OFFERING MEMORANDUM

555 2ND ST

555 2nd St, San Francisco, CA 94107

Marcus & Millichap

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INVESTMENT OVERVIEW

555 2nd Street presents a compelling opportunity to acquire a high-yielding, 6.23% cap rate, mixed-use asset in South Park. The ground floor is anchored by Movida Restaurant and Tequila Lounge that has been operating at the site for more than 3 years. Upstairs are two, three-bedroom apartments that have been recently upgraded and feature hardwood floors, in unit laundry and stainless steel appliances. Supported by a long-term commercial lease below and high-demand renovated residential units above, 555 2nd St offers durable income today with clear upside tomorrow.

INVESTMENT HIGHLIGHTS

- Over $398,000 in recent capital improvements, including fully renovated residential units, new mechanical systems, new plumbing, new HVAC, sound dampening and much more

- Long-Term Billboard Revenue Stream: Features an extended wallscape billboard lease providing dependable supplementary income. Rent escalates to $4,000/month in August 2027 and compounds at 3% annually

- 8 years remain on a 10-year NNN restaurant lease for Movida

- Unmatched Tech & Commuter Location: Located in the heart of SoMa, tenants enjoy walkable access to Downtown San Francisco, Caltrain, and the concentration of AI firms and startups surrounding South Park and Oracle Park. The property is also within walking distance of the Embarcadero, Chase Center, and the vibrant King Street corridor

- Turnkey Residential Finishes: Upper units consist of fully renovated 3-bedroom, 2-bathroom floor plans equipped with in-unit laundry, modernized kitchens, stainless steel appliances, and hardwood flooring

- Long-Term Commercial Tenancy: The ground floor is leased to Movida Tequila Lounge through June 30, 2033, providing stable cash flow from an established operator

- Significant capital investment from the restaurant operator to upgrade and modernize the space

- Located directly on the main walking route for San Francisco Giants Games

Movida Restaurant and Tequila Lounge
Lease Highlights

Lease Terms & Key Dates

Lease Execution Date: November 28, 2022

Commencement Date: December 12, 2022

Rent Commencement Date: June 10, 2023

Lease Expiration Date: June 30, 2033 (120-month initial term).

Renewal Options: One (1) 5-year option at Fair Market Rent (minimum 103% of prior month's Base Rent, escalating 3% annually thereafter).

Current Rent: $11,416.23 — $9,000.00/mo. Base Rent + $2,416.23 (NNN). Base Rent is due on the 1st; Landlord permits Tenant to pay by the 15th of the month. (NNN is an estimate that reconciles annually.)

Base Rent Schedule:

Period	Monthly Base Rent
6/10/23 – 6/30/24 (Yr 1)	7% of gross sales
7/1/24 – 6/30/25 (Yr 2)	$7,250.00
7/1/25 – 6/30/26 (Yr 3)	$8,250.00
7/1/26 – 6/30/27 (Yr 4) — current	**$9,000.00**
7/1/27 – 6/30/28 (Yr 5)	$9,270.00
7/1/28 – 6/30/29 (Yr 6)	$9,548.10
7/1/29 – 6/30/30 (Yr 7)	$9,834.54
7/1/30 – 6/30/31 (Yr 8)	$10,129.58
7/1/31 – 6/30/32 (Yr 9)	$10,433.47
7/1/32 – 6/30/33 (Yr 10)	$10,746.47

Expense Structure & Tenant Obligations

Lease Structure: NNN / Modified Operating Expense Recovery.

Additional Rent: Tenant pays its 42.6% Proportionate Share of Operating Expenses, Real Estate Taxes, and Building Insurance (2,042 rentable sq. ft.).

Operating Expense Cap: Operating Expenses capped at a **7% maximum annual increase** (cumulative carryforward allowed). Real estate taxes and insurance are not subject to the cap.

Base Rent Increases: 3% annual increases begin in Lease Year 5 (7/1/27). Years 2–4 step up on a fixed schedule, and Year 1 was percentage rent (7% of gross sales) — see Base Rent Schedule.

Security Deposit: $16,000.00.

Utilities: Tenant pays for all utilities directly. All utilities are separately metered except water, which is charged by proportionate share (or estimated usage at Landlord's option).

Guaranty: Personal guaranty from Bobby Marhamat, capped at $1,200,000; converts to a 12-month rolling guaranty after month 37 of the term.

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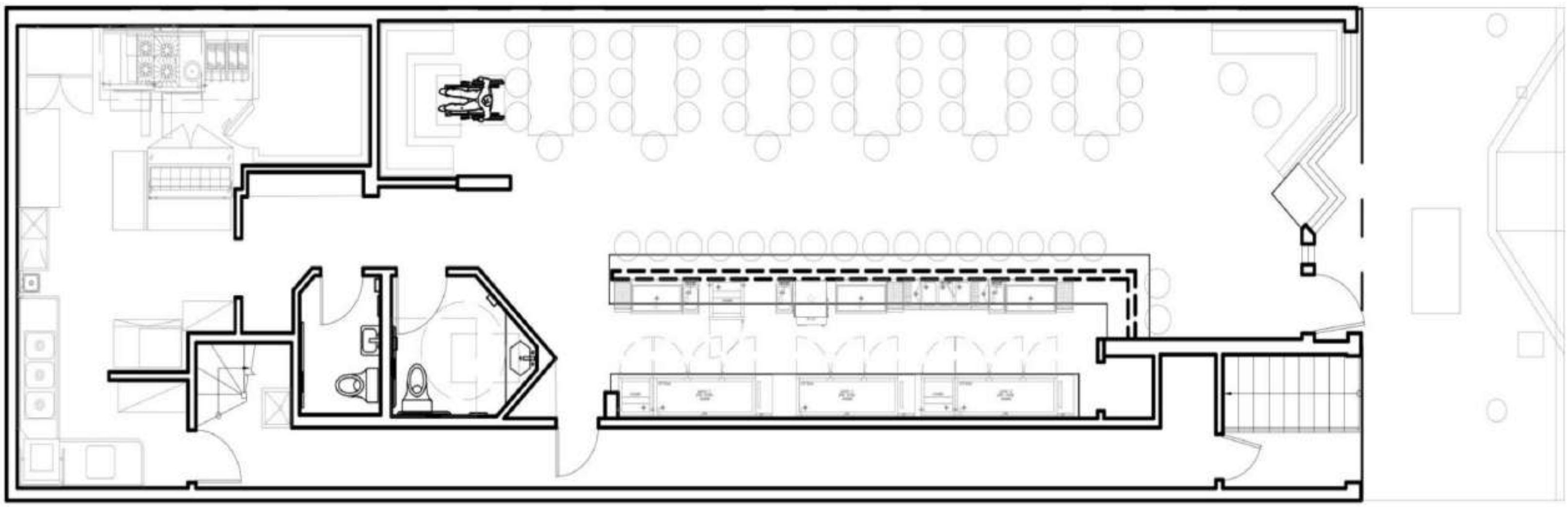
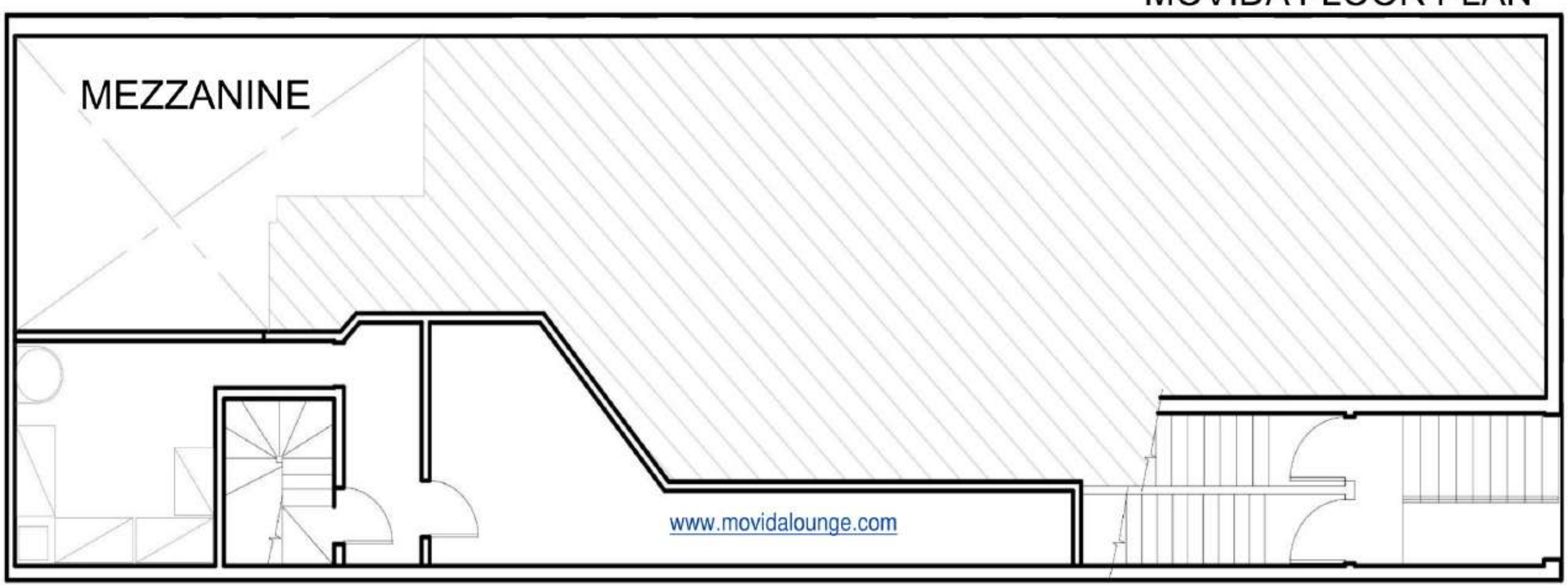
FLOOR PLANS





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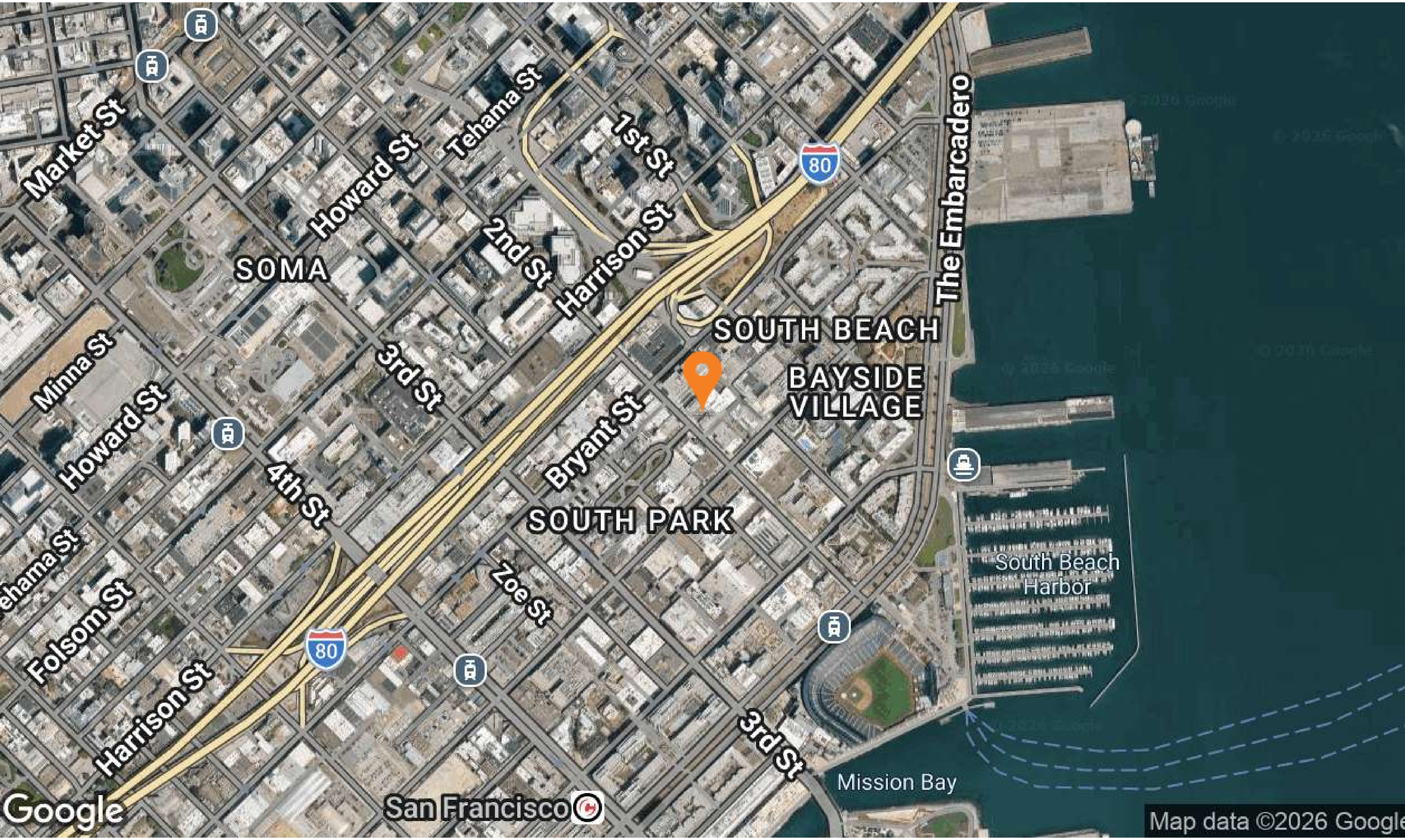
AERIAL MAP



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INNOVATION HUB

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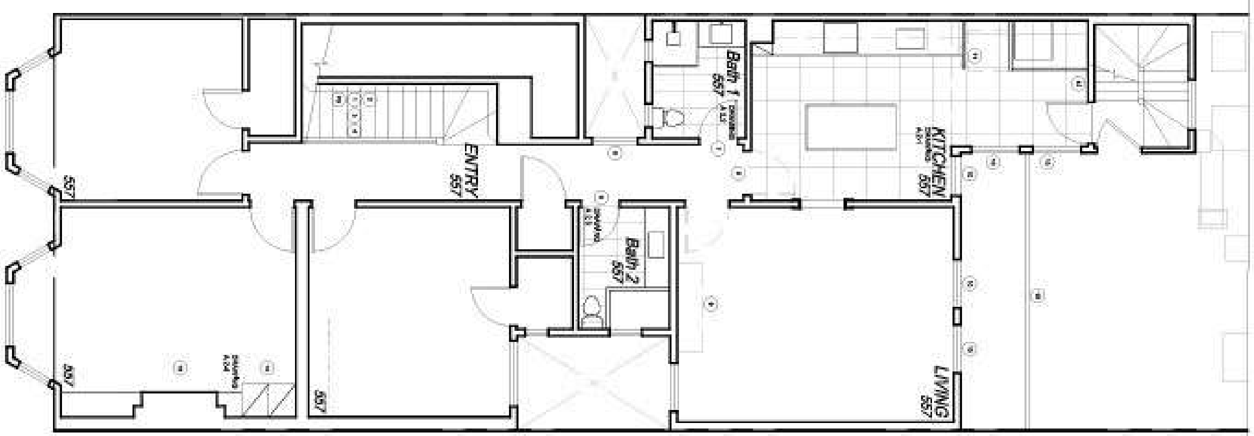
FINANCIAL DETAILS

As of March,2026

UNIT	UNIT TYPE	Square Feet	SCHEDULED Rent / Month	SCHEDULED Rent / SF/ Month	POTENTIAL Rent / Month	POTENTIAL Rent/ SF/ Month
555	Restaurant	2,042	$9,000	$4.41	$10,000	$4.90
557	3 Bed - 2 Bath	1,306	$6,396	$4.90	$8,500	$6.51
559	3 Bed - 2 Bath	1,445	$6,395	$4.43	$8,500	$5.88
Total		4,793	$21,791	$4.55	$27,000	$5.63

557 2nd St



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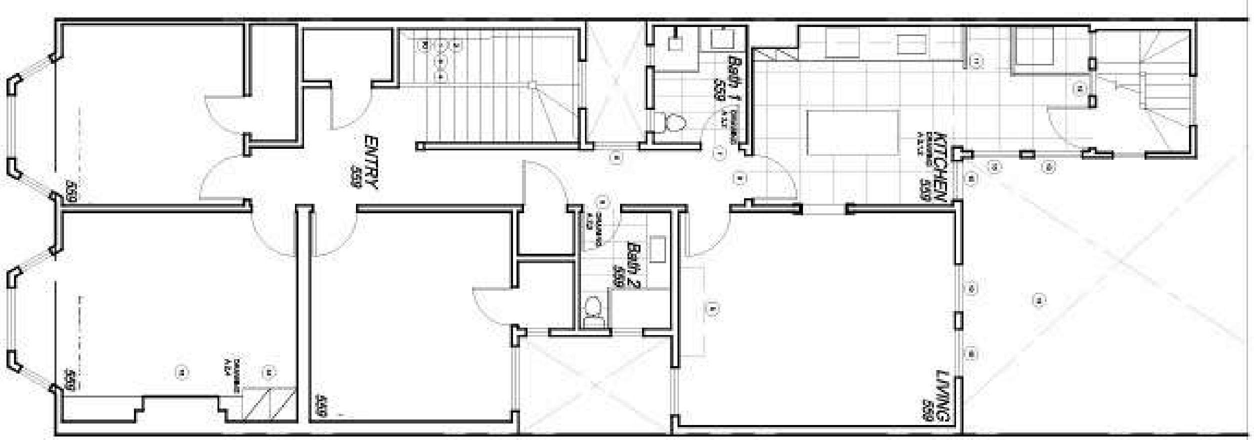

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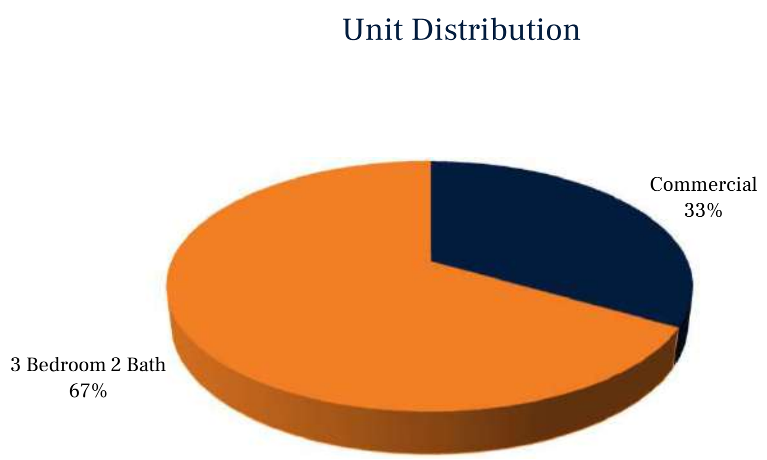
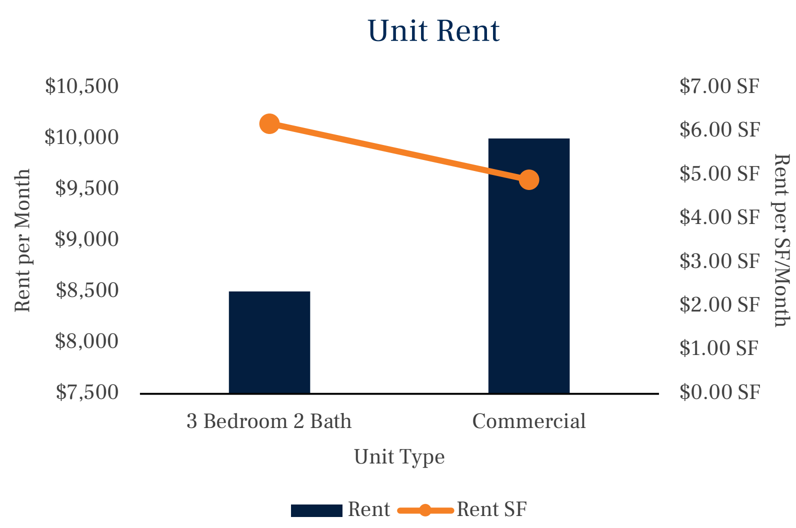
FINANCIAL DETAILS

UNIT TYPE	# OF UNITS	AVG SQ FEET	RENTAL RANGE	SCHEDULED AVERAGE RENT	SCHEDULED AVERAGE RENT / SF	SCHEDULED MONTHLY INCOME	POTENTIAL AVERAGE RENT	POTENTIAL AVERAGE RENT / SF	POTENTIAL MONTHLY INCOME
3 Bed - 2 Bath	2	1,376	$6,395 - $6,396	$6,395	$4.65	$12,791	$8,500	$6.18	$17,000
Restaurant	1	2,042	$9,000 - $9,000	$9,000	$4.41	$9,000	$10,000	$4.90	$10,000
TOTALS/WEIGHTED AVERAGES	3	1,598		$7,264	$4.55	$21,791	$9,000	$5.63	$27,000

GROSS ANNUALIZED RENTS	$261,489	$324,000





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FINANCIAL DETAILS

INCOME	Current		Pro Forma		NOTES	PER UNIT	PER SF
Rental Income							
Gross Potential Rent	324,000		324,000			108,000	67.60
Loss / Gain to Lease	(62,511)	19.3%	0			0	0.00
Gross Scheduled Rent	261,489		324,000			108,000	67.60
Physical Vacancy	(7,845)	3.0%	(9,720)	3.0%		(3,240)	(2.03)
TOTAL VACANCY	($7,845)	3.0%	($9,720)	3.0%		($3,240)	($2)
Effective Rental Income	253,644		314,280			104,760	65.57
Utility Bill-Back	36,276		36,276		[8]	12,092	7.57
Billboard Income	43,200		48,000		[5]	16,000	10.01
TOTAL OTHER INCOME	$79,476		$84,276			$28,092	$17.58
EFFECTIVE GROSS INCOME	$333,120		$398,556			$132,852	$83.15

EXPENSES	Current	Pro Forma	NOTES	PER UNIT	PER SF
Real Estate Taxes	47,245	47,245	[1]	15,748	9.86
Insurance	8,345	8,345	[7]	2,782	1.74
Utilities - Water & Sewer	14,163	14,163	[2]	4,721	2.95
Trash Removal	1,200	1,200	[9]	400	0.25
Repairs & Maintenance	2,500	2,500	[3]	833	0.52
Fire Life & Safety	400	400	[2]	133	0.08
Janitorial	760	760	[2]	253	0.16
Garbage Service	3,000	3,000	[6]	1,000	0.63
Misc. Expenses	6,428	6,428	[4]	2,143	1.34
TOTAL EXPENSES	$84,041	$84,041		$28,014	$17.53
EXPENSES AS % OF EGI	25.2%	21.1%			
NET OPERATING INCOME	$249,079	$314,515		$104,838	$65.62

Notes and assumptions to the above analysis are on the following page.

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FINANCIAL DETAILS

NOTES TO OPERATING STATEMENT	
[1]	1.1826% of the purchase price
[2]	From Owners statement Jul 2025 to July 2026
[3]	Market based estimate
[4]	Management, Accounting & Legal
[5]	Current income of $3,600 month when occupied. New 10 year lease starting Aug 3rd 2027 at $4,000 per month. 3% annual increases.
[6]	Garbage service to bring cans to the street and return them. Residential service only.
[7]	Oct 2025 to Oct 2026 actual insuance cost
[8]	CAM reimbursement plus $1,673 mo. property taxes for new owner based on purchase price
[9]	Recology service to be confirmed by Buyer. New service being set up Aug 1 2026

555 2ND ST

FINANCIAL DETAILS

SUMMARY		
Price	$3,995,000	
Down Payment	$1,398,250	35%
Number of Units	3	
Price Per Unit	$1,331,667	
Price Per SqFt	$833.51	
Rentable SqFt	4,793	
Lot Size	0.05 Acres	
Approx. Year Built	1914	

RETURNS	Current	Pro Forma	Reno
CAP Rate	6.23%	7.87%	0.00%
GIM	11.72	9.79	
Cash-on-Cash	4.24%	8.92%	
Debt Coverage Ratio	1.31	1.66	

FINANCING	1st Loan
Loan Amount	$2,596,750
Loan Type	New
Interest Rate	6.15%
Amortization	30 Years
Year Due	2031

Loan information is subject to change. Contact your Marcus & Millichap Capital Corporatio

# OF UNITS	UNIT TYPE	SQFT/UNIT	SCHEDULED RENTS	MARKET RENTS
2	3 Bedroom 2 Bath	1,376	$6,395	$8,500
1	Commercial	2,042	$9,000	$10,000

OPERATING DATA

INCOME		Current		Pro Forma
Gross Scheduled Rent		$261,489		$324,000
Less: Vacancy/Deductions	3.0%	$7,845	3.0%	$9,720
Total Effective Rental Income		$253,644		$314,280
Other Income		$79,476		$84,276
Effective Gross Income		$333,120		$398,556
Less: Expenses	25.2%	$84,041	21.1%	$84,041
Net Operating Income		$249,079		$314,515
Cash Flow		$249,079		$314,515
Debt Service		$189,842		$189,842
Net Cash Flow After Debt Service	4.24%	$59,237	8.92%	$124,673
Principal Reduction		$31,006		$32,967
TOTAL RETURN	6.45%	$90,243	11.27%	$157,640

EXPENSES	Current	Pro Forma
Insurance	$8,345	$8,345
Utilities - Water & Sewer	$14,163	$14,163
Trash Removal	$1,200	$1,200
Repairs & Maintenance	$2,500	$2,500
Fire Life & Safety	$400	$400
Janitorial	$760	$760
Garbage Service	$3,000	$3,000
Misc. Expenses	$6,428	$6,428
TOTAL EXPENSES	$84,041	$84,041
TOTAL EXPENSES	$120,838	$120,838
Expenses/Unit	$40,279	$40,279
Expenses/SF	$25.21	$25.21

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