
102-18	Governance structure.	56	
102-19	Delegating authority.	40, 62	
102-20	Executive-level responsibility for economic, environmental, and social topics.	40	
102-21	Consulting stakeholders on economic, environmental, and social topics.	41, 76	
102-22	Composition of the highest governance body and its committees.	56	
102-23	Chair of the highest governance body.	56	
102-24	Nominating and selecting the highest governance body.	56	
102-25	Conflicts of interest.	56, 66	
102-26	Role of highest governance body in setting purpose, values and strategy.	56	
102-27	Collective knowledge of highest governance body.	56	
102-28	Evaluating the highest governance body's performance.	56	
102-29	Identifying and managing economic, environmental, and social impacts.	62	
102-30	Effectiveness of risk management processes.	62	
102-31	Review of economic, environmental, and social topics.	62	
102-32	Highest governance body's role in sustainability reporting.	56	
102-33	Communicating critical concerns.	56	
102-34	Nature and total number of critical concerns.	56	
102-35	Remuneration policies.	56	
102-36	Process for determining remuneration.	56	
102-37	Stakeholders' involvement in remuneration.	-	Our stakeholders do not take part in remuneration decisions; remuneration is determined by the Corporate Practices Committee and the CEO.
102-38	Annual total compensation ratio.	-	The median annual compensation, excluding the highest paid executive, is $700,000 pesos, with at 14 to 1 ratio.
102-39	Percentage increase in annual total compensation ratio.	-	The average percentage increase in annual compensation for all employees was 8.77%.
5. STAKEHOLDERS' PARTICIPATION			
102-40	List of stakeholder groups.	76	
102-41	Collective bargaining agreements.	68	
102-42	Identifying and selecting stakeholders.	76	
102-43	Approach to stakeholder engagement.	24,76	
102-44	Key topics and concerns raised.	24,76	
6. REPORT ELLABORATION PRACTICES			
102-45	Entities included in the consolidated financial statements.	160	
102-46	Defining report content and topic Boundaries.	41	
102-47	List of material topics.	41	
102-48	Restatements of information.	160	
102-49	Changes in reporting.	160	
102-50	Reporting period.	160	
102-51	Date of most recent report.	160	
102-52	Reporting cycle.	160	
102-53	Contact point for questions regarding the report.	161	
102-54	Claims of reporting in accordance with the GRI Standards.	160	
102-55	GRI content index.	152	
102-56	External assurance.	158,160	

GRI STANDARD	DESCRIPTION	PAGE	DIRECT RESPONSE OR OMISSION
GRI 200: ECONOMIC STANDARDS 2016			
GRI 201 ECONOMIC PERFORMANCE 2016			
103-1	Explanation of the material topic and its Boundary.	52	
103-2	The management approach and its components.	52	
103-3	Evaluation of the management approach.	52	
201-1	Directo economic value generated and distributed.	52	
GRI 203 INDIRECT ECONOMIC IMPACTS 2016			
203-1	Infrastructure investments and services supported.	84	
GRI 205 ANTI-CORRUPTION 2016			
205-1	Operations assessed for risks related to corruption.	66	
205-2	Communication and training about anti-corruption policies and procedures.	66	
205-3	Confirmed incidents of corruption and actions taken.	66	
GRI 206 ANTI-COMPETITIVE BEHAVIOR 2016			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices.	66	

GRI STANDARD	DESCRIPTION	PAGE	DIRECT RESPONSE OR OMISSION
GRI 300: ENVIRONMENTAL STANDARDS 2016			
GRI 302 ENERGY 2016			
103-1	Explanation of the material topic and its Boundary.	100	
103-2	The management approach and its components.	100	
103-3	Evaluation of the management approach.	100	
CRE1	Energy intensity in buildings.	100	
302-1	Energy consumption within the organization.	100	
302-3	Energy intensity.	100	
302-5	Reductions in energy requirements of products and services.	96	
GRI 303 WATER 2016			
103-1	Explanation of the material topic and its Boundary.	102	
103-2	The management approach and its components.	102	
103-3	Evaluation of the management approach.	102	
303-1	Water withdrawal by source.	102	
303-2	Water sources significantly affected by withdrawal of water.	102	
GRI 305 EMISSIONS 2016			
103-1	Explanation of the material topic and its Boundary.	103	
103-2	The management approach and its components.	103	
103-3	Evaluation of the management approach.	103	
305-2	Energy indirect (Scope 2) GHG emissions.	103	
GRI 306 EFFLUENTS AND WASTE 2016			
CRE5	Need for remediation and remediation of land for current and potential use of the land, according to the relevant legal framework.	103	
306-1	Transport of hazardous waste.	102	
GRI 307 ENVIRONMENTAL COMPLIANCE 2016			
103-1	Explanation of the material topic and its Boundary.	103	
103-2	Explanation of the material topic and its Boundary.	103	
103-3	Evaluation of the management approach.	103	
307-1	Non-compliance with environmental laws and regulations.	103	
GRI 308 SUPPLIER ENVIRONMENTAL ASSESSMENT 2016			
308-1	New suppliers that were screened using environmental criteria.	28	

GRI STANDARD	DESCRIPTION	PAGE	DIRECT RESPONSE OR OMISSION
GRI 400: SOCIAL STANDARDS 2016			
GRI 401 EMPLOYMENT 2016			
103-1	Explanation of the material topic and its Boundary.	68	
103-2	The management approach and its components.	68	
103-3	Evaluation of the management approach.	68	
401-1	New employee hires and employee turnover.	68	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees.	68	
401-3	Parental leave.	68	
GRI 403 OCCUPATIONAL HEALTH AND SAFETY 2016			
103-1	Explanation of the material topic and its Boundary.	68	
103-2	The management approach and its components.	68	
103-3	Evaluation of the management approach.	68	
403-1	Workers representation in formal joint management–worker health and safety committees.	68	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities.	-	In 2017 there were no accidents, work-related diseases, or fatalities.
CRE6	Percentage of the organization that operates under an international recognized and verifiable health and safety system.	68	

GRI 404 TRAINING AND EDUCATION 2016			
404-1	Average hours of training per year per employee.	68	
404-2	Programs for upgrading employee skills and transition assistance programs.	68	
404-3	Percentage of employees receiving regular performance and career development reviews.	68	
GRI 405 DIVERSITY AND EQUAL OPPORTUNITY 2016			
103-1	Explanation of the material topic and its Boundary.	56	
103-2	The management approach and its components.	56	
103-3	Evaluation of the management approach.	56	
405-1	Diversity of governance bodies and employees.	56, 68	
GRI 406 NON-DISCRIMINATION 2016			
406-1	Incidents of discrimination and corrective actions taken.	-	In 2017 VESTA received no complaints for discrimination.
GRI 407 FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk.	66	
GRI 408 CHILD LABOR 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor.	66	
GRI 409 FORCED OR COMPULSORY LABOR 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor.	66	
GRI 412 HUMAN RIGHTS ASSESSMENT 2016			
103-1	Explanation of the material topic and its Boundary.	66	
103-2	Explanation of the material topic and its Boundary.	66	
103-3	Evaluation of the management approach.	66	
412-1	Operations that have been subject to human rights reviews or impact assessments.	66	
GRI 413 LOCAL COMMUNITIES 2016			
CRE7	Number of voluntarily or involuntarily displaced and/or relocated persons for development, broken down by project.	84	
413-1	Operations with local community engagement, impact assessments, and development programs.	84	
413-2	Operations with significant actual and potential negative impacts on local communities.	84	
GRI 414 SUPPLIER SOCIAL ASSESSMENT 2016			
414-1	New suppliers that were screened using social criteria.	28	
414-2	Negative social impacts in the supply chain and actions taken.	66	

GRI 415 PUBLIC POLICY 2016			
415-1	Political contributions.	-	In 2017 VESTA made no contributions to any political party and/or representatives.
GRI 416 CUSTOMER AND HEALTH SAFETY 2016			
416-2	Non-compliance related to health and safety impacts of products and services.	28	
CRE8	Type and number of sustainability certification and classification method for new constructions, administration, occupation and modernization.	96	
GRI 418 CUSTOMER PRIVACY 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data.	-	In 2017 there were no complaints related to this concept.
GRI 419 SOCIOECONOMIC COMPLIANCE 2016			
419-1	Non-compliance with laws and regulations in the social and economic area.	-	In 2017 VESTA received no significant fines for non-compliance with regulations.

GRI: 102-56

Informe de verificación independiente

CONSULTORA AMBIENTAL
• ecología • evaluación • economía

Se comunica a las audiencias del Informe Anual 2017 de Vesta que:

RYM servicios ambientales internacionales S.C, en adelante e3 Consultora Ambiental, ha concluido una revisión independiente de los contenidos que presentan información sobre los impactos en materia de sustentabilidad de Corporación Inmobiliaria Vesta, S.A.B. de C.V., en adelante Vesta, correspondientes al ejercicio anual de 2017.

Resumen de actividades

Se conformó un equipo de trabajo por parte de e3 Consultora Ambiental para revisar los asuntos de gobierno corporativo, gobernanza, ética, prácticas laborales, derechos, medio ambiente; así como el apego a las metodologías de reporte y estándares referidos.

La revisión de los contenidos se hizo con base en los requerimientos de los siguientes Estándares de GRI (2016): GRI101-GRI 102, GRI 103, GRI 201, GRI 203, GRI 205, GRI 206, GRI 302, 303, GRI 305- 307, GRI 401, GRI 403- 408, GRI 412-416, GRI 418, GRI 419.

Para validar la calidad de una muestra de contenidos del Informe Anual 2017 de Vesta, el equipo verificador solicitó acceso a los registros consolidados de información que compartieron las áreas que conforman la compañía.

Metodologías

La preparación de este informe se ha hecho con base en las siguientes normas: *AA1000APS e ISAE 3000 y The external assurance of sustainability reporting.*

La aplicación de los Principios para la elaboración de informes, relativos a la definición del contenido y a la calidad del informe, la cobertura de temas materiales y la presentación del Índice de contenidos GRI se corroboró con base en el Estándar GRI 101.

Conclusiones

No se evidenció que la definición de los contenidos del informe no se haya efectuado con base en los principios de participación de grupos de interés, contexto de sustentabilidad, materialidad y exhaustividad.

No se presentaron situaciones que nos lleven a concluir que hay errores u omisiones importantes sobre la información divulgada en el Informe Anual 2017 de Vesta, con base en la revisión de las evidencias que respaldan las cifras de una muestra de contenidos de la memoria.

No hay evidencia que nos lleve a contradecir que el Informe Anual 2017 de Vesta ha sido elaborado de conformidad con la opción Esencial de los Estándares GRI.

M. en C. David Alejandro Parra Romero
Director Operativo
e3 Consultora Ambiental

Recomendaciones

- Se recomienda revisar la vigencia y el enfoque del estudio de materialidad, para asegurar una perspectiva de reporte sobre los impactos económicos, ambientales y sociales de la organización.
  Los contenidos sectoriales de GRI, antes suplementos sectoriales siguen siendo vigentes, por lo que se sugiere no descartar su uso, de conformidad con el estudio de materialidad que esté vigente en el siguiente ejercicio de reporte.

NOTAS. Este trabajo corresponde a un ejercicio de verificación limitada, llevado a cabo bajo encargo de Vesta y ha concluido en el mes de mayo de 2018. De ningún modo puede entenderse como un trabajo de auditoría de las cifras presentadas en el informe o a los mecanismos de control interno para le generación, análisis, cálculo y acervo de la información no financiera de Vesta.
e3 Consultora Ambiental es una firma independiente a Vesta. El equipo verificador no participó en la elaboración del Informe Anual 2017 de Vesta.

ABOUT THIS REPORT

GRI: 102-1, 102-5, 102-45, 102-48, 102-49, 102-50, 102-51, 102-52, 102-54, 102-56

With this document we share with our stakeholders our results on the performance of Corporación Inmobiliaria VESTA, S.A.B. de C.V.* on economic, labor, environmental, community engagement, corporate governance, and financial topics corresponding to the January 1st to December 31st 2017 period.

It includes information on VESTA's operations in the 13 states in Mexico where we are present: Aguascalientes, Baja California, Chihuahua, Estado de México, Guanajuato, Jalisco, Puebla, Querétaro, Quintana Roo, San Luis Potosí, Sinaloa, Tlaxcala, and Veracruz. There are no significant changes with respect to the company's structure compared to the previous year. The company's acquisitions are listed in the GRI Content Index's standard number 102-10.

In 2017 we carried out a new materiality assessment, updating the list and coverage of the VESTA material issues with respect to the previous year. Likewise, throughout the year we have worked on reviewing our internal information, in particular our environmental information, which means that some of the information can vary from what we published in previous years. These occurrences are specified in the corresponding section.

In order to make our information more transparent, for the first time we employed the new Global Reporting Initiative (GRI) Standards methodology in drafting this report. Additionally, as we have done in previous years, we used the GRI's Construction and Real Estate Sector Supplement to report data specific to our industry. Each of the company's divisions was in charge of collecting the data for the corresponding indicators, which was consolidated and validated by our Sustainability division.

This report was drafted in accordance with the Core option of the GRI Standards. It was verified by Consultora e3 ambiental.

FINANCIAL ENTITIES **REPORTED**

CORPORACIÓN INMOBILIARIA VESTA , S.A.B. DE C.V.

99.99%	99.99%	99.99%	99.99%	99.99%
WTN desarrollos Inmobiliarios de México, S. de R.L. de C.V.	Vesta Baja California, S. de R.L. de C.V.	Vesta Bajío, S. de R.L. de C.V.	QVCII, S. de R.L. de C.V.	QVC, S. de R.L. de C.V.
0.01%	0.01%	0.01%	0.01%	0.01%

0.01%

* Corporación Inmobiliaria VESTA, S.A.B. de C.V. "VESTA" is a public company listed on the Mexican Stock Exchange and under rule 144A of the US Stock Market.

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