

KING PENGUIN P R O P E R T I E S

KPP Newsletter

August 2010



KPP Distressed Fund LLC is still accepting investor commitments for our KPP 107th Street LLC offering. This investment is only open to ‘Accredited Investors’ as defined under Rule 501 of Regulation D by the SEC. KPP believes this is excellent investment opportunity since it is backed by NYC rent-stabilized units that generate a rent-roll well below free market rental rates. This will provide a stable cash flow in any economic environment. Please contact us for more details as we plan to soon close on this transaction. A picture of the 36 mixed-use building is below.

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We would like to take this opportunity to thank Maxwell Mikelic for his assistance to KPP Distressed Fund LLC this summer. We wish Max the best of luck when he returns to the University of Michigan next week to complete his undergraduate studies.

MONITORED TRANSACTIONS NYC

KPP believes we might be able to purchase the 11 unit property pictured below for around \$1.6 million. This is just over an 8x GRM and is over a 6% cap rate. This property is located in an excellent area of lower Harlem that presents good upside in market value over the next 5 to 6 year period. This property also has been very well maintained so little Capex will be needed upon acquisition

In place rents on this residential property are slightly below free market rates presenting less of an upside in potential cash flow generation of the property compared to some others now being looked at by KPP. However, there exists the potential for excellent upside in the immediate real estate values of properties in close proximity.





MONITORED BANK-OWNED PROPERTY

This property is a beautiful fully renovated 28 unit property within walking distance to Rockaway Beach with many units having water views. These are free market luxury units and the building would be purchased 100% vacant, however, a low anticipated purchase price would provide excellent returns for the patient investor. KPP would seek to purchase this property for under \$3 million and then work to get it close to full occupancy within 12 months. At that point KPP would finance the property as we project this property should be able to generate about \$350,000 a year in gross income giving us a projected purchase price of 8.5X GRM for a brand new luxury asset within walking distance to Rockaway Beach in Queens and a short 30min subway ride to midtown Manhattan.

Sincerely,

From The Management Team

King Penguin Properties