



We have been busy these last few months going under contract on some new deals and conducting presentation events in New York City and Chicago.

Below please find a link to our website for some recent pictures from our New York City Event held at Le Cirque on March 30, 2011. Thank you to all that helped to make this event a success.

<http://kpp.us.com/gallery7.php#images/KingPenguinGalleryPics/033011/1.jpg>

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We also held an event at the Chicago Chamber of Commerce on May 11, 2011. This event provided information on the state of the New York City residential housing market and our projections going forward. We also spoke about some recent distressed debt transactions that we executed.

Some pictures from our Chicago Chamber of Commerce event are below.



Low Risk Mixed-Use Deal



This 26 mixed-use walk-up building provides good current cash flow and is similar in nature to our deal on 124-128 East 107th Street in New York City. However, the building is located in a more desirable area of Harlem on Lenox near 125th Street in Central Harlem.

Unlike our mixed-use deal on 107th Street this property has many more units that are generating over \$1,000 per a month in rental income and the rent-stabilized units now generate rents closer to market rates. As a result, this property generates a higher current cap rate out the door of close to 7.5% based on the price that KPP would look to acquire this asset. The more desirable area also warrants that this property trades at close to a 10x GRM or at 10 times the gross income that this property currently generates.

Distressed Harlem Bulk Sale Purchase



We are in the process of looking to acquire the remaining units in the above luxury conversion. These units are being offered in a bulk sale by a bank that recently took back possession of the units from a developer facing distress and is unable to sell the units to cover his loan costs in this distressed environment.

KPP would look to acquire these remaining units below \$325 per a foot while all the remaining units exchanged hands anywhere from \$450 to \$850 a foot in late 2008 and throughout 2009. The developer spent over \$500 a foot with the acquisition of the site and in improvements. If this purchase is a success, KPP would look to get board representation immediately as these units would represent over 30% of the common interest in this property and give us almost total control in the management of and operation of this condominium.

This luxury condo is located in a prime Harlem location not far from Apollo Theater and the Red Rooster Restaurant.

Sincerely,

**The Management Team
King Penguin Properties**