



BKM Capital Partners

Annual Letter **Annual Letter** Annual

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» *Letter from the CEO*



LETTER FROM THE CEO



2025 proved to be a transitional year for commercial real estate, particularly the industrial sector, which has long been considered the darling of the alternative asset classes. While fundamentals began to normalize, political and economic uncertainty prompted some market participants to pause, whereas BKM remained disciplined and opportunistic—capitalizing on market dislocation to continue deploying capital. Even so, the sector continues to recalibrate—rent growth remains steady, vacancy has largely flattened, and demand from major industries such as manufacturing and last-mile logistics continues to provide a consistent pipeline of activity.

Small-bay and mid-bay multi-tenant assets in particular have continued to outperform their larger industrial counterparts, supported by a constrained supply pipeline and favorable leasing dynamics that have garnered significant institutional favorability in recent quarters. Heading into 2026, BKM is well positioned to capitalize on these market opportunities, supporting the firm’s long-term growth plan and further solidifying our position as the leading owner-operator of multi-tenant light industrial product across the U.S.

2025 Notable Activity

- » Surpassed \$3B in AUM for the first time in company history
- » Formed a \$1.5B joint venture with Kayne Anderson Real Estate, facilitating expansion into new markets
- » Purchased our first assets in Dallas, Houston, and Orlando, marking the beginning of BKM’s national expansion
- » Transacted on nearly \$1.2B worth of acquisitions, spanning 46 assets and 5.6M SF
- » Executed over \$41.5M worth of capital focused on building enhancements

Industry Leading Team

2025 brought about the most significant growth in company personnel since the firm’s inception in 2013, with the addition of 40 new professionals across our 15 offices—over a 30% increase in headcount in just 12 months. We also opened offices in Texas and Florida, expanding our expertise in key growth markets through strategic local hiring efforts.

Looking Ahead

Our outlook for the year ahead remains optimistic, centered on a nuanced approach to growth that continues to capitalize on key market drivers while delivering superior returns to our investors. In the year ahead, BKM will continue to leverage its exceptional team and proven operational expertise to scale its best-in-class multi-tenant light industrial platform to new markets and new records.

Sincerely,

Brian Malliet, Founder, CEO, and CIO



COMPANY HIGHLIGHTS

- » *Company Highlights*
- » *Awards and Recognition*
- » *Company Snapshot*

2025 HIGHLIGHTS

46

Property Acquisitions

5.6M

Square Feet Acquired

\$1.2B

Acquisition Value

2

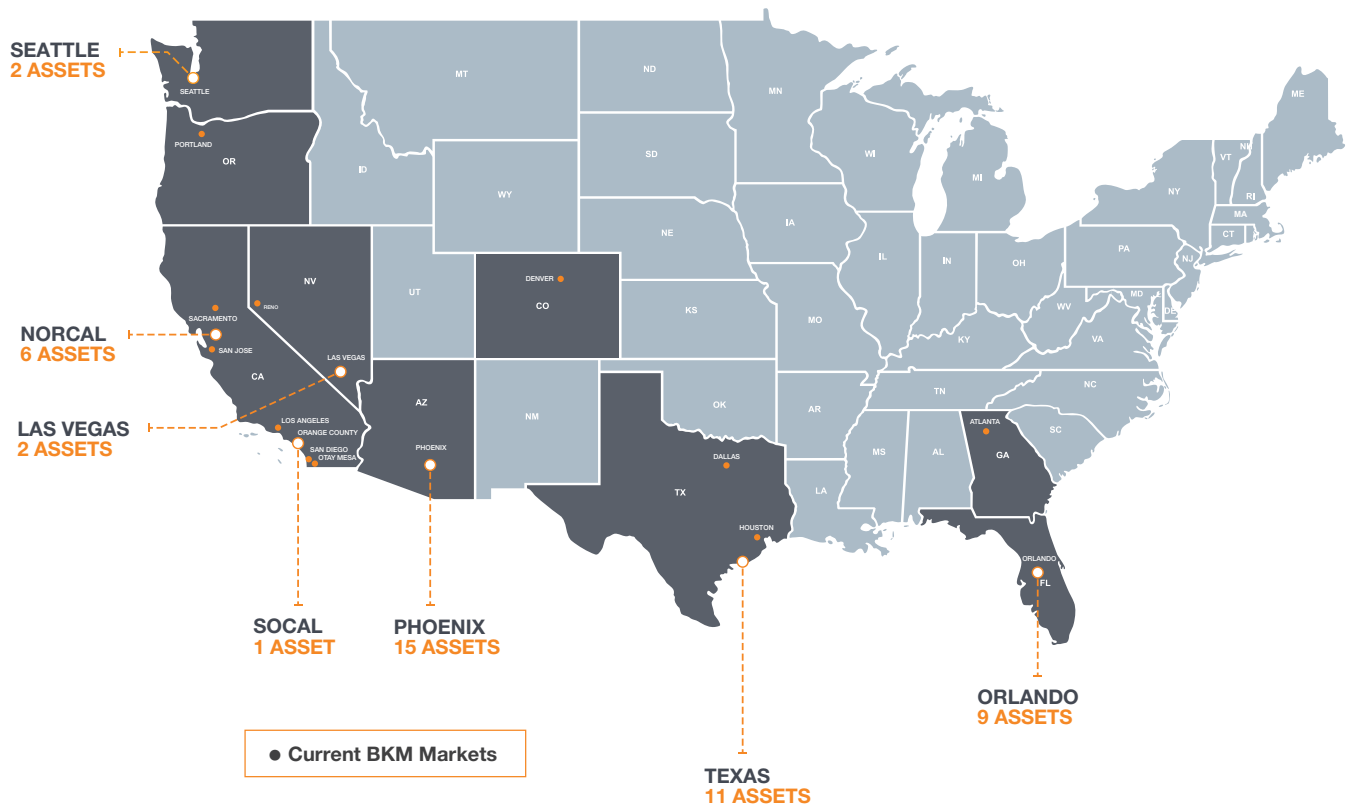
New States (TX, FL)

3

New Markets

As of December 31, 2025.

2025 ACQUISITIONS BY REGION



In 2025, BKM significantly expanded its team to support the next phase of the company's growth. A total of **40 new team members** were onboarded during the year, bringing headcount to more than 135 employees—an all-time high for the organization. This momentum was matched internally, with **29 employees earning promotions**, reinforcing BKM's commitment to professional development and internal advancement.





RECOGNIZED IN THE INDUSTRY

A further testament to BKM’s operational expertise and industry-leading team, the firm left 2025 with **20 new awards and designations**, dispersed across 10 different prestigious industry publications. These recognitions serve as a key differentiator from competitors and speak to BKM’s successful decade-long track record, which has produced stellar operating results and help develop top-tier real estate professionals.

AWARDS/NOMINATIONS

- 01** CoStar Power Broker Quarterly Deals
Rose Garden Business Park
- 02** Inc. Regionals: Pacific
BKM Capital Partners
- 03** GlobeSt.com Aspiring Leaders
C.E. Kaiser
- 04** GlobeSt.com Woman of Influence
Susan Rounds
- 05** GlobeSt.com Woman of Influence
Koren Mercer
- 06** CPE Influences: Best Repositioning
Backlot Noho
- 07** CPE Influences: Best Design: Industrial
Backlot Noho
- 08** NAIOP Finalist: Renovation Project of the Year
Canyon Industrial Center
- 09** Inc. Best Places to Work
BKM Capital Partners
- 10** GlobeSt.com Influencers in Industrial
BKM Capital Partners
- 11** LA Times OC Executive Leadership Forum
Susan Rounds
- 12** PR Daily Content Marketing Awards Finalist
BKM Intel Thought Leadership
- 13** LA Times CRE Visionaries
Brett Turner
- 14** GlobeSt.com Best Bosses
Emily Pollard
- 15** LA Times Fastest Growing Private Companies
BKM Capital Partners
- 16** LA Times Inspirational Women’s Forum
Susan Rounds
- 17** CoStar Power Broker Quarterly Deals
Baker Exchange
- 18** Brandon Hall Excellence Awards: Company Culture
BKM Capital Partners
- 19** Best Companies Inclusive Workplace
BKM Capital Partners
- 20** Graphic Design USA Design Awards: Advertising
BKM Capital Partners

PLATFORM OVERVIEW

PLATFORM EXECUTION



1.4M SF
Leases Executed



23%
Avg. Leasing Spreads



626
Leases Signed



433
Units Delivered

YEAR-END COMPANY SNAPSHOT



97
Active Properties



14.4M
Active Square Feet



\$3.2B
AUM



3,000
Current Leases

BKM SINCE INCEPTION



\$5.7B
In Transactions



15
Offices



160+
Properties



28M
Square Feet



5000+
Tenants



8
States

135 Employees

29 Promotions

40 New Hires

Data as of December 31, 2025.



INDUSTRY EXPERTISE

- » *The BKM Advantage*
- » *Leadership Team*
- » *Platform Capabilities*
- » *Technology Overview*

THE BKM ADVANTAGE

Multi-tenant light industrial has emerged as one of the most sought-after asset classes in the post-COVID world, garnering significant attention as a fundamentally attractive product type amidst a whirlwind of economic and geopolitical pressures that have shook other sectors over the past 12 months. Though this has presented an exciting opportunity, the reality is that multi-tenant light warehouses require extensive operational expertise and a tenured operating platform to support the intensive nature of daily operations—a stark contrast from single-tenant and big-box warehouses. As institutions take increasing interest in small- and mid-bay investments, many have begun to enter the sector through minority stakes and GP investments, partnering with operators to provide operational expertise.

With over a decade of focused experience in this one-niche sector, BKM has developed an operating platform capable of supporting daily operations that service thousands of tenants across nearly 100 business parks. From local services like leasing and property management, to corporate functions like asset management, construction, and marketing, BKM's vertically integrated platform has proven to be unique to that of any other operator in the space.

Scaling within the small- and mid-bay industrial sector is inherently complex, requiring far more

than portfolio growth alone—it demands disciplined execution, deep local expertise, and enabling technology. At BKM, scale is not simply a function of portfolio size, but the result of a purpose-built operating platform refined over more than a decade of singular focus on multi-tenant light industrial. By combining institutional processes with boots-on-the-ground market expertise and an integrated technology ecosystem, the firm can drive operational consistency across its extensive national portfolio while remaining nimble at the asset level. This alignment of disciplined execution, real-time data visibility, and hyper-local insight enables BKM to manage thousands of tenants efficiently, enhance tenant experience, and unlock value across the portfolio in a highly fragmented and service-intensive sector.



We are seeing new entrants into the small- and mid-bay space who are trying to build a position without the infrastructure it takes to operate this product type effectively. BKM is committed to maintaining the same discipline it always has and protecting its track record of success.

*Brett Turner, Senior Managing Director,
Acquisitions & Dispositions*



BKM LEADERSHIP TEAM

35+ Years Experience



BRIAN MALLIET

Founder, Chief Executive & Chief Investment Officer

30+ Years Experience



BILL GALIPEAU

Chief Operating Officer and Chief Financial Officer

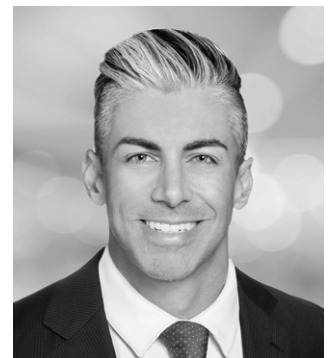
25+ Years Experience



SUSAN ROUNDS

Senior Managing Director, Operations & Administration

20+ Years Experience



BRETT TURNER

Senior Managing Director, Acquisitions & Dispositions

14+ Years Experience



MIKE VALDES

Senior Managing Director, Finance & Accounting

14+ Years Experience



MASON WAITE

Senior Managing Director, Asset & Portfolio Management

20+ Years Experience



DAVE JENSEN

Managing Director, Strategic Partnerships

PLATFORM CAPABILITIES

01 Asset Management

02 Property Management

03 Acquisitions and Dispositions

04 Financial Planning and Analysis

05 Information Technology

06 Leasing Management

07 Construction Management

08 Marketing and Communications

09 Finance and Accounting

10 Investor Relations

“

In 2025, I'm most proud of how BKM successfully transitioned from a Western-U.S. specialist into a scaled, nationally relevant small- and mid-bay logistics operator. We demonstrated that our vertically integrated model—built on disciplined execution, local operating expertise, and rigorous underwriting—can maintain performance while expanding into new geographies.

Emily Pollard, Senior Director, Marketing and Communications



FOCUS.

Value-add strategy focused exclusively on multi-tenant light industrial and multi-use logistics investments in the United States.



TECHNOLOGY.

Industry-leading/proprietary technology to execute intensive management and optimize decision making.



TRACK RECORD.

Proven ability to reposition properties and drive NOI growth with consistent top quartile fund performance.



CLIENT SERVICE.

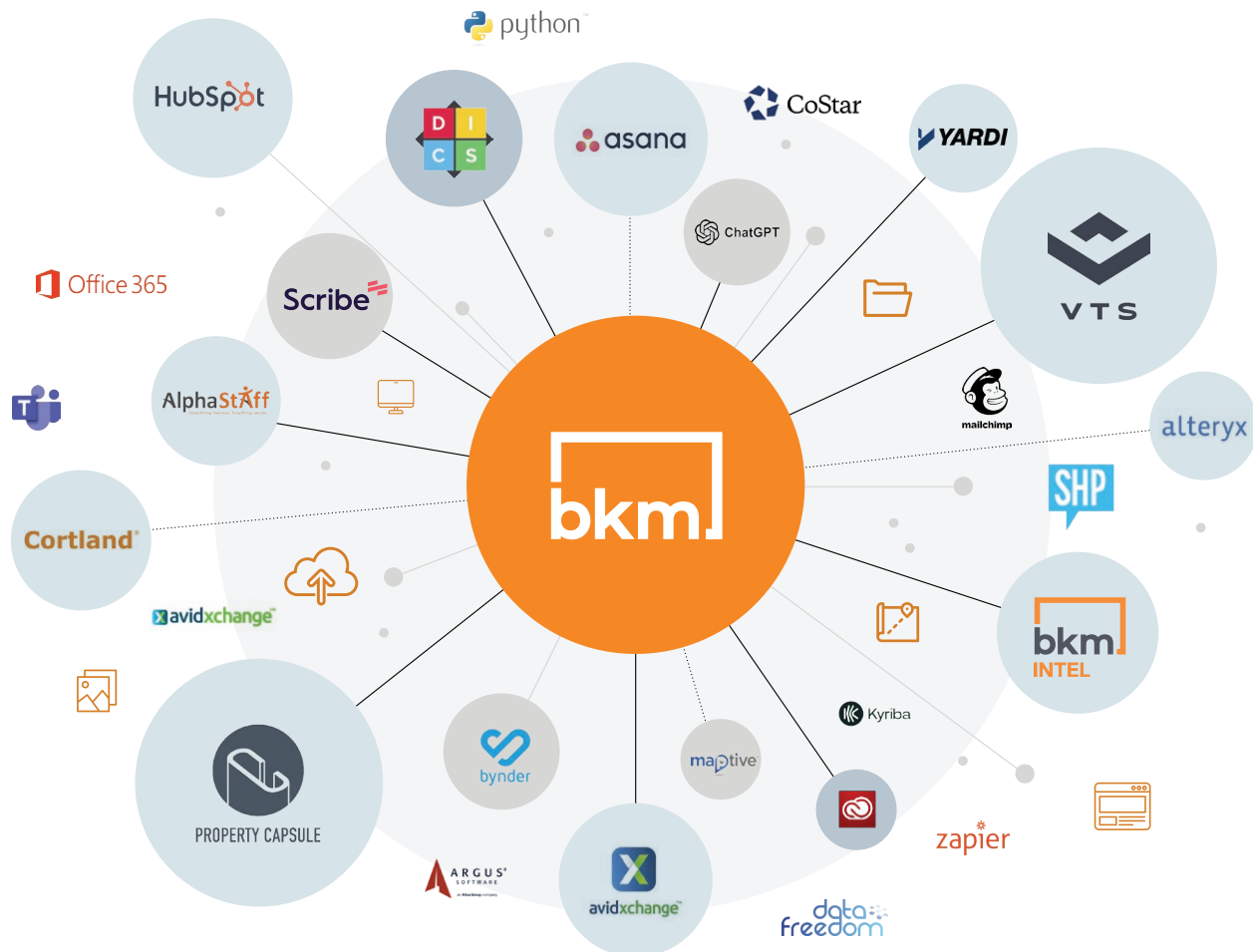
Our clients come first, including investors and tenants.

TECHNOLOGY OVERVIEW

Technology is central to how we operate and scale in the multi-tenant light industrial space. Given the operational intensity of managing thousands of tenants and leases, we recognized early that off-the-shelf systems were not built for the complexity of small- and mid-bay assets. In response, we developed **BKM Intel—our proprietary business intelligence platform—designed to centralize data across acquisitions, asset management, operations, property management, and HR into a single source of truth.** This is accomplished through a custom back-end data warehouse, which integrates data across thousands of sources to unify all key processes into one centralized collection of dashboards.

What was once a patchwork of spreadsheets is now an integrated operating system, delivering real-time dashboards on key analysis points like rent by unit size, tenant industry exposure, loan concentration, portfolio performance, and more. This visibility strengthens data governance, improves alignment across teams, and enables faster, more confident decision-making.

In addition to BKM Intel, our extensive tech stack is seamlessly embedded directly into our daily workflows to streamline operations and assist with swift decision making. Our teams have access to over 50 different platforms ranging from digital asset management to property operations to financial modeling and analysis—delivering a robust suite of tools without overcomplicating daily processes.





INVESTMENT STRATEGY










- » *Defining the Sector*
- » *BKM's Value-Add Thesis*

DEFINING THE SECTOR

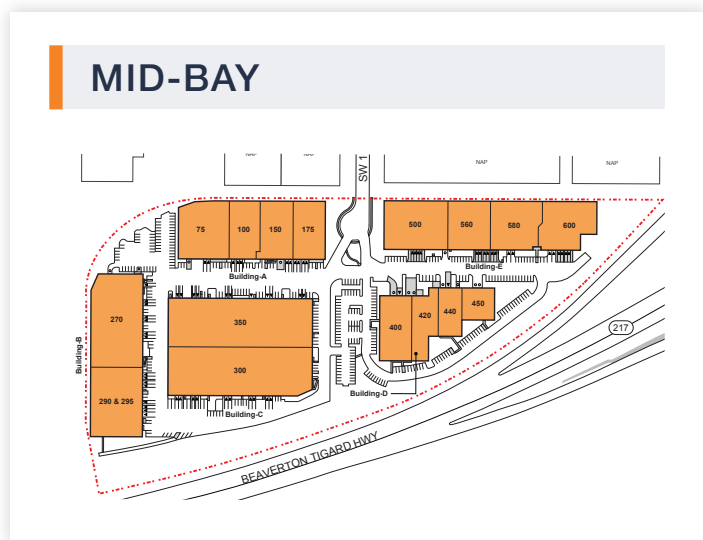
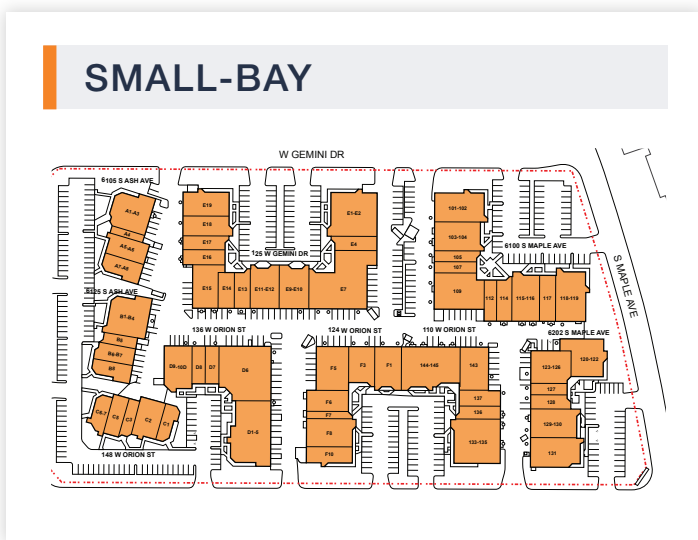
What is Multi-Tenant Light Industrial?

Multi-tenant light industrial is an important—but often overlooked—part of the broader industrial market. Leases under 50,000 square feet make up more than 80% of total industrial leasing activity, reflecting the steady demand for smaller spaces. Because these properties serve many tenants within a single business park, they require consistent, hands-on management and a strong understanding of local market conditions to operate successfully.

INDUSTRIAL SIZE SEGMENTS

SMALL BAY	MID BAY	LARGE BAY
 LESS THAN 200,000 SF  20-200 TENANTS	 200,000 - 500,000 SF  5-15 TENANTS	 500,000 - 1,000,000 SF  1-2 TENANTS
AVG. UNIT SIZE: 1,000 - 15,000 SF	AVG. UNIT SIZE: 15,000 - 75,000 SF	AVG. UNIT SIZE: 75,000+SF
		

SITE PLAN EXAMPLES



BKM'S VALUE-ADD THESIS

Exterior Improvements | Gateway Business Center, Las Vegas, NV

AT ACQUISITION



COMPLETED IMPROVEMENTS



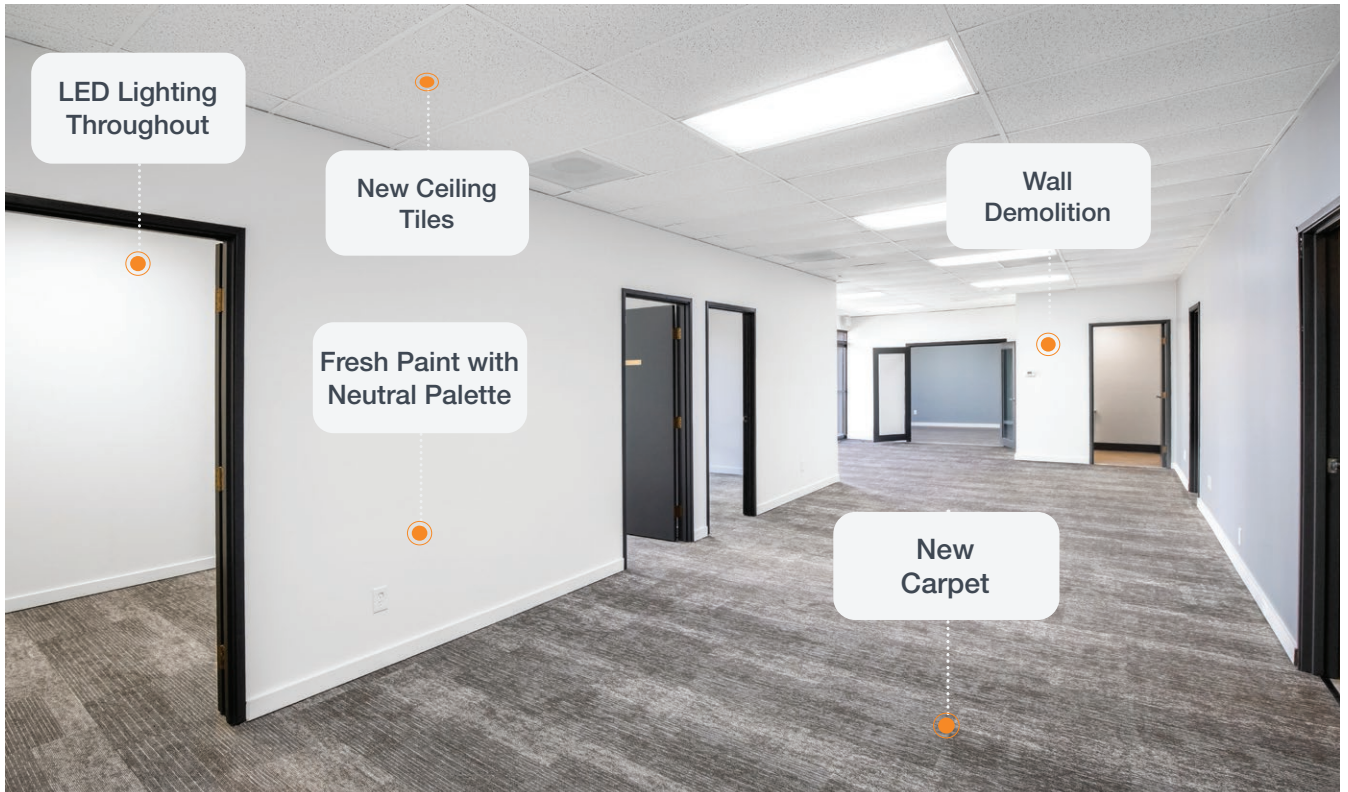
BKM'S VALUE-ADD THESIS CONT.

Interior Improvements | Columbia Commerce Park, Portland OR

AT ACQUISITION



COMPLETED IMPROVEMENTS

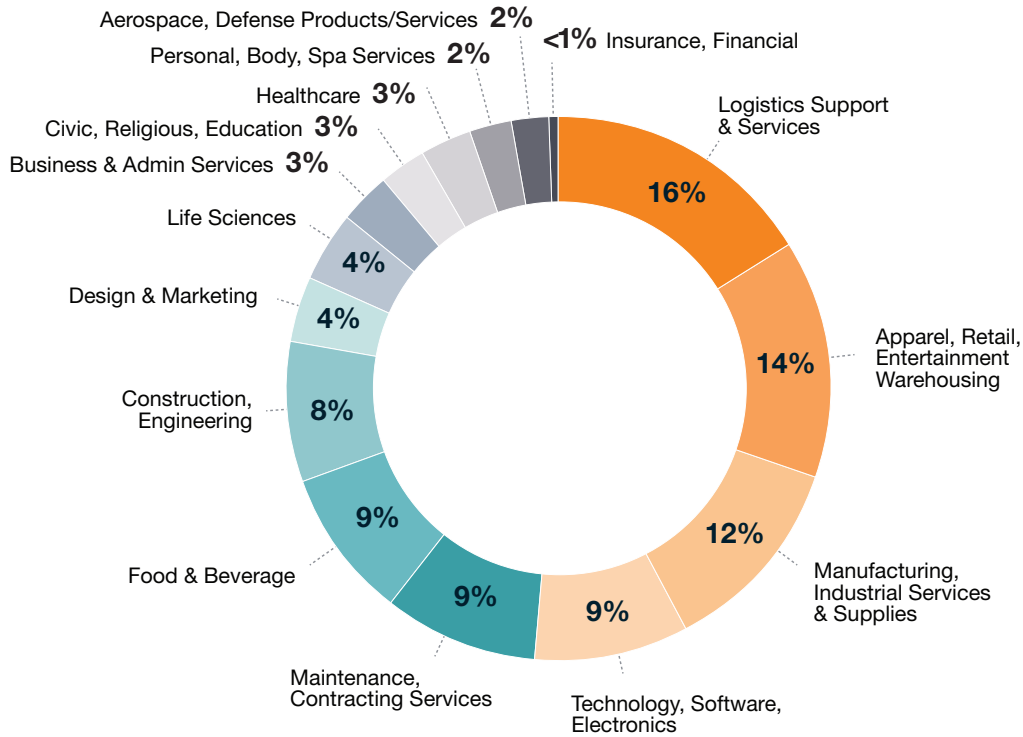




TENANT BASE

» *Tenant Breakdown by
SIC Code*

TENANT BREAKDOWN BY SIC CODE



BKM Portfolio data as of December 31, 2025.

BENEFITS OF A HIGHLY DIVERSIFIED TENANT BASE

- 1** Multi-tenant properties provide a diversified rent roll
- 2** Ability to roll spec suites quickly and cost effectively
- 3** Sustainable vacancy rates and consistent cash flows
- 4** Ability to adjust rents to market more quickly



SUSTAINABILITY AND CORPORATE RESPONSIBILITY

» *BKM's Sustainability and
Corporate Responsibility
Initiatives*

BKM'S SUSTAINABILITY & CORPORATE RESPONSIBILITY INITIATIVES

BKM Capital Partners is committed to integrating sustainability and corporate responsibility into every stage of the investment lifecycle and day-to-day management of our properties. We believe these efforts strengthen tenant demand, support long-term performance, and help manage risk across our portfolio.

Our approach focuses on environmental stewardship, meaningful community engagement, and governance and oversight. By embedding these principles into our operations, we aim to create measurable impact and deliver enduring value to our stakeholders and the small businesses that operate within our multi-tenant light industrial portfolio.



**SUPPORT
OUR
PEOPLE.**



**MEASURE
OUR
PROGRESS.**



**REDUCE
OUR
FOOTPRINT.**



**INVEST IN
OUR
COMMUNITIES.**



**CREATE
SUSTAINABLE
VALUE.**

2025 MILESTONES AND ACCOMPLISHMENTS

- Removed 173K SF of turf and replaced with water-wise landscaping
- Replaced 550K SF of outdated roofing with reflective, cool roof coatings to reduce thermal emittance and energy emissions
- Created five new policies surrounding varied environmental, tenant, and risk-related topics
- Completed 310 volunteer hours across the organization
- Conducted 34 tenant events across our national portfolio, gaining valuable facetime with customers and opening clear lines of communication for the future
- Increased diversity across our female and BIPOC workforce, surpassing benchmarks from 2024



MARKET OUTLOOK

- » *State of the Industrial Market*
- » *2026 Outlook*

STATE OF THE INDUSTRIAL MARKET

RESILIENCE IN A MORE BALANCED CYCLE

After two years of supply absorption, the industrial market is entering 2026 with improved momentum. Leasing volumes rebounded in late 2025, tenant demand strengthened, and the development pipeline is moderating as fewer speculative projects pencil at today's costs of capital.

For multi-tenant light industrial, fundamentals will remain durable through the end of 2026. With a diversified and locally-driven tenant base from industries such as light manufacturing, last-mile, and other "onshoring-adjacent" users, and structurally limited new supply from land constraints, construction costs, and the complexity of building multi-tenant product, occupancy and pricing should remain well-supported for the small- and mid-bay product types, even as the bulk logistics sector recovers from supply-side shocks and softening demand.

KEY MARKET TRENDS

1. DEVELOPMENT PIPELINE CONTINUES TO MODERATE

- » Nationally, new supply is easing as developers pull back from speculative starts and capital becomes more selective, reversing vacancy trends near YE 2026.
- » For multi-tenant light industrial, supply constraints are much more prevalent, with less than 1% of inventory under construction.¹ As a result, vacancy remains nearly 50% lower than that of bulk segments and will continue to hold steady alongside other fundamentals.²

2. BIFURCATION OF SECTOR PERFORMANCE

- » Bulk distribution has been working through a post-pandemic reset, while smaller spaces remains tight due to limited new construction and consistent local demand. Smaller leases continue to dominate activity, with spaces under 50K SF making up over 80% of all leases executed.³
- » Expect continued tenant preference for functional, flexible suites (dock/grade-level loading, parking, clear heights that meet modern needs) in proximity to labor and rooftops.

2. RENT GROWTH STABILIZES, DEALMAKING BECOMES MORE NUANCED

- » Rent growth is expected to grow steadily, albeit more controlled than the pandemic peak, with newer facilities seeing more modest increases
- » In multi-tenant light industrial, well-located, well-maintained assets will command a premium, while functional obsolescence becomes more visible in pricing and downtime.

¹ CoStar, Dec 2025. ² CoStar, Newmark Research, December 2025. ³ Newmark Research, 3Q 2025

STATE OF THE INDUSTRIAL MARKET

ECONOMIC AND FINANCIAL DRIVERS

1. LEASING VELOCITY REMAINS SUPPORTED BY DIVERSIFIED DEMAND

- » Industrial leasing activity improved in 2025, with support from growth industries such as e-commerce, last mile logistics, and advanced manufacturing.
- » For multi-tenant light industrial, diversification of the tenant base typically supports steady leasing velocity and reduces credit exposure.

2. CAPITAL MARKETS: LIQUIDITY RETURNS TO THE SPACE

- » As interest rates stabilize and capital returns to the space, 2026 should see more consistent transaction activity, but underwriting will remain disciplined and asset quality/market selection will matter more than ever.
- » Investors will remain focused on infill locations and properties with clear execution paths, requiring disciplined operators to run daily operations.

2. COST PRESSURES SHAPE PERFORMANCE

- » Insurance and utilities remain key cost areas of focus, with higher premiums in catastrophe-exposed regions and significant increases in power-related requirements.

FUTURE OPPORTUNITIES

1. VALUE-ADD THROUGH FUNCTIONAL MODERNIZATION

- » A large share of multi-tenant light industrial inventory is aging, creating opportunity to drive NOI through targeted upgrades such as roofing, lighting, HVAC, loading, parking, security, signage, and refreshed exteriors.

2. TECHNOLOGY AND TENANT EXPERIENCE

- » Owners who invest in data visibility and operating systems can move faster on pricing, retention, and service delivery, especially in operationally intensive, multi-tenant portfolios.
- » Space flexibility is crucial to ensuring tenants can evolve with cyclical changes in the economy without needing to relocate. Providing pathways for both expansion and downsizing strengthens tenant retention while smoothing income volatility across cycles.



2026 OUTLOOK

We asked our CRE professionals to reflect back on 2025 and make predictions for the year ahead.

WHAT ACCOMPLISHMENT WERE YOU MOST PROUD OF IN 2025? HOW DID YOU ACHIEVE THOSE RESULTS?

In 2025, BKM successfully expanded its national footprint while maintaining strong operational performance across the portfolio. We completed a significant volume of acquisitions, entered multiple high-growth markets—including Texas, Florida, and Georgia—and deepened key institutional partnerships. At the same time, we met occupancy and rent growth objectives in a year marked by broader industrial supply pressures.

These results were driven by disciplined underwriting, early investment in local teams ahead of market entry, and continued build-out of our vertically integrated operating platform. The expansion of BKM Intel and our portfolio-wide data systems further strengthened decision-making speed and transparency. Most importantly, our team executed with consistency—proving that our platform is both scalable and durable across geographies.

WHAT MACROECONOMIC OR POLICY TRENDS DO YOU THINK WILL HAVE THE BIGGEST INFLUENCE ON INDUSTRIAL DEMAND NEXT YEAR?

Interest rate stabilization—and potential moderation—should support renewed transaction activity and increased business confidence. Lower borrowing costs are expected to benefit small and mid-sized businesses, many of which form the backbone of the small- and mid-bay tenant base.

In addition, reshoring and nearshoring initiatives, federal infrastructure and manufacturing incentives, and the expansion of data center development are expected to drive demand across supply chain, trade services, and light manufacturing users. While construction costs and operating expenses remain considerations, limited new supply continues to reinforce the long-term fundamentals of the segment.



2026 OUTLOOK CONT.

WHAT DO YOU PREDICT WILL BE THE MOST IMPORTANT FACTORS FOR INVESTORS GOING INTO 2026?

Investors are entering 2026 with a heightened focus on risk management. Prudent leverage, diversification of income streams, and transparent reporting are increasingly central to allocation decisions. In a market where returns are less reliant on cap rate compression, manager selection and operational execution will matter more than ever. Investors are prioritizing operators who can demonstrate embedded mark-to-market opportunity, hands-on asset management, and a repeatable value-creation strategy capable of delivering durable income growth across cycles.

At the same time, capital demands greater selectivity at the property level—not all assets are created equal. Investors are placing increased emphasis on location fundamentals, site plan functionality, and the physical attributes that support long-term tenant demand. In the multi-tenant light industrial space, this includes thoughtful unit mix tailored to the submarket, clear circulation and loading, and diversified tenant exposure to mitigate income volatility.

WHAT ARE YOUR GOALS FOR BKM IN 2026? WHAT WOULD YOU LIKE TO SEE ACCOMPLISHED?

Our goals for 2026 center on disciplined expansion and operational precision. After a significant year of growth, the focus shifts to executing on first-year business plans across newly acquired assets, strengthening our presence in recently entered markets, and ensuring our team scales in alignment with our culture and standards.

We aim to continue expanding our national footprint selectively—targeting markets with durable demand drivers and operational efficiencies—while deepening institutional partnerships and exceeding capital deployment objectives. At the same time, we will further enhance our data and reporting capabilities to support transparency, forecasting accuracy, and portfolio-level insight.

Ultimately, success in 2026 will mean demonstrating that BKM can grow meaningfully while maintaining the discipline, consistency, and operational excellence that define our platform.

CONTACT US

As we move into 2026, we reflect on the past year with a deep sense of pride and appreciation. Despite a shifting real estate landscape in 2025, BKM sustained its momentum—demonstrating the resilience of our investment strategy and our commitment to disciplined, responsible growth—while continuing to deliver strong returns for our investors.



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