



Arbitrage Group
Real Estate Investments in London



Arbitrage Group

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Property investment in prime central London

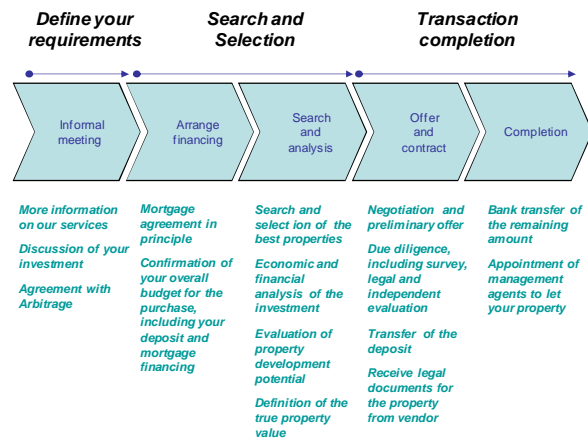
- Property in central London is a first class asset for investors worldwide reflecting London's role as the leading financial centre
- Annual returns on investment amount to 38-62%
- Growing rental demand in central London
- Property supply shortages in central London, resulting in price increases
- UK Banks provide specialist buy-to-let mortgages for property investment purposes to Russian citizens
 - Banks loans cover up to 85% of the property purchase price
 - Annual interest rates vary from 5-6%
 - Property sale and loan repayment can be done any time without bank penalties
- Reliable and stable legal system guarantees security of your investment
- High rental income covers and exceeds loan repayments
- Non-UK residents are exempt from the tax on rental income and proceeds from the property sale

Our services and advantages of working with us

Advantages of working with us

- Independent advice
- Significant time savings
 - Transaction can be executed without your presence in the UK
- Full range of services, including property search and selection, loan arrangement, transaction management, organisation of post-purchase lettings and renovation
- Experience in property portfolio acquisition and management,
- Understanding of legal aspects of a transaction
- Expert knowledge of London's prime residential areas and their capital appreciation potential

Services at all stages of a transaction



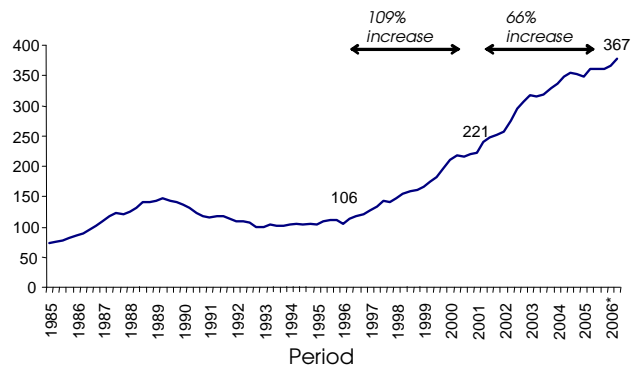


Historical price developments

London Property

- In 2006 prices have increased by 20-30% in central London
- In some highly desirable areas price increases reached 46.5%
- On average, during the past 20 years property prices have been rising by 10% annually

During the last 20 years property prices in London have increased by more than five times



Source: Nationwide Building Society,
* Q1 2006

Investment returns

Investment returns overview

Property Price		Investment Amount		Net rental income after bank loan repayment and fees to property management agents		Five year investment returns (capital appreciation and net rental income)				
£	£	\$	£	%	Total amount (£)	Total amount (\$)	Absolute return (%)	Annual return (%)	Annual compound return (%)	
150 000	26 250	49 088	1 406	5.4%	95 062	177 767	362%	72%	38%	
200 000	35 000	65 450	1 575	4.5%	125 250	234 217	358%	72%	38%	
250 000	43 750	81 813	1 594	3.6%	165 836	310 113	379%	76%	40%	
300 000	58 500	109 395	1 463	2.5%	224 450	419 721	384%	77%	40%	
350 000	68 250	127 628	1 181	1.7%	275 953	516 031	404%	81%	42%	
400 000	78 000	145 860	1 350	1.7%	334 921	626 303	429%	86%	44%	
450 000	87 750	164 093	1 519	1.7%	399 280	746 654	455%	91%	46%	
500 000	97 500	182 325	1 688	1.7%	443 645	829 616	455%	91%	46%	
600 000	117 000	218 790	2 025	1.7%	563 048	1 052 901	481%	96%	48%	
700 000	136 500	255 255	2 363	1.7%	656 890	1 228 384	481%	96%	48%	
800 000	156 000	291 720	2 700	1.7%	792 558	1 482 084	508%	102%	50%	
900 000	175 500	328 185	3 038	1.7%	891 628	1 667 344	508%	102%	50%	
1 000 000	195 000	364 650	3 375	1.7%	1 098 827	2 054 806	564%	113%	54%	
2 000 000	390 000	729 300	6 750	1.7%	2 309 430	4 318 634	592%	118%	56%	
3 000 000	585 000	1 093 950	10 125	1.7%	3 635 543	6 798 465	621%	124%	58%	
4 000 000	780 000	1 458 600	13 500	1.7%	5 080 989	9 501 449	651%	130%	60%	
5 000 000	975 000	1 823 250	16 875	1.7%	6 649 679	12 434 899	682%	136%	62%	

*This is an estimate investment return. A separate analysis will be done for each transaction.
** £1 = \$1.87

- Annual return on capital invested: 38-62%
- Financing: Deposit -15%, bank loan - 85%
- Price increases reach 30-45% in prime central London areas
- Rental Yield: Average - 7%, lower for the higher value property, which however has a greater potential for capital appreciation



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