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IN VESTA WE INVEST!



INVESTMENT SUMMARY

BUY	
Market Snapshot	
Date	13/11/2021
Stock Exchange	BMV
Ticker	VESTA
Industry	Real Estate
Price	\$36.95 MXN
12M Target Price	\$43.45 MXN
Upside	17.74%

Corporación Inmobiliaria Vesta, S.A.B. de C.V. is a prominent industrial real estate operating company in Mexico. The company acquires, develops, operates and leases modern industrial and distribution buildings to its world-class tenant base within 11 different industrial sectors, and across 13 states. Vesta is among the five biggest industrial real estate developers in Mexico, with more than 31 million square feet developed as of Q3 2021.

We issue a **BUY** recommendation on Vesta, with a resulting 12-month target of MXN \$43.50, representing a 17.74% upside return on the closing price of MXN \$36.95 on November 12th, 2021. Our recommendation is based on the following investment cornerstones: 1) a favorable industrial nearshoring trend and an expanding e-commerce industry driving demand for logistics facilities; 2) a seasoned management team with proven track, set to deliver a new strategy focused on disciplined growth and profitability; 3) a high-quality tenant base that provides a source of stable future growth for Vestas; 4) Strong ESG focus that can become a differentiating factor that can attract ESG focused tenants in the near future.

INVESTMENT CORNERSTONES

MULTIPLES	LAST DATA
P/E	7.59x
EV/SALES	11.25x
EV/EBITDA	13.78x
ROA	3.20%
ROE	13.10%

Capital IQ

Figure 1: Scenario Analysis

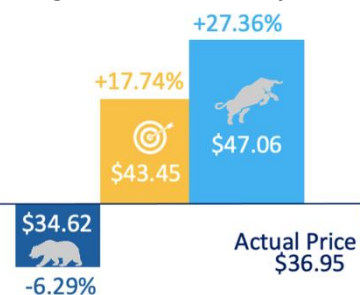
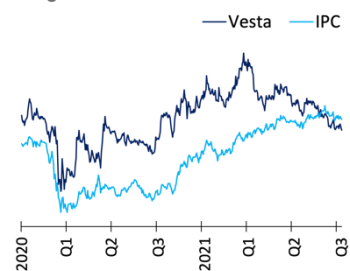
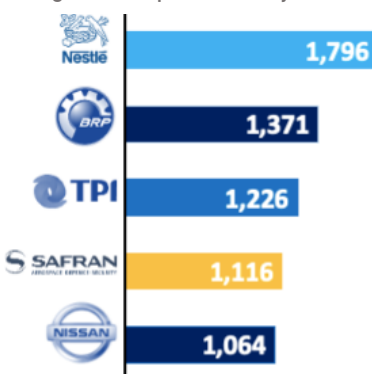


Figure 2: Price Performance



Refinitiv

Figure 3: Top Tenants by GLA



Company Reports

STRUCTURAL INDUSTRY TRENDS PROVIDE VESTA WITH AN INCREASING GROWTH ENVIRONMENT MEXICO, THE PROMISED LAND FOR NEASHORING

The practice of nearshoring creates great opportunities for the Mexican economy, especially in the context of a healthy industrial market that remained resilient during the pandemic. Two factors that make Mexico an ideal nearshoring destination are its geographic location and its Class A industrial inventory. With approximately 3,185 km of border between the United States and Mexico, the largest recipients of Foreign Direct Investment are Monterrey, Tijuana and Queretaro, as highly industrial cities along the border. Mexico is the leader on industrial inventory in Latin America, its solid portfolio and adaptation to new dynamics of international trade make it the most important exporter and the market with the highest growth potential, with 34 M sq. ft. of available gross leasable area (GLA). It is expected that nearshoring will continue to attract large investments thanks to the strengths it offers, positioning companies such as Vesta in an optimal scenario where they continue to create value for shareholders.

E-COMMERCE AS A KEY OPPORTUNITY

Euromonitor data shows e-commerce sales in Mexico have growth at a CAGR of 41.8% for the last 6 years and is forecasted to grow in a rate of 226% for the next 5 years (due to the push provided by Covid-19 in changes in customer consumption habits and strategies adopted by businesses to provide value to the consumer digitally. Vesta has capitalized the opportunity by increasing its GLA for e-commerce, most notably Mercado Libre, which became Vesta's sixth largest tenant in 2020, and as of Q3 2021 accounts for 2.3% of GLA. While currently amounting to a small percentage of Total GLA, e-commerce is poised for growth, either with new tenants or by building additional capacity for its key tenant: Mercado Libre, Latin America's most popular e-commerce platform.

SEASONED MANAGEMENT WITH PROVEN TRACK RECORD SET TO DELIVER NEW GROWTH STRATEGY

From 2015 to 2019, Vesta capitalized on the opportunity to expand when economic growth in the manufacturing and logistics sectors outperformed the Mexican economy, all while maintaining industry leading profitability margins. Vesta is now a more mature company, we expect Vesta to continue to lead the industry on profit margins as its new Level 3 strategy appropriately shifts focus to higher profitability, disciplined growth and consolidating its industrial leadership. Vesta's plan is to strengthen and diversify the current company's portfolio, increase its quality, reduce risk, and generate healthy shareholder returns while having a special focus in GLA optimization, investing only in smart and high-quality new developments, keep improving ESG standards and a new core business strategy. Management will prioritize shareholder returns over uncontrolled growth; profit margins are set to benefit from this, as Vesta strengthens its cost management strategy.

HIGH-QUALITY TENANT BASE PROVIDES A STABLE SOURCE OF GROWTH

Vesta has leveraged its competitive position to attract a high quality, investment grade, multinational tenant base for many years. Vesta has created long-term relationships with these tenants, achieving higher rent agreements, and longer leases at renewal that guarantee sequential growth as clients expand operations in Mexico. Vesta is ready to expand with its clients, with a pipeline of over 11 million sq. ft. of developable land, strategically positioned on the highest growing regions of the country. By continuing to further strengthen its tenant base and prioritizing development of high-quality tailor-made industrial parks, Vesta can create longer term leases and generate higher rents per square feet.

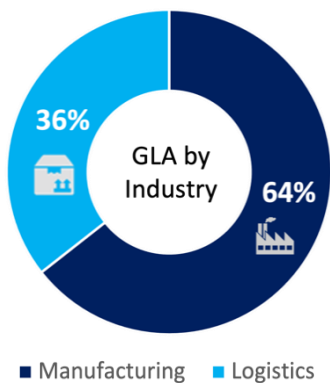
ESG CAN BECOME A DIFFERENTIATING FACTOR THAT CAN ATTRACT SUSTAINABLE TENANTS

Real estate is starting to turn towards a sustainable future. Since 2018, Vesta has achieved an accumulated growth in its Capital IQ ESG score of 85.71%. In the last three years, Vesta has invested more than a million USD in achieving its projects and goals, and is part of the S&P/BMV Total Mexico ESG index and of the Dow Jones Sustainability MILA Pacific Alliance index. The company is better than the industry average in 95% of the Material Factors of the Capital IQ ESG score.

Note: All monetary quantities are expressed in USD, unless otherwise stated.

COMPANY OVERVIEW

Figure 4: GLA by industry



Corporación Inmobiliaria Vesta, S.A.B. de C.V. is a real estate operating company (focused on industrial real estate) headquartered in Mexico City, Mexico. Its main activities are acquisition, development, management, operation and lease of industrial buildings and distribution centers in Mexico, specifically concentrated in bringing its services to the e-commerce, retail, aerospace, automotive, food and beverage, logistic, medical, and plastic industries. Founded in 1998, had its IPO in Mexico in 2012 for \$286M, and since then, the company has had different debt and equity emissions (Appendix A.1). Vesta's presence in Mexico is extent. As of October, 2021, Vesta had 189 operational buildings (with 92.8% occupancy) in the North (71), Central (34) and Bajío (84) regions of Mexico and eight new buildings in development in the North and Bajío regions. A key objective for Vesta is to improve and develop excellent sustainable industrial real estate, with a focus in ESG (Environmental, Social and Governance) standards; Vesta is part of the S&P/BMV Total Mexico ESG index for second consecutive year and of the Dow Jones Sustainability MILA Pacific Alliance index.

BUSINESS SEGMENTS & SALES COMPOSITION

Most of the company's income comes from the rentals perceived from the leasing of its buildings and parks. Other income channels are the gains for selling of property, and property revaluation (this last is a virtual income, which doesn't materialize until, and if, the property is sold). As of 3Q21, 35% of Vesta's GLA was leased to the logistics facilities, and 64% to manufacturing facilities.

PRODUCTS

-Multi-Tenant Buildings: Built under standard industry specifications, ideal for manufacturing and logistics industries, these can be shared by two or more tenants.

-Park-to-suit properties: Ideal for the aerospace, automotive, logistics and electronics industries. Designed and built to suit the needs of our clients as clusters of a supply chain or as a vendor park for suppliers one assembly firm.

-Built-to-suit properties: Made-to-order buildings, facilities appropriate to the specific client needs.

REVENUE BY REGION: The Bajío region is the most important for Vesta, it generates 46% of the company's total revenue. The North region generates about 33% of income, this proportion holds true in GLA per region (Appendix B2). Vesta is currently constructing 8 buildings (4 in each region) mainly for e-commerce purposes, these regions continue to be Vesta's strengths, income from these regions will continue to increase as Vesta focuses capital to provide services to the fast-growing e-commerce and logistics industry in Mexico.

E-COMMERCE, FUTURE PLANS AND NEW BUILDINGS: Vesta has capitalized the growth that e-commerce has had in the past years by increasing its GLA for e-commerce, most notably Mercado Libre, which became Vesta's sixth largest tenant in 2020, and as of 3Q21 accounts for 2.3% of GLA. While currently amounting to a small percentage of Total GLA, e-commerce is poised for growth, either with new tenants or by building additional capacity for its key tenant: Mercado Libre, Latin America's most popular e-commerce platform.

FUTURE E-COMMERCE PROJECTS

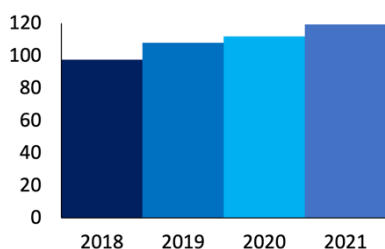
Figure 7: Buildings in Construction

North region					Bajío region				
Project	GLA (m)	Invt.*	Type	Term. Date	Project	GLA (m)	Invt.*	Type	Term. Date
Alamar 02	29,748.00	\$ 18,914.00	Inventory	21-nov	GDL01***	35,280.00	\$ 21,064.00	Inventory	21-dic
VPLT-05	23,788.00	\$ 12,284.00	Inventory	21-nov	GDL03	20,513.00	\$ 12,426.00	Inventory	22-may
VPLT-04**	10,147.00	\$ 5,681.00	Inventory	TBD	Mercado Libre F3	20,993.00	\$ 13,685.00	BTS	21-nov
VPMG-02	19,214.00	\$ 11,186.00	Inventory	22-feb	Thyssen Exp	7,273.00	\$ 3,548.00	BTS	22-mar

Vesta, 3Q 2021

Figure 5: Rental Revenue

*Accumulated for the first 9 months



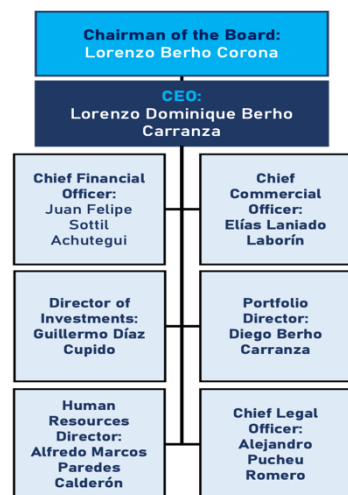
Company Reports, 3Q 2021

Figure 6: Rental Revenue per Region



Company Reports, 3Q 2021

Figure 8: Chairman of the Board



Company Reports, 3Q 2021

CLIENTS

As of 3Q21, Vesta has 185 clients across 11 industrial sectors (Appendix B1); its client portfolio concentrates in two industries: Automobile (24.6% GLA) and Logistics (35.6% GLA) (Appendix B1). As Vesta increases efforts to increment its market share in providing spaces (for inventory) to e-commerce clients (such as Mercado Libre), when the buildings under construction are finished, Vesta's logistics GLA will increase. This will be an opportunity to bring more clients (and materialize more revenue) in the upcoming years as the world shifts towards the use of e-commerce and warehousing of inventory for all goods sold. Regarding the automobile industry, over the years, well known brands have moved some of its assembling plants to this country, and is expected that the company, at least, will maintain its current number of clients and GLA in this category, 30% of new leases will be from the automobile industry in the coming years.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS: Vesta has 10 members in its board, 8 of which are independent advisors as defined by Mexican law and is a mix of professional experts in real estate, business, and finance. Some examples of these expertise are Chairman Lorenzo Manuel Berho Corona, founder and CEO of Vesta for over 20 years; Luis de la Calle Prado, economist with a PHD degree from the University of Virginia and extensive experience in the public sector, Stephen Williams, independent advisor and co-founder of Vesta, founder of Sentre Partners. Regarding ESG, corporate governance has a code of ethics, single class shares (one share-one vote), a stakeholder engagement program based in materiality, and as of 2021 a woman is part of the board, which is good but not great, before this year only men were part of the board. The quantity of women in the board should increase for ESG standards and score.

TOP MANAGEMENT: Vesta's management is comprised of both Industrial and Civil Engineering professionals with higher education degrees in business, as well as business and finance professionals.

Figure 9: Main Shareholders

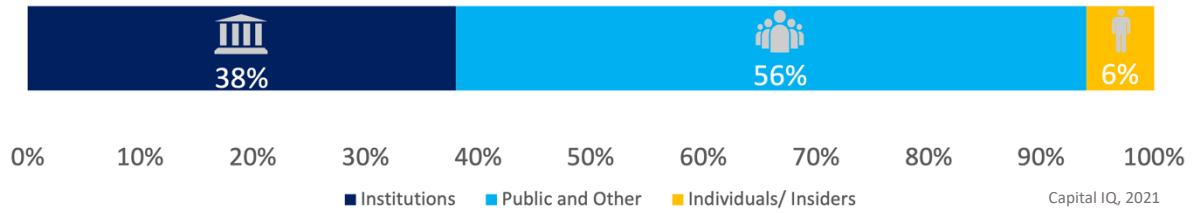
Holder	% of Total
BlackRock, Inc.	4.70%
Lorenzo Berho Corona	4.40%
Norges Bank Investment	4.00%
The Vanguard Group	3.80%
FMR LLC	3.30%

Capital IQ, 2021

OWNERSHIP ANALYSIS

According to Capital IQ, as of October 2021, Vesta's ownership can be divided in Institutional Investors, Individuals/Insiders, and Public. There are two key highlights: Almost half of the ownership are Institutional Investors, another 56% is owned by the general investor public. Finally, a significant percentage shares are still owned by company insiders which provides potential investors higher certainty that top management is committed about managing the company in the best way possible.

Figure 10: Ownership Analysis



INDUSTRY OVERVIEW & COMPETITIVE POSITIONING

Manufacturing, production, storage, research and development, and distribution facilities are relevant components on the management of the global supply chain that keeps world's goods moving from makers to markets. We analyzed the correlation with multiple economic factors that allowed us to understand the role of Vesta in the consumption and investment of the industrial real estate sector:

DOMESTIC OUTLOOK

Mexico is a highly industrial and service-oriented country that year after year has changed its production and export structure to a more heterogeneous one. One of the most important challenges is vulnerability to external shocks, which stagnate long-term growth prospects. Mexico's 2020 GDP was \$1.1 trillion, which places the country as the second-largest economy in Latin America and the fifteenth largest economy in the world. In the country, the industrial sector generates the most resources for GDP, which highly benefits the industrial real estate sector. Mexico is a receptive country for foreign direct investment, and a country that enhances the prospects for progressive expansion which creates a less volatile economic environment compared to other emerging markets. Inflation is 6.24% as of October 2021, outside the objective set by the Mexican Central Bank (3% +/- 1%). If inflation keeps growing, the price of rents and the cost of construction materials will rise, affecting profitability margins. At the same time the target rate, which as of now is 5%, will tend to go up, generating a potential pull out of investments from the real estate market.

EMERGING MIDDLE CLASS: Mexico is transitioning (from an emerging) to a developed economy. The World Bank forecasts a GDP per capita of \$12,400 by 2026. This progress is the result of the country establishing a more diverse economy capable of generating better economic conditions for its citizens. In addition, free trade in Mexico has globalized the middle class and created a generation of educated, highly skilled workers who can contribute immediately to competitive international roles. 66.6% of the population is of working age (15 to 65 years old). These favorable demographics position Mexico as a highly capable country to meet the demands of new manufacturing and reshoring trends.

MEXICO, THE KEY COUNTRY FOR NEARSHORING: During the pandemic, offshoring logistics was severely affected by delays in the supply chain, since most of America's suppliers are in Asia, particularly in China, the interruption of global activities demonstrated the vulnerability of the productive chains and the growing need for a more diversified and resilient strategy for future growth. Given this situation, Mexico has been gaining ground by attracting more companies from the United States to migrate operations into the country. Some of the most valuable factors are:

-Great development in industrial infrastructure in Mexico: Mexico has the largest market for industrial real estate in Latin America. In 4Q20, market size was 816M sq.ft. with manufacturing as the main industry. The occupancy rate was 95.4%.

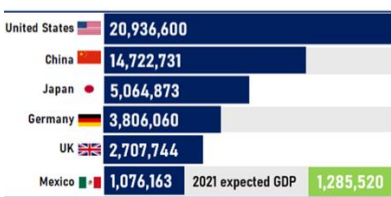
-Efficient supply chain strategy: Thanks to the advantage of geographical positioning, with more than 50 ports of entry between Mexico and the United States, preeminence in supply chain strategies would be reflected in faster and efficient estimated delivery shipping time. Additionally, labor costs are highly competitive compared to China, making it more attractive to companies' potential margins.

-Diversified and well-developed industrial sector: Mexico qualifies as one of the world's top powers in the manufacturing sector, ranking 4th as global exporter in the automotive sector, 6th largest supplier of U.S. aircraft parts, and 8th largest exporter of medical devices worldwide.

-One step closer from world markets: Mexico currently has more than 13 free trade agreements with 52 countries, connecting the Mexican economy to more than 1.3 billion consumers which is equivalent to 60% of the world's GDP. One of the treaties that stands out the most is the USMCA, which allows for free trade and low tariffs causing greater commercial integration between North American countries.

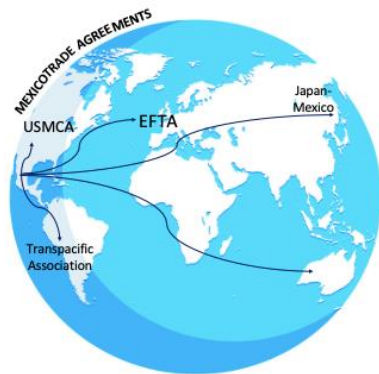
THE FASTEST GROWING ECOMMERCE MARKET IN LATIN AMERICA: According to UNCTD, Global e-commerce sales reached \$26.7 trillion. Mexico is the second largest e-commerce market in Latin America, following Brazil. E-commerce sales in the country have seen double digit growth in recent years as stated by Euromonitor, with a CAGR of 41.8% for the last 6 years and is forecasted to grow in a rate of 226% for the next 5 years (due to the push provided by Covid-19 in changes in customer consumption habits and strategies adopted by businesses to provide value to the consumer digitally). The main e-commerce operators in Mexico are Amazon, Mercado Libre and Walmart. Given that the retailing industry requires spaces to store and distribute its products for sale online, the

Figure 11: Gross Domestic Product 2020



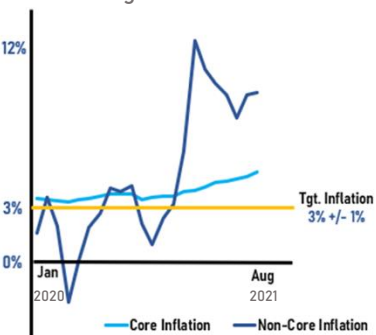
World Bank

Figure 12: Mexico Trade Agreements



Mexican Ministry of Economy, 2021

Figure 13: Inflation



INEGI, 2021

Figure 14: EV/EBITDA



industrial real estate sector has benefited from meeting the new consumer needs, generating redesigned industrial buildings with spaces in key locations, size, functionalities, and technologies that allow reducing delivery times, storing, and distributing merchandise, mitigating risks of disruption, and maintaining efficiency.

COMPETITIVE POSITIONING

For the competitive position analysis (Appendix C2), we decided to compare Vesta with the biggest Mexican industrial real companies which are FUNO, Prologis, Terrafina and Macquarie. It is important to note that FUNO and Macquarie are diversified real estate companies, but we decided to include them due to the importance the industrial portfolio has on their overall portfolios. In our analysis we decided to focus on five main areas: revenue growth, valuation, operating margins, occupancy rates and solvency.

VESTA'S REVENUE SHOWS HEALTHY GROWTH. From 2015 to 2020 Vesta increased from \$78.6 to \$150 million in revenue, implying a CAGR of 13.79%. FUNO experienced the highest growth (18.55%) followed by Terrafina (15.15%), leaving Vesta at third place. For this year the company expects 5.15% growth, the second highest among peers just after 10.80% forecasted for FUNO. From now on we expect revenue to increase at smaller rates due to Vesta Level III strategy which focuses on profitability.

VESTA TRADING IN AVERAGE WITH THE INDUSTRY Vesta is trading at 12.18x NTM EV/EBITDA while the average is 12.26x. The company highlights trading at a discount according to NAV. However, comparing multiples with the other peers, the trading discount is generalized for the entire industrial real estate industry, not just for Vesta.

VESTA LEADS IN OPERATING PROFITABILITY. Vesta has a NOI margin of 94%, the best among peers. The median industry average is 91.3%. This leading margin shows one of the company's strengths, but still has room for improvement since Vesta has reported margins closer to 97% before.

OCCUPANCY RATE IS THE LOWEST AMONG PEERS. In 3Q21, Vesta reported the lowest occupancy rate in the sample with 92.8% far from the 97.0% occupancy that Prologis reported in the same period. However, we should say that an occupancy above 90% is highly desirable and an operating opportunity for the company. Since 2015 Vesta has been able to keep an occupancy over 85%.

VESTA HAS NO TROUBLE WITH ITS LIABILITIES. Analyzing the Net Debt to FFO and EBIT/ Interest expense coverage ratio, we found the company is in line with the median (9.3 and 2.6 respectively).

Figure 15: Occupancy Rates

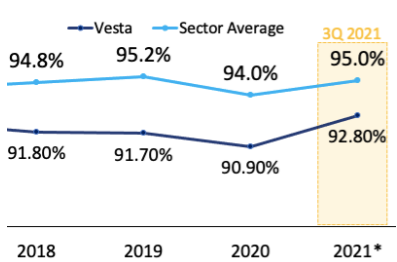
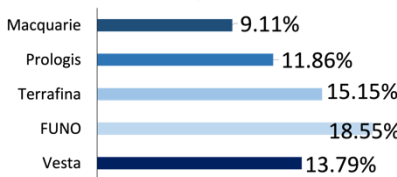
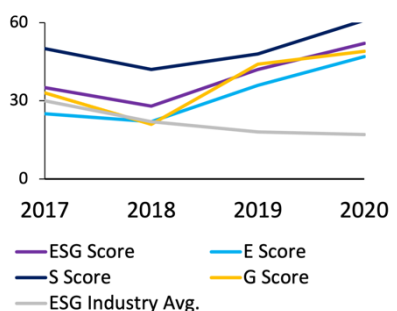


Figure 16: 5-year CAGR



ESG, ONE OF VESTA'S BIGGEST OPPORTUNITIES

Figure 17: Historical ESG Scores



As the world moves towards a sustainable future, companies are looking for ways to achieve sustainable profits. Therefore, Vesta conducts business as they show in its corporate strategy. Since 2018, Vesta has achieved an accumulated growth in its Capital IQ ESG score of 85.71% (E+113.64%, S+45.24%, G+133.33%). In the last three years, Vesta has invested more than a million dollars in achieving its projects and goals. As investors are turning its heads to "green" companies and searching to include sustainable investments into their portfolios, Vesta's efforts have resulted in being a member of various sustainable indexes: S&P/BMV Total Mexico ESG index and Dow Jones Sustainability MILA Pacific Alliance index. In this section we will show each of the improvements and projects that Vesta has done, and the affectation of this projects into Vesta's material factors (Appendix D1) which quantify the ESG factors that affect the most the profitability of the company.

ENVIRONMENTAL

As being a real estate related company, Vesta has several environmental challenges ahead on its own and with its tenants. Considering that this is the section where there is more improvement opportunity according to materiality scores (47/100), in 2019 Vesta set some 2024 goals in some strategic focus environmental areas:

ENERGY MANAGEMENT: The target is to achieve "20% reduction in electrical consumption". In 2020, tenants who are also encouraged by the company to reduce the consumption where able to reduce 48.65%. However, Vesta registered a 41.49% increase in this metric. Therefore, the material factor "Energy Consumption" showed a deterioration of -54% year over year, in case of not achieving the objective it will directly impact financial results in the cost incurred to pay that additional energy.

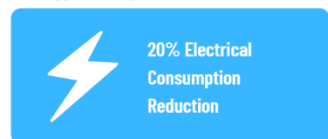
WATER MANAGEMENT: The goal set is to accomplish a "20% reduction in water consumption". Due to the pandemic and the home office trend, they decreased the water extraction by 44.85% year over year since they mainly use water for sanitary services and watering. This improvement rate may not be sustainable in the future when the personnel return to office. Therefore, the water consumption material factor did not have a significant improvement because they still consume important amounts of water. In the other side, the company treated and reused water more than 4x the amount of 2019 and this impacted in the Water Efficiency & Conservation Programs for Real Estate Portfolio where they have a perfect score (100). In the overall we see the water management goals and reduced consumption as positive for the company's future and its stakeholders.

EMISSIONS MANAGEMENT: Main emissions of the company come from electricity consumption which increased 41.50% and from diesel consumption that increased by 22% in 2020 compared to base year. This may be seen as negative but considering that the company also registered a 41.49% increase in energy consumption this metric is neutral. In the side of tenants, the company was able to encourage them to decrease their emissions by -48.65% which is seen as positive since tenants consume more than 6x Vesta's, the impact can be seen in the material factors and seen as positive overall since the company and tenants are reducing emissions.

Figure 18: ESG Breakdown




Energy Management



Water Management



Emissions Management



20% Water Consumption Reduction

Waste Management



20% Water Consumption Reduction

Education



\$80,000 USD to development of teenagers & children (2020)

Inclusion



Discontinued in 2020 to support other social projects

Community Development




\$92,000 USD to entrepreneurial skills development

Business Conduct



Members of B20's Committee, UN Global Compact & Alliance for Integrity

Corporate Governance



Board:

- 80% Independence
- 1 woman
- Single class shares

Risk & Crisis Management



Improvement but mid-term risk management deficient

ESG Effect in Valuation



Surpasses ESG goals
NOI margin 97.5%



Achieves ESG goals
NOI margin 97%



Fails to achieve ESG goals
NOI margin 94%

Company Reports and Team Analysis

WASTE MANAGEMENT: Vesta's objective is to "increase 50% of the recycled and reused waste generated". Vesta and its tenants decreased in 2020 their waste of nonhazardous and hazardous materials significantly compared with 2019, mainly to the pandemic. Like water consumption, this decrease in waste may not be sustainable in the future and the company has not any significant recycling project for the future. Consequently, the waste material factor is deficient (30), and this may impact negatively to the company because this metric is highly considered by investors.

It is positive that the company has set ambitious goals for 2024. Vesta is well ahead of the industry in environmental responsibility and is translated in the material factors where the company beats the average in every metric. However, this is the ESG section where the company still needs to improve the most. If compared with peers like FUNO (71) and FIBRAPL (70), the Vesta score (47) seems to be underperforming (Appendix D1). The next environmental efforts of the company should be focused on Resource Conservation and Resource Efficiency, Climate Strategy, Environmental Policy & Management Systems and Building Materials to be competitive with the industry leaders.

SOCIAL

Vesta's strength. They had a 61 score in 2020. The scores are tangible with the 11 social projects developed by Vesta that benefited more than 2,600 people, including children, parents, teachers, social entrepreneurs, etc. The company's strategy is focused on three main cornerstones:

EDUCATION: In 2020 Vesta invested more than \$80,000 in projects that promote the holistic development of children and teenagers through the acquisition of soft and hard skills.

INCLUSION: Cornerstone was discontinued in 2020. Resources were destined to other social projects.

COMMUNITY DEVELOPMENT: They invested more than \$92,000 in 2020. The projects they developed were focused on developing entrepreneurial skills in local communities and youth empowerment.

Likewise, Vesta has other projects which do not belong to the previously mentioned categories, from which the Vesta Challenge stands out. The Vesta Challenge is a cycling event where they raise funds and are allocated to different social projects. They developed 11 health related projects in 2020 investing more than \$200,000 to help with beds, oxygen and creating temporary hospitals. All these projects are seen as positive for the market by creating stakeholder engagement and perception of philanthropy actions by the company, this assumption is confirmed in the material factors (Appendix D1) where the company score (61) is well ahead of the industry average (14). However, to reach the scores of the industry leaders FUNO (69) and FIBRAPL (72) they still need to improve in Social Integration and Human Rights projects where they lack presence.

GOVERNANCE

This is the area where the company has shown the best improvement in the analyzed period, increasing their score from 21 in 2018 to 49 in 2020. The main areas of analysis were the following:

CODES OF BUSINESS CONDUCT: Vesta participates in international integrity agreements such as the B20's Responsible Business Conduct and Anti-Corruption Committee, the United Nations Global Compact (17 Sustainable Development Goals) and are members of the Alliance for Integrity since 2017. This has driven the material factor (Codes of Business Conduct) score more than 168% up in two years.

CORPORATE GOVERNANCE: The company's board of directors is formed by ten real estate, finance, and business experts from which eight are independent. Sadly, there is just one woman in its BoD (from the start of 2021) which has a direct impact on Gender Diversity material factor (most important in corporate governance area) where the company has had a zero score for three consecutive years (until 2020), this harms the score since diversity is well appreciated by the market and in the daily operations.

RISK & CRISIS MANAGEMENT: It is very important for every company to identify and address risks exposure. Vesta has significantly increased their performance in this area. However, the company must improve in identifying emerging medium-term risks and creating sensitivity analysis to be able to take rapid actions this is observed in the correspondent risk material factor scores where the company had 25 and 0 respectively.

Vesta is one of the industry standards in this area, it is better than the industry average in every material factor and just slightly behind the leader FIBRAPL (52) score. The company has a superior performance in Corporate Governance and the improving areas for the future are Supply Chain Management and Information Security/Cybersecurity & System Availability where they underperformed (Appendix D1).

VESTA HAS IMPROVED OVERTIME, BUT THERE IS STILL THINGS TO DO

Vesta performance in ESG is strong relative to the industry average. However, the company should improve in detailed areas in each category to have a competitive advantage compared to its peers, because, as of now, Vesta has improved in almost all the scores and material factors overtime but some of its closest competitors still are better in a few of them (Appendix D1). Vesta has a big improving opportunity in its ESG scores and material factors. Its score as of now is just above the half (52) but the company is better than the industry average in 95% of the Material Factors and in its most important Material Factors categories has a better (or close) score in comparison with its closest competitors. The improvement of this Material Factors will affect positively the company's profitability (and efficiency), valuation and stock price overtime. If Vesta keeps being an ESG referent in Mexico and continues improving its ESG scores and Material Factors, the company's returns will increase (costs reduction due to waste management, higher asset value due to certifications and attraction of ESG focused stakeholders). Institutional investors and portfolio managers looking to diversify its portfolios in sustainable companies, will invest in Vesta, driving its stock price up too.

Company Reports and Team Analysis

BEING SUSTAINABLE IS GREAT, FOR THE WORLD AND FOR THE COMPANY'S RETURNS

In the world, there is about 1.8 billion dollars invested in ESG related assets and is expected, by Blackrock, that in next years, 425 worldwide institutional investors (25 billion dollars in AUM) will duplicate its investments in ESG related assets under management (35% of its total portfolio) and Mexico is not the exception. In 2020, about \$1,000M USD were destined to ESG related investment strategies, new ESG laws for pension funds have been approved, and has been proven that the companies that are focusing in making its business more sustainable. Overtime, being better in ESG will mean better returns (profitability), less risk exposure, adherence to the market's regulations, higher stock prices and overall; a better future.

GROWTH STRATEGY

Figure 19: REIT Outperformance Pillars

Category	Vesta
Mgmt. and Shareholders Interests alignment	✓
High Governance Standards	✓
High Quality Capital Allocation	✓
Development Risk and Strategic Focus	✓
Balance Sheet Mgmt. & Leverage	✓
Operation / G&A efficiency	✓

Green Street Advisors Analysis. Vesta Investor Day

Vesta's goal is to continue to be one of the top players for multinational corporations with operations in Mexico. Vesta has recently come out of a 5-year aggressive expansion strategy named 20/20 strategy (2015-2020). The current growth strategy is called Level 3 and its main objective is to strengthen and diversify the current company's portfolio, increase its quality, reduce risk, and generate healthy shareholder returns. The new focus is to actively optimize its current GLA, invest only in smart and high-quality new developments, keep improving ESG standards and a new business strategy to achieve a NAV per share higher than \$3 dollars.

PILLARS FOR REAL ESTATE OUTPERFORMANCE AND GROWTH: VESTA IS GREAT IN ALL FACTORS

Outperforming global REITS have best practices in: Alignment of interests, capital allocation, balance management and overhead, and Vesta complies with all in a very effective way. By maintaining this high standards and practices, we expect the company to outperform its peers and the industry, but also will keep increasing the given value to its shareholders as reflected in the past with 13.33% annual return (reinvesting dividends) of the stock since the Vesta 2020 strategy inception.

Figure 20: 2020 Strategy (2015-2020)

Objective	Result
Focus portfolio in RE Industry with the higher expected growth	Logistics and manufacturing outperformed all other national industries
Identify most dynamic markets in Mexico and expand operations	Northwest, Bajío and Central regions outperformed the market
Duplicate GLA by 2020 to 34 million sq.ft.	Reached 33 million sq. Ft.
Improve occupancy rate	From 94% to 97%
Improve FFO per share	24% CAGR (Peers: 1% to 6%)
Improve NAV	7% CAGR (Peers: -.5% to 1%)

Capital IQ, 2021

Vesta achieved most of its goals, which were focused in expanding its position within the most strategic regions and industries in Mexico (Figure 20) and improving key value drivers for the company. Reaching these goals allowed the company to become of the best among its peers, creating continuous value to its shareholders, reaching a strategic scale that set the foundation to start the level 3 strategy.

LEVEL 3 STRATEGY: BECOME A WORLD-CLASS FULLY INTEGRATED INDUSTRIAL REAL ESTATE COMPANY

Level 3 is not only about development as the 20/20 strategy was, it also is about elevating the standards of the company, focusing on profitability, being leaders in strategic markets while entering new markets opportunistically, acquire strategic portfolios and focus on increasing NAV and FFO per share. Vesta is applying a new business model while also creating a stronger platform to capture opportunities in the future. By doing so, the company's main goal is to evolve from a leading national player to a best-in-class, fully integrated real estate company that provides value, is profitable, is sustainable and seizes opportunities.

LEVEL 3 STRATEGY: CORNERSTONES FOR THE NEW DECADE

MANAGE, MAINTAIN, AND IMPROVE THE CURRENT PORTFOLIO: In terms of seniority, tenants, sustainability, and diversification of the industry through renovations and new developments, acquisitions, and selected dispositions. A special axis for improvement is the creditworthiness of its tenants. Current average building age is 10 years. After a decreasing 2020 total portfolio occupancy of 90%, Vesta has managed to lease back most unoccupied buildings and is set to end 2021 with occupancy of 94%. The road ahead requires focus on improving the portfolio as avg. contract maturity remains at 4.1 years in 3Q21, below their 5+ years target. By introducing new blue-chip tenants and with a consistent 91% client retention rate (higher among top tenants), we expect contract maturity to increase as tenants renew their contracts in the coming years.

INVEST AND/OR DIVEST FOR CONTINUOUS VALUE CREATION: Institute disciplined investment guidelines for any investment or asset sale decision. Focused on strategic growth, Vesta is successfully positioning itself in the growing e-commerce industry. To date e-commerce has accounted for close to 70% of new leasing activity; growth potential is high with expansion projects such as the 89 acres purchase of land in Guadalajara with a potential 1.5 million square feet of development.

STRENGTHEN THE COMPANY'S BALANCE SHEET: Recycle and raise capital and debt to increase its maturities and increase its investment capacity to capitalize on attractive opportunities. During 2Q21 Vesta increased their financial capacity to prepare for future growth opportunities, issuing \$300 M USD of equity and a 10-year note at a 3.625% rate, extending the company's debt maturity to 7.1 years,

Figure 21: Level 3 Strategy

LEVEL 3 KEY COMPONENTS



2024 TARGET

- Occupancy > 96%
 - Avg. Portfolio age < 10 years
 - Avg. Contract maturity > 5 years
 - New automotive leases < 30%
- Invest ≥ USD \$120 MM per year
 - Develop ≥ 16 MM SF next 6 years
- Recycle \$1 per \$2 of invested cap.
 - Net Debt to EBITDA ratio ≤ 5.5x
 - LTV ratio < 40%
- New IT platform for innovation
 - Strong asset management
 - Strong incentive programs
 - Keep building qualified bench

OVERALL TARGETS

Pre-tax FFO per share
> \$0.20 USD

NAV per share
> \$3 USD

ESG TARGET

Category leader
in ESG practices

DIFFERENTIATING FACTORS



Leading market
knowledge



Talent



Strong governance
& alignment
of interests



Profitability per
share

Company Reports

current LTV ratio to 35% and a Net Debt/EBITDA ratio of 4.3, all metrics comfortably below Vesta's long-term objectives.

STRENGTHEN OUR ORGANIZATIONAL STRUCTURE: Continue to improve its qualified team with senior and middle management succession over time. Vesta has improved dramatically its talent retention as employee turnover decreased from 20.5% in 2017 to 9% in 2020. Vesta also continues to compensate management based on total shareholder return, aligning management's interests with shareholders.

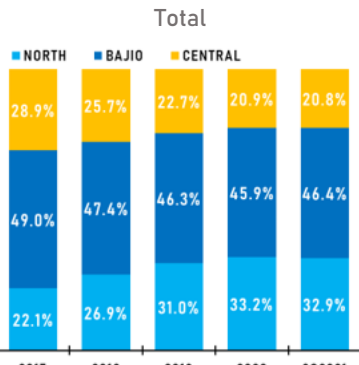
BECOME A BENCHMARK IN THE INDUSTRY IN ESG: Reduce the environmental impact of the business, increase the efficiency in buildings and parks, and promote reductions in the carbon footprint of their tenants. They will restructure their corporate governance, including the ESG committees and working groups, as well as expand their social programs.

FINANCIAL ANALYSIS

USD (thousands)	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E
Operational metrics											
Total GLA (sf)	22,570	26,721	29,868	29,792	31,221	33,086	34,862	36,735	38,707	40,786	42,976
Growth %		18.4%	11.8%	-0.3%	4.8%	6.0%	5.4%	5.4%	5.4%	5.4%	5.4%
Portfolio Occupancy	89.40%	92.30%	91.80%	91.70%	90.7%	92.1%	93.5%	94.3%	95.1%	95.9%	96.7%
Month Rental Income per sf	\$ 0.370	\$ 0.370	\$ 0.390	\$ 0.417	\$ 0.439	\$ 0.441	\$ 0.460	\$ 0.479	\$ 0.499	\$ 0.520	\$ 0.542
Rental Income	\$106,284	\$128,385	\$139,110	\$144,365	\$149,176	\$161,273	\$179,809	\$199,110	\$220,467	\$244,098	\$270,242
Growth %		20.8%	8.4%	3.8%	3.3%	8.1%	11.5%	10.7%	10.7%	10.7%	10.7%
Profit Margins											
NOI Margin	96.3%	96.2%	96.3%	95.0%	94.0%	94.7%	95.1%	95.5%	95.9%	96.3%	96.7%
NOI	87,127	105,321	127,821	137,099	140,226	152,725	164,884	181,682	197,643	215,034	233,986
EBITDA Margin	83.7%	84.0%	85.0%	84.1%	84.2%	84.2%	84.6%	85.0%	85.3%	85.7%	86.0%
Adj. EBITDA	75,740	91,967	112,831	121,383	125,623	125,623	135,864	152,121	169,158	188,087	209,115
FFO pre tax Margin	61%	66%	58%	57%	58%	58%	60%	61%	62%	64%	65%
FFO pre tax	54,929	71,889	77,536	82,221	87,142	93,546	107,918	122,315	137,480	155,808	175,223
Shares Outstanding	621,098	600,267	591,415	573,455	564,214	670,269	656,863	643,726	630,852	618,235	605,870
FFO pre tax per share	\$ 0.0900	\$ 0.1179	\$ 0.1293	\$ 0.1400	\$ 0.1518	\$ 0.1396	\$ 0.1643	\$ 0.1900	\$ 0.2179	\$ 0.2520	\$ 0.2892
Debt Ratios											
Loan to value (LTV) ratio	22.7%	32.2%	35.0%	34.5%	37.6%	35.0%	36.0%	37.0%	37.0%	38.0%	38.0%
Net Debt/EBITDA	4.1x	5.6x	5.7x	5.3x	5.8x	4.3x	5.0x	5.0x	5.2x	5.4x	5.6x
Total Debt	340,871	591,000	707,100	722,100	847,100	944,600	1,004,600	1,064,600	1,124,600	1,184,600	1,244,600
Average Interest Rate	4.2%	4.5%	4.8%	4.8%	4.4%	4.5%	4.4%	4.4%	4.5%	4.5%	4.6%
Average Debt Maturity (years)	7.2	7.2	6.5	7.0	5.1	7.1	7.5	8.0	8.2	8.0	8.0
Cash	51,334	100,685	72,510	83,541	128,566	357,513	273,833	260,278	203,912	144,372	70,772
Net Debt	289,538	490,315	634,590	638,559	718,534	587,087	730,767	804,322	920,688	1,040,228	1,173,828

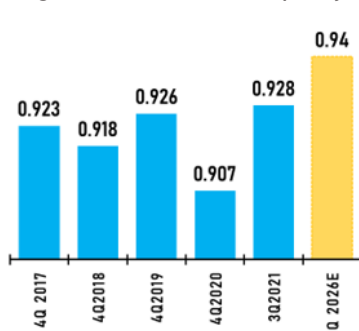
Company Reports and Team Analysis

Figure 22: Rental Revenue % of Total



Company Reports

Figure 23: Portfolio Occupancy



Vesta and Peers Reports

RENTAL INCOME GROWTH BACKED BY INDUSTRIAL TRENDS, SELECTIVE DEVELOPMENT, AND A SEASONED MANAGEMENT TEAM

From 2015 to 2019 Vesta's management successfully executed their Vesta 20/20 vision of an aggressive expansion of its total leased portfolio, reaching a CAGR of 16.4% on total revenues, and a 10.4% CAGR on Total GLA, all while maintaining a strong NOI margin close to 95% and an Adj. EBITDA margin of 84% in 2019 (Appendix E1). Even with precarious macroeconomic conditions and uncertainty during ending 2018 and early 2019 Vesta was able to conclude their expansion with 30.5M sf of GLA in 2019 (Appendix B2). After continuous weakness in 2020 due to the macroeconomic conditions of the Covid-19, rental income is reactivating its growth, with strong leasing recovery in Bajio and Central regions (North grew 9% in 2020). Rental income growth has been boosted by growing development in the Northern region of Mexico, which has experienced strong demand for logistics and manufacturing properties. The Bajio region has grown with demand for light manufacturing and automobile, after a slow 2019, demand is picking up rapidly for logistics and e-commerce.

We expect rental income to grow at a CAGR of 10.88% for the next 5 years (Appendix F1), this growth will be supported by: 1) Positive near-shoring structural trend benefiting the growth prospects for Mexico as an attractive industrial hub substitute for companies divesting their exposure to Asia; 2) Expected total GLA growth of 5.37% CAGR as Vesta continues to capitalize on current demand by the logistics and e-commerce sectors, concentrated in the North and Bajio regions, which have recently experienced significant growth in demand for industrial space; 3) A 4.2% CAGR in the next 5 years in monthly rent per sf due to short term heightened inflation pressures as well as high demand with limited supply in North and Bajio region. We also expect rent to provide a steady increase as Vesta continue to prioritize high quality tenants and new custom designed park-to-suit developments; 4) Total portfolio occupancy levels gradually increasing from 90% to reach 96.7%, as the portfolio stabilizes with management's Level 3 focus on quality tenants and longer leases instead of double digit growth; 5) Overall sustained by the best portfolio among competitors in terms of high quality, blue-chip tenants with attractive expansion prospectus, highlighting the e-commerce and automobile segments. 6) A seasoned management team: the past success on bringing double digit growth while increasing profitability shows us a management team capable of executing for scale; the decision to begin focusing on profitability in 2019 with Vesta Level 3 strategy speaks of a management team that truly understood that the market conditions had shifted and growth for scale was no longer the most optimal way to create value to its shareholders.

Figure 24: Monthly Rent per Sq.ft.

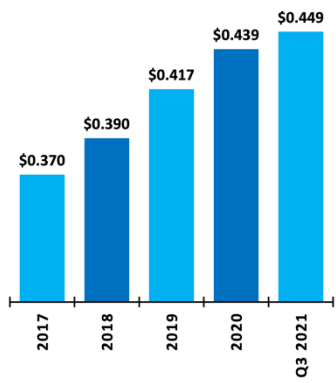
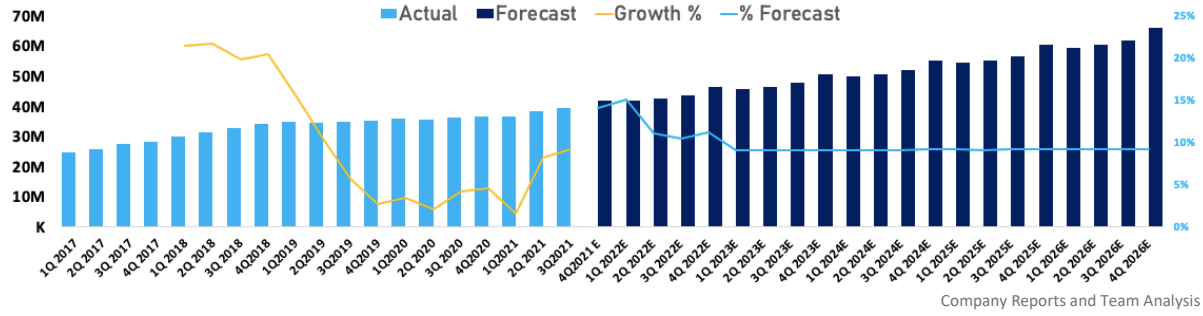


Figure 25: Rental Income



INDUSTRY LEADING PROFITABILITY MARGINS ARE SET TO EXCEED PRE-PANDEMIC LEVELS WITH FURTHER SCALE AND DISCIPLINE COST MANAGEMENT

Vesta enjoys the highest margins in the industry when compared to REIT peers, reaching levels close to 96% historically. As Vesta increased its operating scale with its Vesta 20/20 strategy NOI margin consistently improved, reaching 96.3% in 2018. In 2019 NOI margin decreased to 95% as certain projects took longer to settle and start generating income, by year end all projects were stabilized. During 2020 Vesta expected NOI and EBITDA margin to decrease further given macroeconomic uncertainty and the decision to grant rent deferrals to several tenants, however a strong H2 2020 with successful deferred rent collection allowed Vesta to reach a 95% NOI margin, combined with efficient cost management, EBITDA reached a respectable 84%, close to pre-pandemic high of 85%.

We expect NOI margin to recover to 96% in the coming year and to increase to 97% by 2024, EBITDA margin to increase sequentially reaching 86% in 2024 (Appendix F1) as operating scale continues to increase with GLA growth, as well as portfolio occupancy improves past 2020 headwinds, sustained by Vesta's Level 3 focus on cost control, profitability and returns per share.

COMBINATION OF GROWTH, DISCIPLINED COST MANAGEMENT AND SHARE BUYBACKS WILL BRING FFO PER SHARE TO ITS LONG-TERM OBJECTIVE

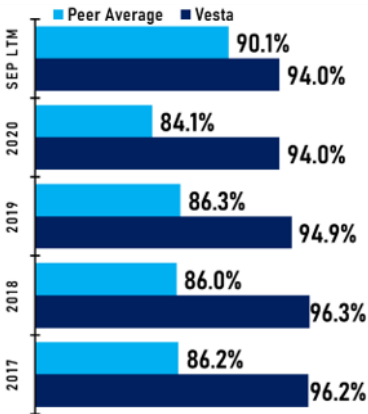
We expect the company to continue with its share buyback program as management stated that buybacks are an integral part of Vesta Level 3 strategy. We expect shares outstanding to decline 2% year over year for the next 5 years. Vesta has recently increased its debt by issuing \$350M in a round of 10-year notes, the note terms allowed Vesta to paydown its most expensive debt it had, therefore we expect financial expenses to decrease in the coming years reaching 24% of rental income in 2024, as Vesta increases scale and focuses on funding further growth by recycling capital. With these forecasts we arrive at FFO per share, which is expected to reach Vesta Level 3 management's objective of \$0.20 per share in early 2025.

MULTI-SOURCE FUNDING STRATEGY FOR FUTURE GROWTH

The company is looking at a development pipeline of 11.6M sq.ft., with an estimated development cost of \$700M. Vesta has stated that at least 33% of this will be financed through strategic selling of property at above-NAV cap rates, a strategy already executed in 2019, by selling \$109M of property with a 20% price premium above NAV. Another \$50-\$100M will be financed through debt, with an additional \$300M through equity issuing (emitted in Q1 2021). Vesta recently issued a new debt limit of \$1,250M, and a limit 6x Net Debt/EBITDA ratio, we expect Vesta to increase sequentially its debt towards this limit to fund the expected pipeline, while keeping debt within desired leverage levels given expected growth in EBITDA. Vesta successfully increased its debt maturity and lowered the average interest rate in 2021, we expect favorable interest environment in early 2022 to provide Vesta with one additional opportunity to increase maturity and lower the current rate, before stabilizing towards its historic interest on debt in the coming years.

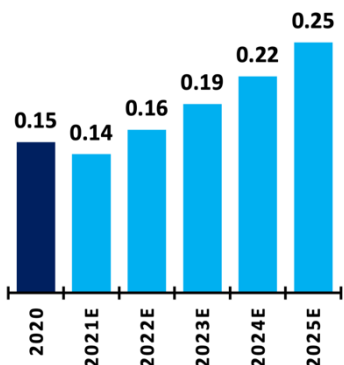
Company Reports

Figure 26: NOI Margin



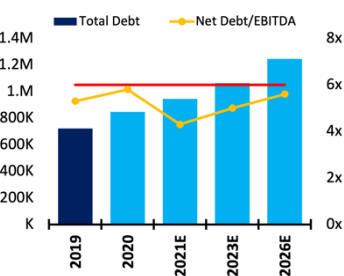
Vesta and Peers Reports

Figure 27: FFO Pre Tax per Share



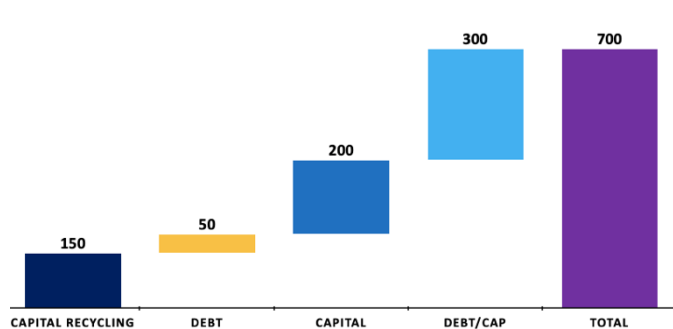
Company Reports and Team Analysis

Figure 28: Leverage will remain below LT Limit3 Strategy



Company Reports and Team Analysis

Figure 29: Funding Sources



Capital IQ, 2021

VALUATION

We issue a BUY recommendation on Vesta, with a 12-month target of MXN \$43.50, presenting a 17.74% upside potential on the closing price of MXN \$36.95 on November 12th, 2021 (Appendix F1). To assess the potential investment return, the industrial opportunity and Vesta level 3 strategy performance, we used a DCF model valuation. To confirm our forecasts and consider the potential risks to the valuation, we decided to calculate a sensitivity and a scenario analysis. Also, we conducted a Dividend Discounted model and a Net Asset Value model that are widely used in the industry to support the main model valuation.

Figure 30: Discount Rate

DISCOUNT RATE CALCULATION	
Beta 5-year Capital IQ	0.61
Risk Free Rate (Mx Generic 5-years)	7.17%
Market expected return	12.49%
Cost of equity	10.42%

Capital IQ and Bloomberg

DCF TO EQUITY MODEL

DCF model employs the discount of our estimates for Vesta's Adjusted Funds from Operations (AFFO) for the next 5 years to assess the intrinsic value of the company. The discount cash flow model is fed by our 5-year forecasts for operating metrics, rental income, profit margins as well as FFO and AFFO. The assumption forecasts for the 2021-2026 period made for each metric were detailed in the Financial Analysis section.

DISCOUNT RATE: We estimated a 10.42% discount rate (Figure 30). The cost of equity was obtained with the CAPM model which reflects the Mexican risk-free rate reflected in the Mexico Generic 5-years government bonds, company beta obtained from Capital IQ and the Mexbol annualized return of the last 20 years as our expected return.

TERMINAL GROWTH: The expectation is that the growth rate will stabilize at 3% after 2026 due to (1) the projected real GDP growth (2) long-term industry growth prospects, and (3) inflation for the country and sector in the long-term.

SCENARIO ANALYSIS: We calculate bull and bear case scenarios for the DCF valuation by moving key sensible variables to widen the view on the company's share price future performance under different environments reflecting distinct investment thesis. The main variables used for this analysis where the GLA CAGR, Occupancy Rates, Rent Per Square Feet CAGR and Profitability Margins (NOI). Details on the three scenarios assumptions are in Figure 32. We can see that scenarios implies a -6.29% return for the bear case, and the bull case a 27.36% performance showing that the outcomes are skewed to the positive side.

Figure 31: Scenario Analysis

SCENARIOS	Bear	Base	Bull
Target	\$34.62	\$43.50	\$47.06
Upside	-6.29%	17.74%	27.36%

Team Analysis

Figure 32: DCF Scenarios

SCENARIOS	Bear Case	Base Case	Bull Case
Onshoring and E-commerce opportunity	Global supply chain recovers sooner than expected, reducing neashoring attractiveness	Current onshoring and e-commerce trend continue as expected	Onshoring trend has a greater impact than expected. Ecommerce further accelerates in Latin America.
Vesta Performance	Vesta Level 3 goals take longer to achieve, new development is not valued by the market as expected	Margins and occupancy recover fully from 2020 disruptions, Vesta Level 3 is successful	Vesta Level 3 results are better than expected, new parks generate high demand
ESG Performance	Fails to achieve ESG goals, lower attraction of ESG focused tenants and investors.	Successfully achieves ESG goals, attracts ESG stakeholders.	Surpasses ESG goals, ESG certified parks generate higher rents.

Team Analysis

Figure 33: Sensitivity Analysis

Discount Rate	Growth Rate		
	2.8%	3.0%	3.3%
9.9%	23.0%	26.4%	30.1%
10.4%	14.8%	17.7%	20.9%
10.9%	7.7%	10.2%	12.9%

Team Analysis

SENSITIVITY ANALYSIS: Given the high sensitivity DCF valuation models show to changes in discount rate and terminal growth rate, we conducted a sensitivity analysis to account for variations on these variables. Close variations yield 7 scenarios with an upside potential of at least 10%, while only one falls below at 7.7%, these further supports are BUY recommendation as slight variations in these highly sensible variables still yield a positive upside.

DIVIDEND DISCOUNT MODEL: The advantage of using this ancillary model is that since the company is paying recurrent dividends so we can quantify the share value by calculating the value received by investors. We noticed that the dividend policy of the company is sharing up to 75% of the FFO, in the last 5 years the company gave between 47% and 62%. However, in the last quarters due to the new level 3 strategy they have been sharing between 59%-80%. For the model we decided to forecast with an average of the last 3 quarters of 71%. The price target obtained from this model is MXN \$48.74 which implies a 31.91% upside potential and supports our BUY recommendation.

NET ASSET VALUE MODEL: This model is widely used in the Real Estate Industry because it uses fundamental value of the properties owned by the company. We decided to use this model over a relative valuation because if comparing one company with other you may be skewed by a overvalued or undervalued sector and not focusing on the intrinsic value of the company. The target price obtained with this model is MXN \$42.76, which represents a 15.72% upside and at the same time supports our BUY decision.

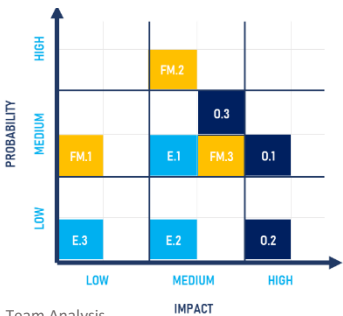
Figure 34: Model Results

MODEL	Target	Upside
DCF	\$43.50	17.74%
DDM	\$48.74	31.91%
NAV	\$42.76	15.72%

Team Analysis

RISKS

Figure 35: Risks Matrix



Team Analysis

EXTERNAL RISKS

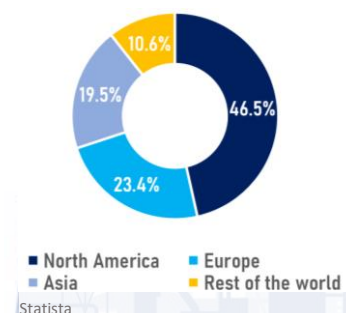
1. VESTA IS DEPENDENT ON THE OVERALL ECONOMIC ENVIRONMENT AS WELL AS CURRENT ENVIRONMENT ON THE REAL ESTATE INDUSTRY.

Impact Level: Medium **Probability:** Medium
 Vesta's business is highly linked to the macroeconomy as well as the real estate industry environment, which is typically cyclical, and heavily correlated to the Mexican (and the US) economy. An economic deceleration, decrease in value of real estate properties or leasing activity could adversely affect Vesta's business. For 2021 Mexico's GDP is forecasted to have a 6% increase, in 2022 is forecasted another improvement (4%) and then a stabilization period of approximately +2% per year (Appendix B3). Vesta's ability to quickly adapt its leased portfolio in response to economic conditions is extremely limited but its income comes from rental revenue paid by its clients which is a key cost for them to keep its business running, but as the GDP forecast shows, none affectation for Vesta is expected.

2. ACTUAL GLOBAL MARKETS SUPPLY CHAIN ISSUES; SOME OF THE PRINCIPAL INDUSTRIES AFFECTED: AUTOMOTIVE AND E-COMMERCE.

Impact Level: Medium **Probability:** Low
 The world is being affected by supply chain issues, the most being occurred in North America (Figure 36), mainly in the manufacturing industries as most of them subcontract their assembly lines in different countries. But also, is affecting the e-commerce industry as companies are having delays on its deliveries. This may affect Vesta as most of its customers are manufacturing companies (64.3%) and it's planning to expand its number of clients int the e-commerce sector as part of its level 3 strategy (max. 30% of new leases for automotive sector and the rest in other as e-commerce, logistics and manufacturing). But it is believed that the world's supply chain is already back to normal or will be in the next few months (Appendix B3).

Figure 36: Supply Chain Disruptions



Statista

Figure 37: Risk Mitigation

External Risks	
Risk	Mitigation
1	Industrial sector of the company (occupancy rates kept over 90%, peers vacancy rate 20%) Rental costs are key for their customers to keep its business running
2	Most of Vesta's clients are "Blue Chip" companies. Supply Chain issues wouldn't affect that much their leasing payments.
3	Payment deferral grants (\$5.5MM USD). 84% recovered in 2Q20 and the rest in early 2021.
Operative Risks	
Risk	Mitigation
1	Pre-leases and contracts are signed for every client renovation and every new building. Client portfolio diversification strategy (lease to companies in other industries)
2	Clients are top companies in their industry, low probability of no payment. Rental costs are key for their customers to keep its business running.
3	Cornerstone in level 3 growth strategy is ESG improvement
Financial Market. Risks	
Risk	Mitigation
1	100% of debt has a fixed interest rate Use of properties as collateral on its loans
2	Company is trading at sub valuation levels (NAV Model) Company is focused on long term growth and proving the best value to its investors
3	None

3. COVID-19 COULD HAVE MATERIAL AFFECTATIONS TO VESTA'S CLIENTS AND THE COMPANY'S OPERATING RESULTS.

Impact Level: Low **Probability:** Low

Vesta succeeded (during 2020) in the execution of COVID-19 related strategies to adapt themselves into the actual environment and supply temporary relieve to its clients, this let the company to maintain the occupancy rate at 90% (in 2018 and 2019 was 91% and in this 3Q21 is 92.8%). From September 2020, the 95% of Vesta's tenants have reached their pre-pandemic operational levels, but this outbreak left serious repercussions as: disruption in supply chains, general decline in real estate demand and general economic decline, which may attenuate the affectation of other external risks, causing uncertainty of the total economic and financial impact to the company in the future.

OPERATIVE RISKS

1. A SIGNIFICANT PERCENTAGE OF THE COMPANY'S REVENUE IS CONCENTRATED IN CERTAIN COMPANIES AND EVEN MORE IN A COUPLE OF INDUSTRIES

Impact Level: High **Probability:** Medium

The company has tenants that account for a significant portion of revenue. The automobile industry holds 35% of total GLA, if this industry is disrupted and Vesta's customers are affected, this could significantly affect Vesta's results and impair its growth within this industry. Forecasted automotive revenue shows an increase year by year (Appendix B3). If some other risks (as supply chain issues or economic environment) change dramatically, or actual situations as the shortage of semiconductors and other components worsened, Vesta could be in serious danger, but as of now, a medium probability from this risk is expected.

2. THE COMPANY'S REVENUE FULLY DEPENDS ON ITS CUSTOMERS' ABILITY TO COMPLY WITH THEIR OBLIGATIONS ARISING FROM THEIR LEASES.

Impact Level: High **Probability:** Low

Tenants' ability to make its rental payments, is critical to Vesta's success. Vesta had a decrement in its accounts receivable in 2018 (-\$2.91M) and 2019 (\$0.14M), but in 2020 this account increased \$1.91M (mostly Covid-19 payment deferrals). As of 3Q2021 the company returned to negative changes (-\$1.07M); the company is not having trouble in collecting its rental income (Figure 38). Most of Vesta's clients are "Blue Chip" companies which limits the company's exposure to have non-payment issues in the future. The avg. lease is for 4 years but important client contracts (as Nestle, Nissan, Bombardier, Lear or Pfizer) end in 3 years, which represents a medium-term risk for Vesta.

3. ENVIRONMENTAL CONCERNS MAY AFFECT THE OPERATING RESULTS OF THE COMPANY

Impact Level: Medium **Probability:** Medium

ESG high standards is something looked by investors, and this will increase in time. The company may also be impacted by any regulation that affect costs and operations. Clients' ability to align with this trend is also important as industries need to change the ways they manufacture. This may affect industrial buildings operations and revenue perceived, as seen as seen in this document's ESG section and Capital IQ's physical risks sensitivity in the future (Appendix D1). Capital IQ forecasts a reduction in Vesta's EBITDA margin caused from carbon costs from 1.81% to 6.1% by 2025 if ESG improvement is not made, but one of the cornerstones of the level 3 growth strategy to keep improving all the company's ESG standards. And as of now, one of the key business drivers for Vesta is ESG.

FINANCIAL MARKET RISKS

1.FINANCIAL MARKET VOLATILITY CAN ADVERSELY IMPACT THE AVAILABILITY OF CREDIT AND CAN INCREASE THE ECONOMIC WEAKENING OF THE MEXICAN ECONOMY

Impact Level: Low **Probability:** Medium

Volatility in financial markets, or on the value of the company's properties and investments, can affect the availability of financing, as well as Vesta's ability to make principal and interest payments. As of Q32021, Vesta's debt accounts for 48% of total assets, which almost 100% of it has a fixed interest rate and 36% is secured and guaranteed by the company's investment properties. This is great for Vesta because its more probable to keep having good interest rates on future loans.

2. INTEREST RATE RISK MAY AFFECT THE STOCK PERFORMANCE

Impact Level: Medium **Probability:** High

Real estate companies (and almost all public companies) have this risk. Rising rates are bad news for stock prices because this type of investment is typically considered risk free and some investors move their assets to these investments, lowering the stocks prices. Analyst consensus is predicting that for the half of next year (2022), rates will begin to increase importantly in the US, this may affect the quantity of US assets that are invested in Mexico. Also, Banco de Mexico target rate for the end of 2021 is 5% and is expected to increase as inflation is increasing in the country. Affecting the quantity of Mexican assets invested in the stock market, probably decreasing Vesta's stock price.

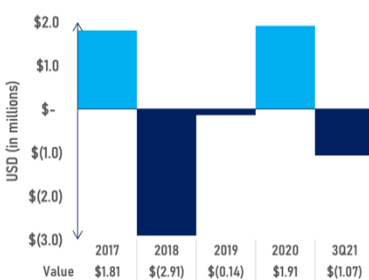
3. FOREIGN EXCHANGE RISKS; LESS PROFITS IF MEXICAN PESO STRENGTHS.

Impact Level: Medium **Probability:** Medium

As of 3Q21, 83.9% of Vesta's rental income and all company's debt is denominated in USD. Nevertheless, the operating costs, taxes and the 16.1% of the rental income is denominated in Mexican pesos. As a result, the appreciation (or depreciation) of the peso to the dollar will have a negative (or positive) effect in the company's operational income. MXN/USD estimates forecast the Mexican peso to maintain its actual price of \$20.53 (+/- .30), meaning that Vesta can expect no affectation by this risk at least for next year, but if the currency has a deep appreciation, this could affect Vesta as the company doesn't have any type of derivative coverage.

Team Analysis

Figure 38: Accounts receivables



Capital IQ

APPENDIX A1- GLOSSARY

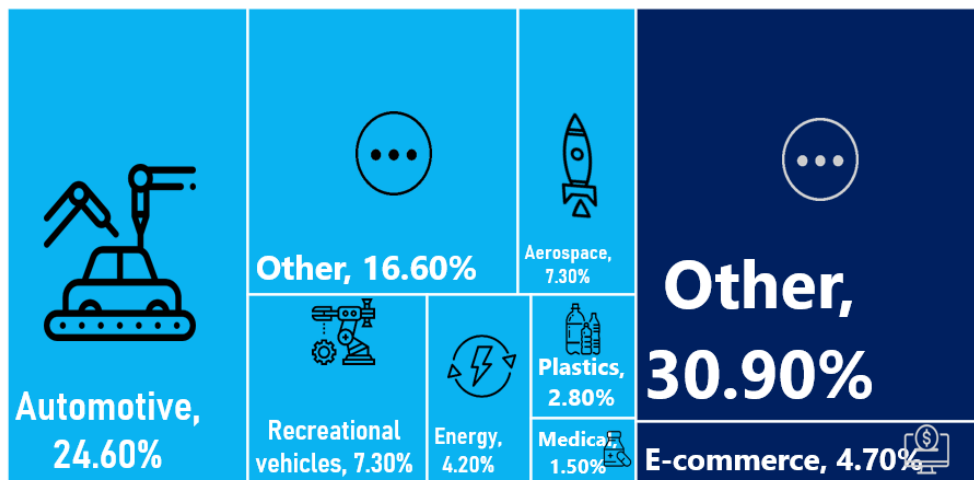
Adj. EBITDA margin	Adjusted Earnings Before Interests Taxes Depreciation and Amortization margin.
AFFO	Adjusted Funds From Operations
Bajío	Geographical, historical, economic, and cultural region of North Central-Western Mexico
CAGR	Compound Annual Growth Rate.
DCF model	Discounted Cash Flow model.
DDM	Dividend Discounted Model.
EBITDA	Earnings Before Interests Taxes Depreciation and Amortization.
ESG	Environmental, Social and Governance.
FFO	Funds From Operations.
GLA	Gross Leasable Area.
IPO	Initial Public Offer.
LTV	Loan To Value.
NAV	Net Asset Value.
NOI margin	Net Operating Income margin.
REITS	Real Estate Investment Trust.
Same Store Portfolio Occupancy	Percentage of occupied properties for properties that have been in the operating (stabilized) portfolio for the entirety of two comparable periods.
Stabilized Portfolio Occupancy	Percentage of occupied properties for stabilized properties only. A property is generally considered stabilized once it has reached 80% occupancy or has been completed for more than one year, whichever occurs first.
Total Portfolio Occupancy	Percentage of occupied properties for the entire property portfolio. Includes development, redevelopment, stabilized, and properties held for sale.
USMCA	United States-Mexico-Canada Agreement.

APPENDIX B1- CLIENT BASE ANALYSIS

Vesta has a multinational, high-quality, investment grade tenant base that provides the company with a stable source of rental income. Its client base is diversified among several industries, however there is a partial concentration in the Automobile Industry.

GLA Composition

■ Manufacturing ■ Logistics

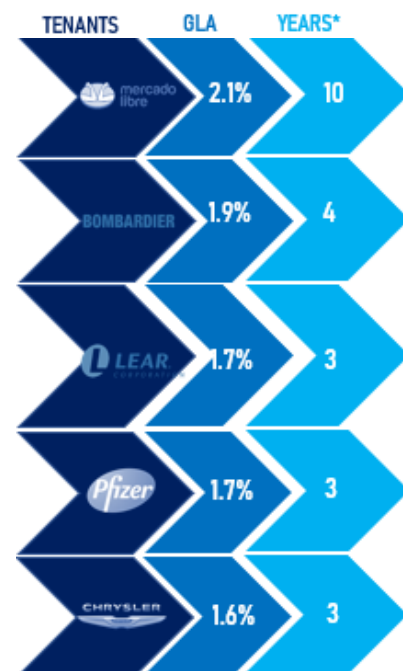


Company Data

Top Tenants as of Q3 2021

Rank	Name	% of GLA	% of Rent	Industry
1	Nestle	6.1%	4.4%	Food and Beverage
2	BRP	4.7%	4.6%	Recreational Vehicles
3	TPI	4.2%	4.9%	Energy
4	Safran	3.8%	4.0%	Aerospace
5	Nissan	3.6%	2.5%	Automotive
6	Mercado Libre	2.3%	2.4%	E-Commerce
7	Bombardier	2.1%	2.5%	Aerospace
8	Lear	1.9%	1.8%	Automotive
9	ZF	1.8%	1.5%	Automotive
10	FCA	1.7%	1.7%	Automotive
TOTAL		32.10%	30.30%	

Company Data



Company Data

APPENDIX B2- GROSS LEASABLE AREA PORTFOLIO ANALYSIS

Vesta reports its GLA portfolio status on three different metrics commonly used by REITs to gauge performance: 1) Same store portfolio, including only occupied properties for properties that have been in the operating (stabilized) portfolio for the entirety of two comparable periods.; 2) Stabilized portfolio, including only stabilized properties, which means it has reached 80% occupancy or has been completed for more than one year, whichever occurs first; 3) Total portfolio, which includes all properties, in development, redevelopment, stabilized, and properties held for sale.

GLA Portfolio Metrics

Portfolio (sf)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Q3 2021
Same store portfolio	15,190,056	18,265,552	21,283,813	25,512,153	26,320,325	28,769,289	29,622,619
Growth %		20.2%	16.5%	19.9%	3.2%	9.3%	4.9%
Portfolio Occupancy	95.90%	97.20%	95.50%	98.20%	97.90%	92.70%	93.50%
Stabilized portfolio	18,274,901	21,249,790	25,536,265	27,914,997	28,779,464	31,085,421	31,308,242
Growth %		16.3%	20.2%	9.3%	3.1%	8.0%	5.6%
Portfolio Occupancy	94.20%	93.80%	95.30%	97.20%	94.70%	91.10%	93.10%
Total portfolio	20,052,964	22,569,587	26,721,171	29,867,577	29,792,047	31,221,035	31,648,969
Growth %		12.5%	18.4%	11.8%	-0.3%	4.8%	5.0%
Portfolio Occupancy	86.70%	89.40%	92.30%	91.80%	91.70%	90.70%	92.80%
Average monthly rent per sf	\$0.400	\$0.370	\$0.370	\$0.390	\$0.417	\$0.4390	\$0.4486
Growth %		-7.5%	0.0%	5.4%	6.9%	5.3%	1.5%

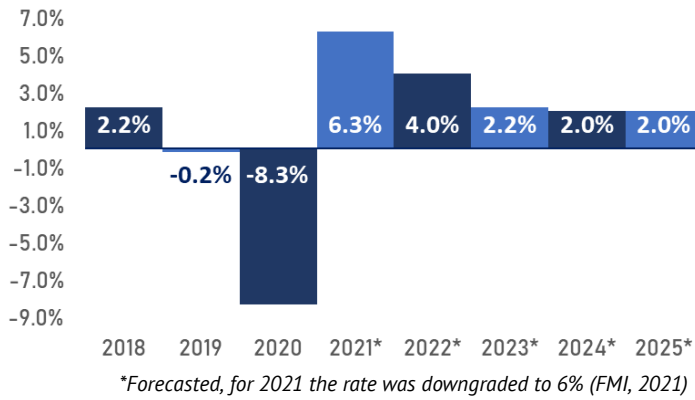
Operational GLA by Region

in millions USD	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Q3 2021
Norte	3,785,457.0	4,479,452.0	6,900,000.0	8,416,471.0	8,852,294.0	9,078,487.0	9,410,547.0
Growth %		42.4%	18.3%	54.0%	22.0%	5.2%	2.6%
% of Total		18.9%	19.8%	25.8%	28.2%	29.7%	29.1%
Bajio	5,959,551.6	11,363,654.0	12,700,000.0	15,370,126.0	14,445,695.0	15,182,808.0	15,231,131.0
Growth %		-36.0%	90.7%	11.8%	21.0%	-6.0%	5.1%
% of Total		29.7%	50.3%	47.5%	51.5%	48.5%	48.7%
Central	10,307,936.9	6,726,482.0	7,100,000.0	7,122,733.0	6,494,061.0	6,959,740.0	7,007,291.0
Growth %		114.0%	-34.7%	5.6%	0.3%	-8.8%	7.2%
% of Total		51.4%	29.8%	26.6%	23.8%	21.8%	22.3%
Total GLA (Developed)	20,052,909	22,569,585	26,721,171	29,867,577	29,792,047	31,159,681	31,648,969
Growth %		19.4%	12.6%	18.4%	11.8%	-0.3%	4.6%

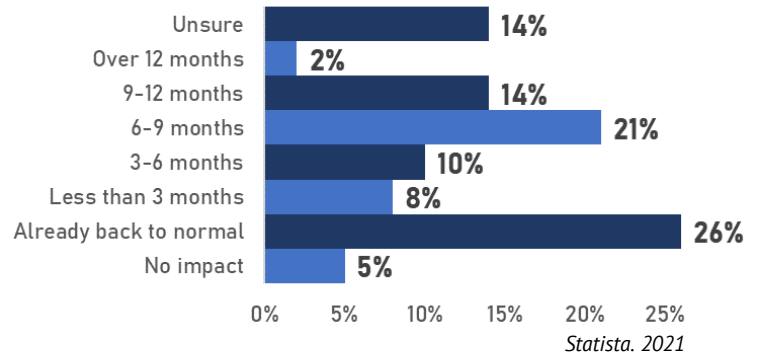
Company Data. Team Analysis

APPENDIX B3 – RISKS ANALYSIS

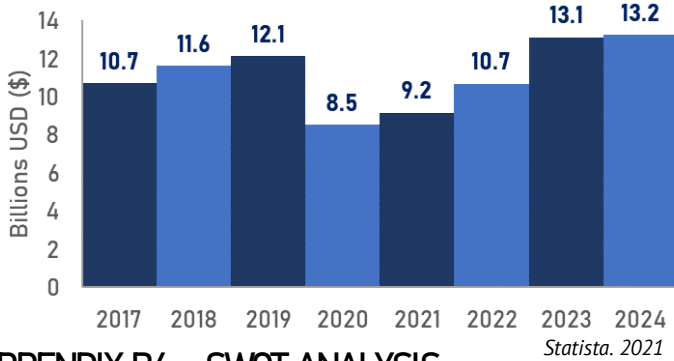
Mexico's GDP growth compared to prior year



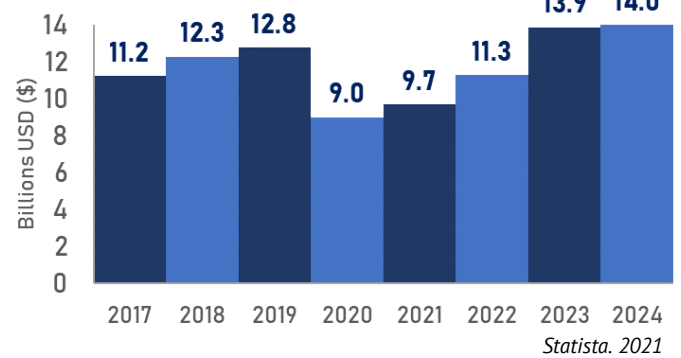
Time needed for supply chains to return to normal worldwide 2021



Industry revenue of "Automotive vehicle engine and parts manufacturing" in Mexico



Industry revenue of "Other automotive vehicle parts" in Mexico



APPENDIX B4 – SWOT ANALYSIS

We conducted a SWOT analysis where we highlighted the main positive and negative factors that Vesta presents in the micro and macro performance scope. Overall, we observed that the company presents several strengths and opportunities but presenting some other minor negative factors that are summarized in the table and in the Risk section.

STRENGTHS

- Pipeline of 11 million square foot of developable land in strategic geographic regions.
- Positioned to capitalize industry trends of e-commerce and nearshoring.
- Tenant base of the company from the highest quality, majority of them are investment, high quality, multinational tenant base.
- Exposition to blue chip companies decreases company risks and give them opportunity for long-term agreements.

WEAKNESSES

- Company has been lagging in occupancy rate compared with the biggest industry peers, holds some troubled land in certain regions, such as San Luis Potosi with 70% occupancy.
- Concentration in automotive sector is risky, especially now with supply chain disruptions that may impact the client's capacity to fulfill obligations.

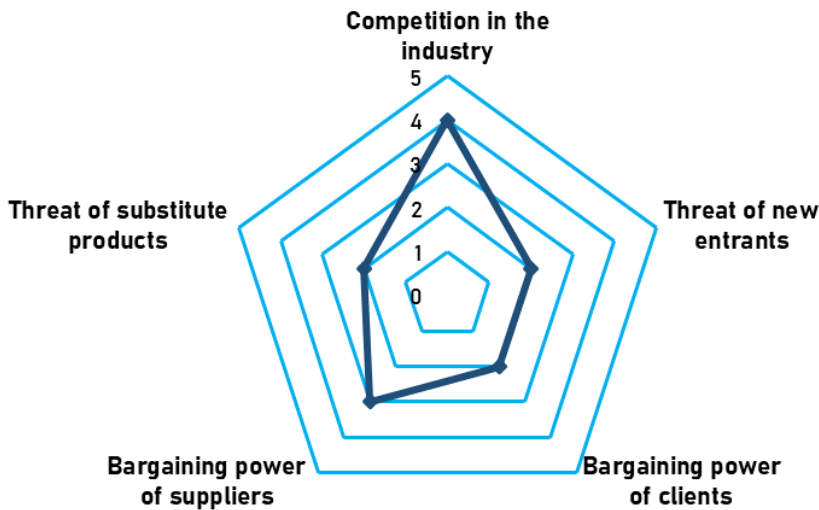
THREATS

- Rising global inflation increases cost of the new project development that may narrow margins and ROIC.
- Current supply chain disruptions and logistic rising costs are affecting many industrial companies which are the main Vesta's clients. This global issues may affect the ability of tenants to accomplish their rent liabilities.

OPPORTUNITIES

- E-commerce trend is here to stay, and Vesta is well positioned as a space provider for this companies, they are tenants of some important companies on this sector which may provide them the chance to expand capacity for new or existing clients.
- Vesta is well positioned to capture nearshoring trend with their robust portfolio in the northern Mexican region.





Company Data. Team Analysis
Score from 1-5, highest threat is 5, lowest is 1.

Competition in the industry – 4

Industry is concentrated in a few companies: Vesta is one of the few competitors that is fully concentrated in the industrial and distribution economic sectors, several competitors such as Fibra Uno and Fibra Macquarie also develop commercial and office space. Concentrating in industrial allows Vesta to fully benefit from the emergent growth trends expected for the sector, however it also increases risk of an economic downturn in industrial activity.

Product Differentiation: Most competitors concentrate their total portfolio in generic industrial buildings that allow the accommodation of tenants from different industries. Vesta's portfolio is also mostly comprised of these types of buildings. However, tailor made buildings and parks for strategic clients are increasing in relevance.

Size of competitors: Vesta follows closely most competitors in size of its total leased portfolio in the industrial and distribution sectors, Fibra Uno leads the industry with more than 5.8M square meters of leased land, while Vesta holds 2.9M against a peer average of 3.5M. Vesta also competes with smaller, regional developers, while this competitors due amount to a significant portion of the current market size of developed leased industrial land, they lack the operating scale and financial muscle to capture market the way Vesta and the top REITS in the country can.

Threat of new entrants - 2

Developing high quality industrial buildings and parks requires significant upfront investment, reducing the amount of competitors that can truly compete for the largest developments.

Extensive real estate knowledge and insight is needed to guarantee the successful leasing of buildings, as well as to have the capability to identify growing regions and strategic locations for development.

Top competitors, including Vesta have reached significant operating scale, discouraging new competitors from entering the market by operating with higher profitability and price power.

Bargaining power of suppliers - 3

Price bargaining of constructors in times of incremental costs of construction materials can increase development costs for Vesta. In case of delays in construction caused by poor performance of Vesta's supplying construction companies Vesta is liable to sanctions by tenants by 1 to 3 days of rent per delayed day. However, historically Vesta has been able to transfer all sanctions to its constructing partners, this is an indication of Vesta's bargaining power over its construction suppliers.

Threat of substitute products - 2

Clients purchasing or developing their industrial buildings for themselves could potentially reduce leasing operations for developers such as Vesta; however, this would imply a heavy CAPEX investment for manufacturing companies that wish to avoid the leasing expense, renting is much more financially attractive for potential clients as it allows clients to focus their investment on actual operating expansion.

Trade agreements and global supply chain issues with the Asia region have positioned Mexico as a growing industrial hub for the nearshoring trend, making Mexico a prime location for shifting activity back to this side of the globe.

Bargaining power of clients - 2

Switching operations from one industrial park to another implies very high costs for tenants. Most commonly, tenants expand operations progressively, increasing development around their current operations, benefiting developers with incremental leases. Vesta has a diversified portfolio of tenants across 11 different industries. While the automobile industry accounts for 24.6% of its total Gross Leasable Area, only one tenant which operates on the wind manufacturing industry accounts for more than 5% of total rental income (TPI Composites).

Top ten tenants by percentage of total Gross Leasable Area are high-quality, multinational companies. Even if one of them experiences operational issues, industrial headwinds or any negative impact on their operations, the leasing costs for their current occupied facilities would likely continue to be paid, as this is a basic fix cost and not dependent on the tenant client's demand.



APPENDIX C2- COMPETITIVE POSITION

Years	2015	2016	2017	2018	2019	2020	2021*
Revenue growth¹							
Vesta	13.3%	15.2%	20.9%	21.2%	8.8%	3.8%	5.2%
FUNO**	37.1%	43.6%	-7.4%	17.5%	19.0%	14.5%	10.8%
Terrafina	13.1%	24.3%	26.5%	11.7%	2.5%	12.5%	-2.0%
Prologis	26.1%	21.7%	8.2%	4.9%	4.1%	21.9%	4.4%
Macquarie**	25.3%	24.7%	1.5%	1.8%	3.5%	9.3%	-2.0%
Sector Average	23.0%	25.9%	9.9%	11.4%	7.6%	12.4%	3.3%
NOI Margin							
Vesta	96.7%	96.3%	96.2%	96.3%	94.9%	94.0%	94.0%
FUNO	80.6%	80.5%	80.3%	79.3%	79.3%	71.1%	89.0%
Terrafina	88.0%	87.2%	90.1%	91.2%	93.1%	94.1%	93.8%
Prologis	84.9%	88.5%	87.3%	86.0%	85.0%	83.8%	86.1%
Macquarie	85.7%	86.6%	87.0%	87.5%	87.8%	87.4%	91.3%
Sector Average	87.2%	87.8%	88.2%	88.1%	88.0%	86.1%	90.8%
EV/EBITDA							
Vesta	13.9	11.5	10.9	12.0	12.7	14.1	12.2
FUNO	17.4	13.6	13.8	12.0	13.7	14.6	13.0
Terrafina	10.7	9.8	11.0	10.6	12.8	13.7	11.6
Prologis	11.4	11.6	12.8	11.3	13.9	14.3	14.5
Macquarie	12.6	11.2	10.0	9.1	10.7	11.7	10.1
Sector Average	13.2	11.5	11.7	11.0	12.8	13.7	12.3
Occupancy rates							
Vesta	87.5%	89.4%	92.3%	91.8%	91.7%	90.9%	92.8%
FUNO**	95.0%	94.4%	94.3%	95.3%	94.5%	93.1%	96.0%
Terrafina	93.2%	94.8%	95.5%	95.3%	96.5%	95.2%	94.0%
Prologis	96.5%	96.8%	97.3%	97.4%	97.6%	97.1%	97.0%
Macquarie**	92.2%	93.0%	92.9%	94.4%	95.6%	93.9%	95.0%
Sector Average	92.9%	93.7%	94.5%	94.8%	95.2%	94.0%	95.0%
FFO Margin							
Vesta	51.0%	53.9%	51.9%	41.9%	30.9%	40.7%	39.2%
FUNO	66.7%	60.1%	56.8%	62.3%	60.0%	42.0%	41.3%
Terrafina	59.8%	55.1%	56.7%	58.8%	58.7%	61.3%	61.8%
Prologis	47.9%	61.3%	53.7%	50.3%	49.3%	59.7%	59.9%
Macquarie	45.3%	47.4%	49.4%	50.5%	51.1%	46.8%	57.3%
Sector Average	54.1%	55.6%	53.7%	52.8%	50.0%	50.1%	51.9%
Net debt to FFO							
Vesta	-4.3	5.6	6.9	9.6	9.7	10.4	9.5
FUNO	7.8	9.9	9.5	10.8	12.4	21.9	20.7
Terrafina	14.6	9.6	10.5	9.1	11.8	9.0	9.3
Prologis	10.6	6.6	5.5	5.7	5.1	5.7	5.7
Macquarie	9.7	9.0	8.0	7.1	6.2	6.1	6.3
Sector Average	7.7	8.1	8.1	8.5	9.0	10.6	10.3

¹2021 data is consensus forecasts

Capital IQ, 2021

*2021 is last reported data

**For Macquarie and Funo industrial portfolio was used

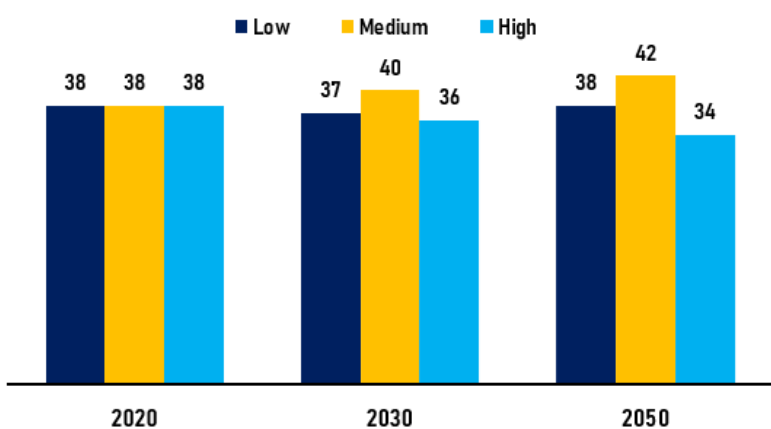


APPENDIX D1 – ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Vesta's Material Factors vs Peers (CAP IQ)							
Criteria	VESTA	TERRA 13	FIBRAPL 14	FIBRAMQ12	FUNO 11	Ind. Avg	Vesta vs Avg
Environmental	47	44	70	39	71	17	+
Operational Eco-Efficiency	53	17	45	16	76	22	+
Resource Conservation and Resource Efficiency	42	50	59	34	60	12	+
Climate Strategy	37	46	78	20	77	12	+
Environmental Policy & Management Systems	65	89	100	77	89	17	+
Biodiversity	47	45	N.A.	N.A.	30	3	+
Building Materials	22	64	60	44	62	11	+
Environmental Reporting	63	10	100	70	100	32	+
Social	61	26	72	47	69	14	+
Human Capital Development	N.A.	N.A.	N.A.	N.A.	80	15	N.A.
Occupational Health and Safety	N.A.	N.A.	N.A.	N.A.	68	10	N.A.
Talent Attraction & Retention	N.A.	N.A.	N.A.	N.A.	58	8	N.A.
Social Reporting	100	0	100	50	84	30	+
Corporate Citizenship and Philanthropy	84	49	76	13	74	17	+
Social Integration & Regeneration	15	20	82	70	90	12	+
Stakeholder Engagement	68	63	60	58	63	12	+
Human Rights	5	0	13	44	17	5	+/-
Labor Practice Indicators	N.A.	N.A.	N.A.	N.A.	66	16	N.A.
Governance	49	37	52	41	47	22	+
Corporate Governance	52	20	21	23	28	42	+
Codes of Business Conduct	78	69	75	80	84	28	+
Risk & Crisis Management	41	30	62	56	46	15	+
Supply Chain Management	20	57	57	33	39	8	+
Materiality	73	50	85	18	79	19	+
Customer Relationship Management	35	42	42	82	0	14	+
Information Security/Cybersecurity & System Availability	15	15	53	17	52	9	+
Policy Influence	64	0	49	25	50	7	+
Total	52	36	66	42	64	17	+

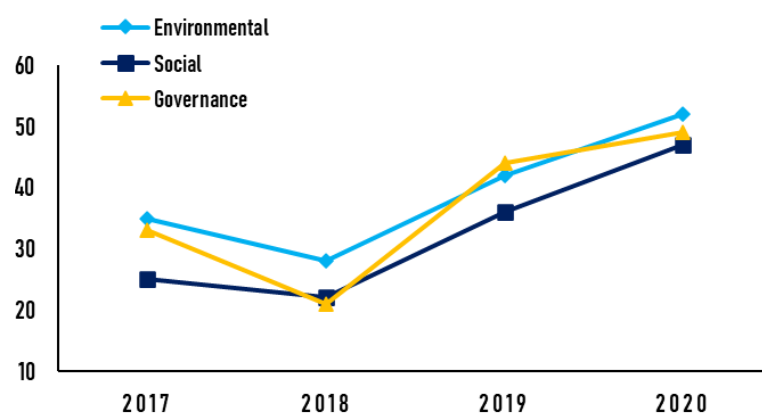
Capital IQ ESG Scorecard. 2021

PHYSICAL RISK SENSITIVITY BY SCENARIO



Capital IQ. 2021

ESG SCORE HISTORY



Capital IQ. 2021

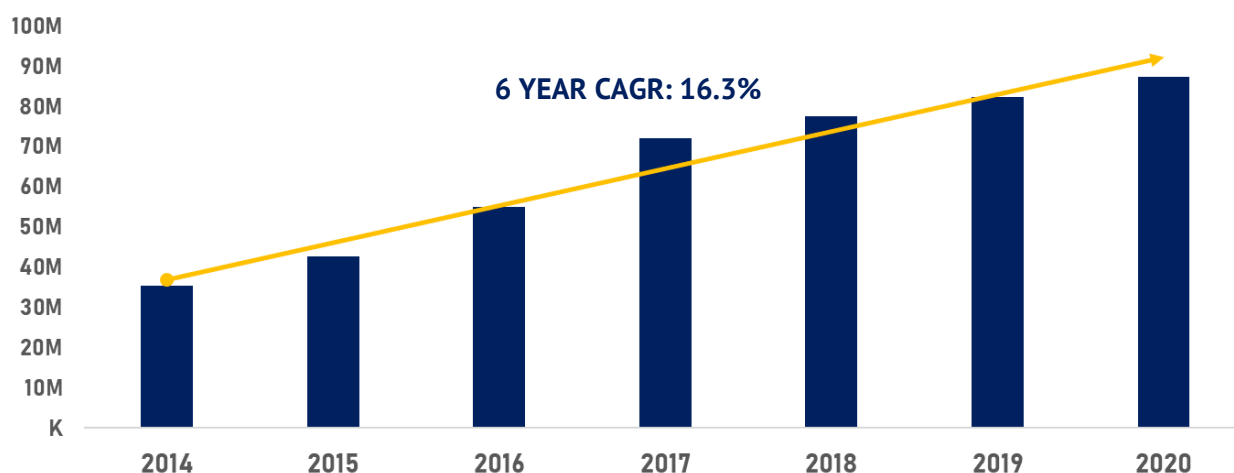


APPENDIX E1- INCOME STATEMENT

in millions USD	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	SEP 2021 LTM
Revenues	78.56	90.51	109.43	132.67	144.37	149.86	157.73
<i>Growth %</i>		15.2%	20.9%	21.2%	8.8%	3.8%	5.3%
Related to properties that generate rental income	(2.58)	(3.38)	(4.11)	(4.85)	(7.27)	(8.93)	(7.96)
Related to properties that do not generate rental inc	(0.95)	(0.99)	(0.89)	(0.83)	(0.87)	(1.23)	(1.39)
Gross profit	75.03	86.14	104.43	126.99	136.22	139.70	147.87
<i>Growth %</i>		15.2%	20.9%	21.2%	8.8%	2.6%	5.9%
<i>Gross Margin</i>	95.5%	95.2%	95.4%	95.7%	94.4%	93.2%	93.8%
NOI	75.99	87.13	105.32	127.82	137.10	140.93	149.26
<i>Growth %</i>		15.2%	20.9%	21.2%	8.8%	2.8%	5.9%
<i>NOI Margin</i>	96.7%	96.3%	96.2%	96.3%	95.0%	94.0%	94.6%
Administration expenses excluding depreciation	(9.83)	(11.24)	(13.91)	(16.09)	(17.63)	(17.18)	(19.56)
Depreciation	(0.19)	(0.32)	(0.36)	(0.57)	(1.49)	(1.48)	(1.54)
EBIT	65.01	74.58	90.17	110.33	117.10	121.04	126.79
<i>Growth %</i>		15.2%	20.9%	21.2%	8.8%	3.4%	4.7%
<i>EBIT Margin</i>	82.8%	82.4%	82.4%	83.2%	81.1%	80.8%	80.4%
Interest income	6.14	3.37	0.06	0.43	0.07	0.31	0.07
Exchange gain / loss	(45.82)	(24.78)	2.90	(0.72)	2.16	(0.17)	(1.63)
Profit on sale of properties of investment	0.00	0.00	0.00	0.00	17.92	0.00	8.56
Gain / loss on revaluation of investment property	31.44	67.00	84.06	52.82	86.06	45.37	126.86
Other income and expenses net	0.64	0.72	0.45	0.48	1.05	0.01	0.23
Financial expenses	(23.37)	(20.81)	(20.06)	(35.30)	(39.16)	(39.05)	(48.77)
EBT	34.04	100.08	157.56	128.04	185.20	127.50	212.10
<i>Growth %</i>		15.2%	20.9%	21.2%	8.8%	-31.2%	66.3%
<i>EBT Margin</i>	43.3%	110.6%	144.0%	96.5%	128.3%	85.1%	134.5%
Current tax	(2.50)	(6.13)	(15.14)	(21.89)	(37.67)	(26.15)	(40.14)
Deferred tax	(35.36)	(48.86)	(16.39)	(13.09)	(12.92)	(34.40)	(9.73)
Net Income	(3.83)	45.08	126.03	93.06	134.61	66.96	162.23
<i>Growth %</i>		-1278.6%	179.6%	-26.2%	44.6%	-50.3%	142.3%
<i>EBT Margin</i>	-4.9%	49.8%	115.2%	70.1%	93.2%	44.7%	102.9%
Other Operating Metrics							
Long Term Compensation Plan	(0.77)	(0.84)	1.43	1.93	2.79	3.68	5.16
Adjusted EBITDA	64.43	74.06	91.95	112.83	121.38	126.19	133.48
<i>Growth %</i>		14.9%	24.2%	22.7%	7.6%	4.0%	5.8%
<i>% of Revenue</i>	82.0%	81.8%	84.0%	85.0%	84.1%	84.2%	84.6%
Operating FFO pre tax	42.60	54.93	71.89	77.54	82.22	87.14	84.71
<i>Growth %</i>		28.9%	30.9%	7.9%	6.0%	6.0%	-2.8%
<i>% of Revenue</i>	54.2%	60.7%	65.7%	58.4%	57.0%	58.2%	53.7%
FFO pretax per share	0.07	0.09	0.12	0.13	0.14	0.15	0.14
<i>Growth %</i>		28.6%	31.0%	9.7%	8.3%	8.4%	-10.3%
Net Asset Value	NA	1,130.00	1,218.00	1,253.00	1,345.00	1,381.00	1,729
<i>Growth %</i>			7.8%	2.9%	7.3%	2.7%	25.2%

Operating FFO pre Tax

Company Data



APPENDIX E2 - BALANCE SHEET

in millions USD	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Q3 2021
Total assets	1,477.5	1,500.8	1,832.1	1,994.1	2,093.7	2,254.1	2,692.6
Total current assets	259.5	80.2	123.9	100.2	95.8	142.9	389.5
Cash, cash equivalents and restricted cash	27.7	50.7	91.0	64.5	75.1	120.5	373.7
Financial assets held for trading	203.6	0.6	0.7	0.7	0.8	0.7	0.0
Recoverable taxes	20.8	21.8	26.7	26.3	10.4	14.9	6.4
Trade and other accounts receivable	4.7	7.1	5.6	8.7	9.5	6.8	9.4
Guarantee deposits made	2.8	0.0	0.0	-	-	-	-
Total non-current assets	1,218.0	1,420.6	1,708.1	1,893.9	1,997.9	2,111.2	2,303.0
Investment property	1,214.9	1,415.7	1,701.0	1,884.6	1,989.1	2,103.2	2,288.9
Office furniture - net	1.8	2.0	1.9	2.5	3.1	2.9	2.2
Leasing terms	-	-	-	-	1.1	0.7	0.3
Derivative financial instruments	-	-	0.8	2.4	0.2	0.0	-
Guarantee deposits made and restricted cash	1.2	2.9	4.4	4.4	4.5	4.5	11.6
Total liabilities	502.7	541.4	809.8	940.4	982.6	1,145.4	1,283.5
Total current liabilities	304.7	5.9	12.0	16.7	12.7	28.5	49.1
Other short-term financial liabilities	301.3	1.6	3.8	9.8	3.8	4.8	11.0
Current portion of long term debt	298.1	-	0.0	4.5	0.8	1.9	3.2
Accrued interest	3.2	1.6	3.8	5.3	3.0	2.8	7.8
Financial leases payable - short term	-	-	-	-	0.4	0.5	0.4
Suppliers and other short-term payables	3.1	3.8	7.9	6.5	7.0	6.1	7.6
Taxes payable, mainly income taxes	0.3	0.6	0.3	0.4	1.5	3.5	2.2
Dividends payable	-	-	-	-	-	13.5	27.9
Total non-current liabilities	198.0	535.5	797.7	923.7	969.9	1,117.0	1,234.4
Long-term debt	46.7	340.9	582.0	695.3	713.6	837.8	931.1
Derivative financial instruments	-	-	-	-	-	4.1	0.0
Financial leases payable - long term	-	-	-	-	0.7	0.2	0.0
Total long-term provisions	7.2	8.9	11.5	13.1	26.6	13.9	15.9
Deferred income taxes	144.1	185.7	204.2	215.4	228.9	260.9	287.3
Total stockholders' equity	974.8	959.4	1,022.3	1,053.7	1,111.1	1,108.7	1,409.1
Capital stock	455.7	450.9	439.8	435.6	426.3	422.4	482.9
Additional paid-in capital	349.6	343.0	327.3	321.0	303.7	297.1	466.2
Retained earnings	186.9	203.7	292.0	339.3	424.1	437.0	506.6
Retained earnings	185.5	201.8	288.7	333.8	416.2	429.0	500.8
Share-based payments reserve	1.4	2.0	3.3	5.5	7.8	8.0	5.8
Accumulated other comprehensive income	(17.4)	(38.3)	(36.8)	(42.3)	(43.0)	(47.9)	(46.6)
Foreign currency translation	(17.4)	(38.3)	(37.3)	(43.9)	(43.1)	(45.0)	(46.6)
Valuation of derivative financial instruments	-	-	0.6	1.7	0.1	(2.9)	0.0
Total liabilities and stockholders' equity	1,477.5	1,500.8	1,832.1	1,994.1	2,093.7	2,254.1	2,692.6

Company Data

APPENDIX E3 - DEBT AND EQUITY EMISSIONS

LAST EMISSIONS OF DEBT AND EQUITY

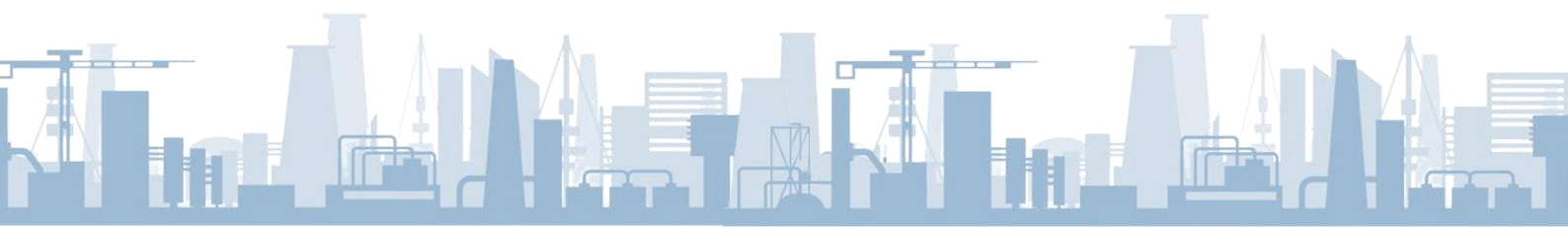
Detailed offerings						
Common stock						
Announce date	Type	Private placement	Total shares offered	Price	Currency	
4/19/2021	Private Placement	Yes	116,779,359	\$ 1.95	USD	
1/22/2015	Private Placement	Yes	124,274,111	\$ 1.84	USD	
6/25/2013	Common Stock	No	7,762,761	\$ 0.08	USD	
6/25/2013	Private Placement	Yes	127,377,661	\$ 1.70	USD	
7/19/2012	IPO	No	198,720,034	\$ 1.43	USD	
Senior Debt						
Announce date	Private placement	Coupon (%)	Maturity Date	Offering size (000)	Currency	
5/13/2021	Yes	1/3/1900	47,981	\$ 350,000.00	USD	
6/24/2019	Yes	1/5/1900	48,013	\$ 15,000.00	USD	
6/24/2019	Yes	1/5/1900	47,283	\$ 70,000.00	USD	
5/31/2018	No	1/5/1900	46,904	\$ 45,000.00	USD	
5/31/2018	No	1/5/1900	45,808	\$ 45,000.00	USD	
9/25/2017	Yes	1/5/1900	46,652	\$ 60,000.00	USD	
9/25/2017	Yes	1/5/1900	45,557	\$ 65,000.00	USD	

Company Data

APPENDIX E4- CASH FLOWS STATEMENT

in millions USD	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Net cash generated by operating activities	68.7	68.3	82.2	87.3	103.2	99.5
Cash flows from / used in operating activities	70.6	69.0	84.4	99.8	119.3	123.6
Profit / loss before income taxes	34.0	100.1	157.6	128.0	185.2	127.5
Total adjustments to balance profit / loss	36.6	(31.1)	(73.2)	(28.2)	(65.9)	(3.9)
Depreciation and depreciation charges	0.2	0.3	0.4	0.6	1.5	1.5
<i>Depreciation and amortization expenses</i>	0.2	0.3	0.4	0.6	1.0	1.0
<i>Depreciation of right of use assets</i>	-	-	-	-	0.5	0.4
Guarantee deposits received	1.5	1.7	0.0	-	-	-
Gain on revaluation of investment property	(31.4)	(67.0)	(84.1)	(52.8)	(86.1)	(45.4)
Loss / profit from unrealized foreign currency	45.8	24.8	(2.9)	0.7	(2.2)	0.2
Gain on sale of investment properties	0.0	0.0	-	-	-	-
Financial income and expenses , net	17.2	16.5	19.6	34.7	39.1	38.7
<i>Interest income</i>	(6.1)	(3.4)	(0.1)	(0.4)	(0.1)	(0.3)
<i>Interest expense</i>	23.4	19.9	19.7	35.2	39.2	39.1
Expense recognized for share-based payments	1.1	0.9	1.5	1.9	2.8	3.7
Loss / profit from disposal of non-current assets	-	-	-	-	(17.9)	0.0
Operating lease receivables - net	3.4	(2.9)	1.8	(2.9)	(0.1)	1.9
Other adjustments to balance profit / loss	(1.4)	(5.6)	(12.5)	(8.1)	(2.9)	(4.6)
<i>Recoverable taxes</i>	(1.5)	(6.1)	(14.3)	(8.9)	(4.6)	(4.5)
<i>Accrued expenses</i>	0.1	0.6	1.8	0.9	1.6	(0.1)
Prepaid expenses	(0.1)	0.5	(0.3)	(0.2)	(0.7)	0.8
Guarantee deposits made	(0.4)	0.0	0.0	-	-	-
Accounts payable and client advances	0.7	(0.2)	3.4	(2.2)	0.7	(0.7)
Income taxes paid	(1.9)	(0.7)	(2.2)	(12.5)	(16.1)	(24.1)
Net cash used in / generated by investing activities	(266.5)	23.4	(196.5)	(138.7)	1.3	(72.9)
Purchase of property, plant and equipment	(118.3)	(158.2)	(196.5)	(139.1)	(108.0)	(73.3)
Purchases of investment property	(116.7)	(157.4)	(196.2)	(137.9)	(106.4)	(72.5)
Acquisition of office furniture	(1.6)	(0.7)	(0.3)	(1.2)	(1.6)	(0.8)
Proceeds on sale of investment property	0.0	0.0	-	-	109.3	0.0
Other cash inflows / outflows	(154.4)	178.2	(0.1)	(0.0)	(0.1)	0.1
Interest received	6.1	3.4	0.1	0.4	0.1	0.3
Net cash used in / generated by financing activities	215.5	(64.7)	158.7	26.6	(94.5)	17.5
Proceeds from equity issuance	224.1	0.0	0.0	-	-	-
Direct debt issuance and restricted cash	47.5	-	-	-	-	-
Other cash inflows / outflows	(0.9)	(4.7)	(2.3)	2.9	(6.6)	0.6
<i>Cost of borrowings</i>	(0.9)	(5.8)	(3.5)	1.3	(6.7)	-
<i>Guarantee deposits collected</i>	-	2.8	2.7	1.5	0.2	0.7
<i>Guarantee deposits made</i>	-	(1.7)	(1.5)	0.1	(0.1)	(0.0)
Interest paid	(23.2)	(21.5)	(15.9)	(33.6)	(41.3)	(38.0)
Revolving line	-	-	-	-	225.0	125.0
Proceeds from debt issuance	-	300.0	243.0	116.6	7.3	0.0
Repayments of borrowings	(8.6)	(298.1)	0.0	(0.1)	(210.9)	(0.8)
Dividends paid	(22.3)	(28.8)	(39.1)	(47.9)	(39.4)	(54.0)
Repurchase of treasury shares	(1.0)	(11.7)	(27.0)	(11.3)	(27.9)	(14.8)
Payments of finance lease liabilities	-	-	-	-	(0.5)	(0.5)
Increase/decrease in cash and cash equivalents	17.7	26.9	44.4	(24.8)	10.0	44.1
Effects of exchange rates changes on cash	0.1	(3.9)	(4.1)	(1.7)	0.6	1.3
Net increase / decrease in cash, cash equivalents	17.8	23.0	40.3	(26.5)	10.6	45.5
Balance at the beginning of year	10.7	28.4	51.5	91.7	65.2	75.8
Balance at the end of the period	28.4	51.5	91.7	65.2	75.8	121.3

Company Data



Discount Cash Flow Model

Company Data. Team Analysis

DCF Model	2020	2021	2022	2023	2024	2025	2026	Terminal
Revenue	\$ 149.18	\$ 161.27	\$ 179.81	\$ 199.11	\$ 220.47	\$ 244.10	\$ 270.24	\$ 278.35
Net Operating Income	\$ 140.23	\$ 152.73	\$ 171.00	\$ 190.15	\$ 211.43	\$ 235.07	\$ 261.32	\$ 270.00
NOI Margin	94.00%	94.70%	95.10%	95.50%	95.90%	96.30%	96.70%	97.00%
Adjusted EBITDA	\$ 125.62	\$ 135.86	\$ 152.12	\$ 169.16	\$ 188.09	\$ 209.11	\$ 232.47	\$ 239.38
EBITDA margin	84.21%	84.25%	84.60%	84.96%	85.31%	85.67%	86.02%	86.00%
Interest & Other Expense	\$ (39.05)	\$ (42.32)	\$ (44.20)	\$ (46.84)	\$ (50.61)	\$ (53.31)	\$ (57.25)	\$ (66.80)
FFO pre tax	\$ 86.57	\$ 93.55	\$ 107.92	\$ 122.32	\$ 137.48	\$ 155.81	\$ 175.22	\$ 172.58
Tax	\$ 26.15	\$ 32.23	\$ 36.08	\$ 40.12	\$ 44.61	\$ 49.60	\$ 55.14	\$ 56.78
FFO After tax	\$ 60.42	\$ 61.32	\$ 71.84	\$ 82.19	\$ 92.87	\$ 106.21	\$ 120.08	\$ 115.80
Capex	\$ (0.82)	\$ (1.52)	\$ (1.69)	\$ (1.87)	\$ (2.07)	\$ (2.29)	\$ (2.54)	\$ (2.62)
AFFO	\$ 59.60	\$ 59.80	\$ 70.14	\$ 80.32	\$ 90.79	\$ 103.91	\$ 117.54	\$ 113.18
Discounted AFFO		\$ 58.34	\$ 61.97	\$ 64.26	\$ 65.79	\$ 68.19	\$ 69.85	\$ 1,525.47
Shares	\$ 564.21	\$ 670.27	\$ 656.86	\$ 643.73	\$ 630.85	\$ 618.23	\$ 605.87	\$ 605.87
Discounted AFFO per share		\$ 0.09	\$ 0.09	\$ 0.10	\$ 0.10	\$ 0.11	\$ 0.12	\$ 2.52

Target Price	
Perpetual growth	3.00%
Discount Rate	10.42%
Discounted Flows	\$0.61
Discounted Terminal Value	\$1.50
Intrinsic Value per Share	\$2.11
Share value	\$ 1.79
Upside Potential	17.74%

Sensitivity Analysis						
Terminal Growth Rate						
	2.50%	2.75%	3%	3.25%	3.50%	
Discount Rate	9.4%	28.6%	32.4%	36.4%	40.8%	45.5%
	9.9%	19.8%	23.0%	26.4%	30.1%	34.0%
	10.4%	12.1%	14.8%	17.7%	20.9%	24.2%
	10.9%	5.3%	7.7%	10.2%	12.9%	15.7%
	11.4%	-0.7%	1.3%	3.5%	5.8%	8.3%

Dividend Discount Model

DDM Model	2021	2022	2023	2024	2025	2026	Terminal
FFO per share	\$0.14	\$0.16	\$0.19	\$0.22	\$0.25	\$0.29	
Dividend policy	71%	71%	71%	71%	71%	71%	
Dividend	\$0.10	\$0.12	\$0.14	\$0.16	\$0.18	\$0.21	\$0.21
Growth		17.7%	15.7%	14.7%	15.6%	14.8%	3.0%
Discounted Dividend	\$0.10	\$0.10	\$0.11	\$0.11	\$0.12	\$0.12	\$2.86

Target Price	
Perpetual growth	3.00%
Discount Rate	10.42%
Discounted Flows	\$0.66
Discounted Terminal Value	\$1.70
Intrinsic Value per Share	\$2.36
Share value	\$ 1.79
Upside Potential	31.84%

Company Data. Team Analysis

Net Asset Value Model

NAV Model	
NOI	\$ 160.30
Cap Rate	8.3%
Gross Asset Value (GAV)	1,921
Cash	\$ 373.70
Other Assets	\$ 27.50
Total Other Assets	\$ 401.20
Development GAV	\$ 0.81
Total GAV	\$ 2,323.14
Long term debt	\$ 931.10
Other debt	\$ 3.55
Total Debt	\$ 934.65
Net Asset Value (NAV)	\$ 1,388.49

Target Price	
Total shares	670.30
NAV per share	\$ 2.07
Upside potential	15.72%

Company Data. Team Analysis

