
From: Peter Mandelson <[REDACTED]>
Sent: Sunday, March 20, 2011 9:30 PM
To: Jeffrey Epstein
Subject: FW: Rio

glug

On 20/03/2011 18:23, "James Palumbo (MSHK)" <[REDACTED]> wrote:

>OK, let's run the maths.

>

>1. What's the total project cost, with refurbishment costs laid out in
>detail? (You need to pin down refurb costs before you buy) 2. What will
>be the monthly interest payments assuming interest rate rise and
>conversion risk?

>3. How do you propose to re-pay the capital net of tax? - remember
>£1.5m net is about £3m gross because you have to gross up for tax 4.

>Does your total income, less London living costs, less interest
>payments, support capital repayments?

>5. How long will it take to re-pay the capital, does this fit with HSBC
>loan timescale?

>

>You need to lay all these numbers out on a spread sheet, then fiddle
>with some currency and other variables. Once you've done this you'll be
>crystal clear about your commitment. My finance guy Richard, who I
>think you know, can help you with the exercise if you'd like.

>

>xxxxx

>

>From: Peter Mandelson [REDACTED]
>Sent: 20 March 2011 20:28
>To: James Palumbo (MSHK)
>Subject: Rio

>

>I am sure you are right to be cautious about economy. Question is
>whether my income will be seriously cut in bad scenario. I view Lazard
>as secure - they want me/BWP/GC to do more for them eg in Russia. There
>will be some sort of bonus at end of year. I can use this income to
>make monthly interest payments and to pay down some capital if bonus is
>reasonably substantial.

>

>Double dip would reduce GC growth but not I think its general income as
>we are not dependent on UK alone.

>

>So I think my repayments would be very large but secure - I do not
>reall= have other calls on my income in UK as I live cheaply.

>

>There is an issue of repayment of capital but I am prepared to chance

>that against expectation of future income growth. And will discuss with
>bank in meantime.

>

>I don't much like borrowing more than 50%, makes me nervous. I have
>savings in UK and Bxl (which amount to around 400k) which I would much
>prefer to keep for emergencies but that is not a necessity. Ben has
>told me to approach bank and secure 500k of loan against the money that
>my personal company, Willbury, has from book, speeches etc. Otherwise
>would be secured against London home (at present no mortgage).

>

>The issue for me is whether I want to sacrifice almost every other
>income use in order to do Rio (including annual taxes, upkeep etc).
>There are two answers to this. One, what else is there to do with my
>income ? Of course I would like a bigger home in London but this is not
>vital. I would like somewhere in country but again this is not vital,
>and I would prob only use it once or twice a month at most because of
>work and travel (and I can use Jacob's estate home that is already available to me).

>

>Second, most important, in addition to wanting Rio base for R (we are a
>partnership) I really like the place more than I expected. Sea, shops,
>variety, services, exercise, people, weather, surrounding mountains all
>positive for me. Language is handicap but not a disqualifier. Through
>GC and Lazard I should be able to generate some Brazilian income which
>helps on currency (Real over valued and costly for me).

>

>Then there is the prospective property itself. It's not perfect and
>needs lot doing including removal of walls, re-config of rooms etc. But
>it has 40s charm, it is not new build synthetic/plastic, it is well
>located and I feel warm every time I return to it (woman owner gave us
>keys for weekend). Only 4 flats in building, one owned by architect who
>would supervise project. It has rare , large outside terrace space.
>Rio property prices are rising fast with football and Olympics
>approaching plus general economic expansion. There is constraint on
>supply: Ipanema etc lies between the mountains and sea so no room to expand.

>

>So, many reasons to be negative andcautious, but others to be hopeful
>and optimistic.

>Also, you are looking at economics - always uncertain - but you are no=
>factoring the emotional - the enjoyment, contrast, peace of mind,
>generosity (as in your own Cat property purchase). The project would be
>expensive but also fun. x

>

>Reception: +44 870 060 0010 Fax: +44 20 7740 8654 Ministry of Sound
>Group Limited. Registered office: 103 Gaunt Street, London SE1 6DP
>Registered in England & Wales, company number 3299668

>

>

```
<?xml version=.0" encoding=TF-8"?>  
<!DOCTYPE plist PUBLIC "-//Apple//DTD PLIST 1.0//EN" "http://www.apple.com/DTDs/PropertyList-1.0.dtd">  
<plist version=.0">  
<dict>
```

```
<key>date-last-viewed</key>
<integer>0</integer>
<key>date-received</key>
<integer>1300656586</integer>
<key>flags</key>
<integer>8590195713</integer>
<key>gmail-label-ids</key>
<array>
  <integer>22</integer>
  <integer>2</integer>
</array>
<key>remote-id</key>
<string>143580</string>
</dict>
</plist>
```