From: Peter Mandelson <[redacted]>
To: Jeffrey Epstein <jeevacation@gmail.com>
Subject: FW: Rio
Date: Sun, 20 Mar 2011 20:43:33 +0000

Lunch and afternoon at friends at nice house in mountains outside Rio. UK doesn't compete. Boring people in England, all either star struck or violently hostile. And not so pretty.

From: Peter Mandelson <[redacted]>
Date: Sun, 20 Mar 2011 20:28:11 +0000
To: james palumbo <[redacted]>
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 really 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 not 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