



## Fundraising Update

### KPP To Launch King Penguin Opportunity Fund LLC

KPP Distressed Fund, LLC effective February 1<sup>st</sup> has changed its name to King Penguin Opportunity Fund LLC.

Many material changes have been made to the fund offering including its size, supervisory board, key-man policy, and IRA custodian agreements.

The Fund has been able to close on a number of transactions in 2010 and we expect to execute on many more in the coming year.

The membership interests are being offered (the "Offering") as a private placement to a limited number of investors and will not be registered under the Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state or non-U.S. jurisdiction and may not be sold or transferred without compliance with all applicable U.S. federal, state, and non-U.S. securities laws.

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KPP Distressed Fund LLC

CONFIDENTIAL  
PRIVATE PLACEMENT MEMORANDUM

110 Park Ave, 11th Floor  
New York, NY 10022

## Low-Risk Prime Midtown Manhattan Location Property



This property above is a 5 story, 20 unit building located in the Hell's Kitchen neighborhood of Midtown Manhattan. KPP would look to acquire this asset for an inexpensive GRM of just over 10 times. Many of the units are already at or near free market rental rates so upside is limited in the rent roll. However, the current passive ownership has neglected to file annual RPIEs as required. This has resulted in a much higher than normal tax assessment on this property to other comparable properties in the immediate area. KPP believes we will eventually over time be able to lower the current tax assessment anywhere from 20 to 40% over the next 2 year period.

Given the high current tax assessment, the purchase price cap rate on this purchase would be just over 5%. However, with a much lower tax assessment there is plenty of upside in the potential net operating income that this property could generate.

## Prime NYC Underground Parking Garage & Storage Opportunity at Below Replacement Cost



KPP is in talks to acquire a 10,800 square foot underground space of a luxury condo building located in the Chelsea neighborhood of Manhattan. There are no other parking structures in the immediate vicinity to this parking which would allow us to charge customers a premium.

KPP would look to acquire this space for about \$150 to \$175 per square foot. This would represent an interesting value play for KPP as typical in this area sub level space usually runs for half the value of the space directly above it. Currently on the market for the 59 unit luxury condo above this garage are only a hand full of units for sale at around \$1,000 per a square foot.

KPP would look to operate this as a full time parking garage with a number of storage units available for residents living above.

## Spring Networking Event Tentatively Planned at the Famous Le Cirque Restaurant in NYC

Please inquire for more info. This event likely to be held in late March on an invite basis only.



**Sincerely,**

**The Management Team  
King Penguin Properties**