



Broad Street Principal Investments, L.L.C.
200 West Street, New York
New York, 10282
USA



Mr. Pablo Olangua
C/ Palos de la Frontera 13
28012 Madrid

Strictly private and confidential

Madrid, 17 May 2013

Dear Mr. Olangua

RE: Expression of Interest regarding the potential sale process of 1,862 social rental housing units in Madrid

Broad Street Principal Investments, L.L.C. (a wholly-owned subsidiary of The Goldman Sachs Group, Inc. ("Goldman Sachs" or "GS")) is delighted to submit this non-binding expression of interest (the "Expression of Interest") in the potential acquisition of a portfolio of 1,862 social rental housing units in Madrid (the "Portfolio") being sold by Empresa Municipal De La Vivienda Y Suelo ("EMVS").

At the outset, we would like to express our excitement about this opportunity and strong desire to analyse further information in relation to the Portfolio. The rented residential segment in Spain is of strategic importance to Goldman Sachs, building up on our previous experience and deep knowledge of the sector in other European jurisdictions.

In particular, we have extensive experience in acquiring rental residential portfolios and companies from public authorities and cooperating successfully thereafter. For instance, in 2004 Goldman Sachs, through the Whitehall funds, acquired 50% of GSW (65,000 flats, 935 employees) from the Federal State of Berlin and successfully carried out the Initial Public Offering of the company in 2011 after having been actively involved to implement first-in-class management. Furthermore, in 2008 we acquired LEG (90,000 flats, 845 employees) from the State of North Rhine-Westphalia, of which we still retain 41% following its Initial Public Offering in February 2013.

Despite the tight timetable, we look forward to hearing from you and being able to engage in this opportunity as soon as possible.

Background information on Goldman Sachs

Goldman Sachs is a bank holding company and a leading global investment banking, securities and investment management firm. Goldman Sachs and its affiliates provides a wide range of

services worldwide to a substantial and diversified client base that includes corporations, financial institutions, governments and high net worth individuals. Founded in 1869, the firm is headquartered in New York and maintains offices in London, Madrid, Frankfurt, Tokyo, Hong Kong and other major financial centers around the world.

Goldman Sachs (indirectly through its affiliates and through funds sponsored and/or managed by GS or its affiliates) invests in real estate and real estate related assets, principally through the acquisition of real estate companies, real property and mortgage loans. Since 1991, Goldman Sachs acquired (indirectly through GS's investment in GS sponsored and managed funds and through GS subsidiaries) over \$130 billion of real estate worldwide. Investments span across various product and investment types, including retail, hospitality, office, and residential, with interests in real-estate portfolios, non-performing loans and corporate restructurings. Since 1995, Goldman Sachs has acquired (indirectly through GS's investment in GS sponsored and managed funds and through GS subsidiaries) more than \$48 billion of European real estate and real estate-related assets through corporate acquisitions and/or direct asset investments. Investments span across various product and investment types, including retail, hospitality, office, and residential, with interests in real-estate portfolios, non-performing loans and corporate restructurings.

Through the Whitehall Funds, Goldman Sachs and its partners have invested over \$11 billion in residential assets worldwide and our current residential platforms comprise approximately 252,000 units. In Europe, we have made investments of more than \$6.5 billion, representing approximately 152,000 units, including LEG (90,000 units bought in 2008 in North Rhine Westphalia, Germany), GSW (65,000 units bought in 2004 in Berlin, Germany, in a 50/50 joint venture with a Cerberus affiliate) and Pokrovsky Hills (207 units bought in 2008 in Moscow, Russia).

The real estate investments of Goldman Sachs and its affiliates and affiliated funds are supported by the asset management expertise of Goldman Sachs Realty Management Division (formerly known as Archon Group) with 1,600 employees in 24 countries, of which 600 are based in Europe) to maximize value through effective operational management, including initiatives to increase occupancy, drive rental growth and invest in effective capital expenditures.

Status

Except for this paragraph and the next paragraph which are intended to be binding on the parties, this letter of interest is intended to serve only as an expression of the parties' intent and does not create any legal relationship between EMVS and Goldman Sachs (and any of their affiliates, including entities or investment funds managed or advised by Goldman Sachs), nor create any obligation to consummate the contemplated transaction, negotiate in good faith with respect thereto or other similar duties or obligations; any such obligation will be created only by definitive agreements, if any are entered into, the provisions of which will supersede this and all other understandings between the parties (acknowledging, for the avoidance of doubt, that no binding obligation to consummate the contemplated transactions, negotiate in good faith with respect thereto or other similar duties or obligations were or are created or contemplated hereby). Goldman Sachs reserves the right to cease its evaluation of and withdraw from pursuing its evaluation of the portfolio at any time without liability to any person.

This letter of interest is made on a strictly confidential basis. To that end, EMVS as well as its advisers and brokers shall keep confidential the existence and content of this letter, and shall not disclose any details of this letter of interest, nor its existence, to any party at anytime, other than with our express prior written consent. This letter of interest shall be governed English law.

Yours faithfully,

For and on behalf of

Broad Street Principal Investments, L.L.C.

Name: H MULHASANI

Title:

Date: 17th May 2013

CABs: 622545
