



EXPLANATORY NOTE FOR ITEM SEVEN ON THE AGENDA

The Board of Directors of Lar España Real Estate SOCIMI, S.A. ("**Lar España**" or the "**Company**") has requested the General Shareholders Meeting an authorisation to issue, throughout a term of five years, bonds or simple debentures and other fixed-income securities (other than notes) up to a maximum aggregate amount of 1,000 million euros, and notes up to a maximum aggregate amount of another 1,000 million euros.

Different proxy advisors have shown concerns as to whether the proposed debt offering may be excessive or may lead the Company to debt levels above their guidelines. Thus, they have recommended shareholders to vote against this proposal.

In this context, Lar España would like to clarify that, although the figures isolated in an overall calculation may be deemed excessive, in no event the Boards' intention is to make use of the full authorization under the Company's current conditions. The proposed authorisation is requested, as indicated, for a term of five years, with the aim to provide management with a flexible and efficient mechanism to (i) access the capital markets directly and efficiently if the conditions are deemed appropriate and the organic structure of the Company advises accordingly at a concrete time (for example, if the Company has increased capital, allowing higher levels of indebtedness) and (ii) allow for the swift raising of funds if necessary to undertake immediate investment opportunities.

We would also like to highlight that, regardless of whether the above delegation is granted or not, Lar España is bound to the leverage commitment set forth in the IPO prospectus, available at the Company's website (www.larespana.com) and at the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*) and has had no intent to change those commitments. The target of the Company is that total leverage, represented by the Company's aggregate borrowings (net of cash) as a percentage of the most recent Total GAV of the Company, will be around 50%.

José Luis del Valle Doblado
Chairman of the Board of Directors