

BKM Capital Partners

Unlocking Potential and Driving Innovation
in Light Industrial Investments

Value-Add Case Study



MESA RIDGE BUSINESS PARK | MESA, AZ

INTRODUCTION

Situated on more than 11 acres in Arizona’s dynamic Mesa submarket, Mesa Ridge Business Park offers a best-in-class, 153,252-square-foot investment opportunity in one of Arizona’s premier industrial hubs.

Positioned just east of Phoenix’s expansive industrial market, Mesa has quickly evolved into an up-and-coming center for logistics, manufacturing, and flex industrial uses. Mimicking the evolution of many peripheral growth markets, Mesa has become increasingly more infill over time, as major residential projects and master planned communities have drawn both investment interest and migration into the area. The region’s favorable location also serves as a key focal point for investment interest, with its unique proximity to railways, major airports, and key distribution hubs across the Southwest making it a prime location for today’s modern industrial tenant base.

PROPERTY OVERVIEW

Purchased for \$38.3M in July of 2022, BKM acquired Mesa Ridge Business Park as an opportunity to acquire and reposition an irreplaceable light industrial park in the heart of one of Phoenix’s fastest growing submarkets at a 15% discount to replacement cost. The asset—though in need of capital infusion—was acquired in sound condition, with occupancy stabilized at 97% and limited deferred maintenance to address from prior ownership. Located adjacent to both the Mesa-Falcon Field Airport and the neighboring Boeing manufacturing center, the property consists of six industrial buildings and a two-story office component, for a total of 39 units across 153,252 square feet. With an average unit size of 3,800 square feet, BKM saw an opportunity to leverage the 25% below-market rents and 1.8 year WALT to generate significant value-creation with the help of a tailored value-add improvement plan.

Originally developed and held by Wilson Properties, the asset was managed under a cash-flow strategy that limited reinvestment and modernization. Despite this, it showed strong historical performance, serving as a testament to Mesa’s favorable market dynamics and resilient regional demand. BKM’s plan to execute a comprehensive capital improvement plan would unlock the property’s full potential through targeted upgrades that enhance functionality, improve tenant retention, and capture continued rent growth driven by secular growth in industries like e-commerce and last-mile distribution.

MESA

Market

2007

Year Built

153,252 SF

Property Size

\$38.3M

Purchase Price

1.8 YEARS

Initial WALT

BKM Capital Partners | Value-Add Case Study: Mesa Ridge Business Park

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OPPORTUNITY



Aesthetic Appeal

- » High quality construction and a prime airport-adjacent location establishes the property as a premier asset in Mesa's industrial market.
- » Strategic upgrades including fresh paint and a full landscape renovation further enhance curb appeal and visibility.
- » Outdated office buildouts receive light renovations to modernize interiors while appealing to a wide range of the local tenant base.



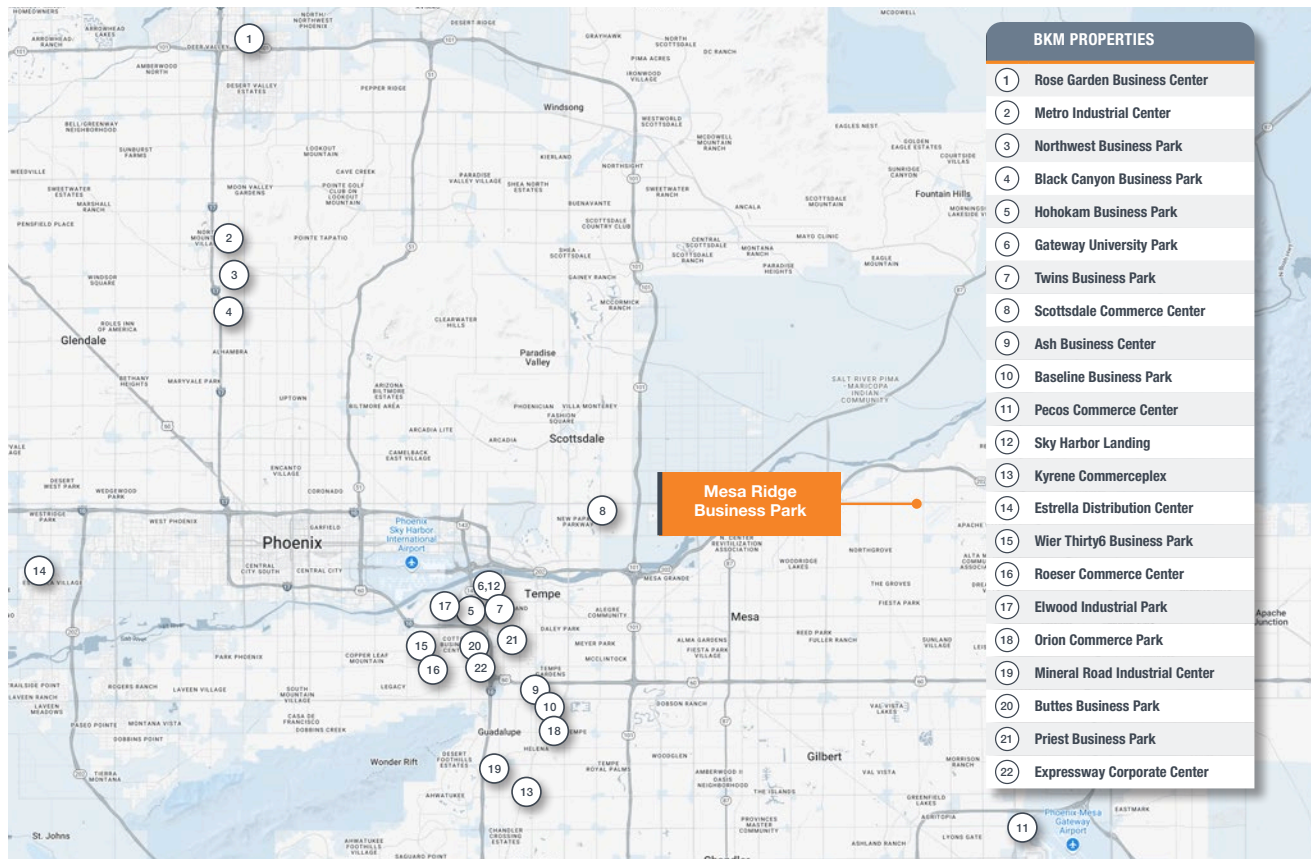
Financial Appeal

- » Increases capital exposure in one of the nation's top performing industrial markets, creating sustained value in BKM's portfolio.
- » High occupancy at-purchase provides opportunity to drive high in-place yield and on-going cash flow throughout the hold.
- » 25% mark-to-market opportunity offers significant upside as leases roll.
- » Plans call to exit at a 4.75% cap rate for \$55.9M, increasing asset value by 46%.

BKM's current Phoenix portfolio encompasses over 4.5 million square feet across 25 projects. Leveraging the team's localized expertise and an integrated management platform, BKM efficiently drives lease-up execution to optimize overall asset performance.

NEARBY BKM PROPERTIES

ESTABLISHED MARKET OWNER



WHY WE LOVED THIS DEAL

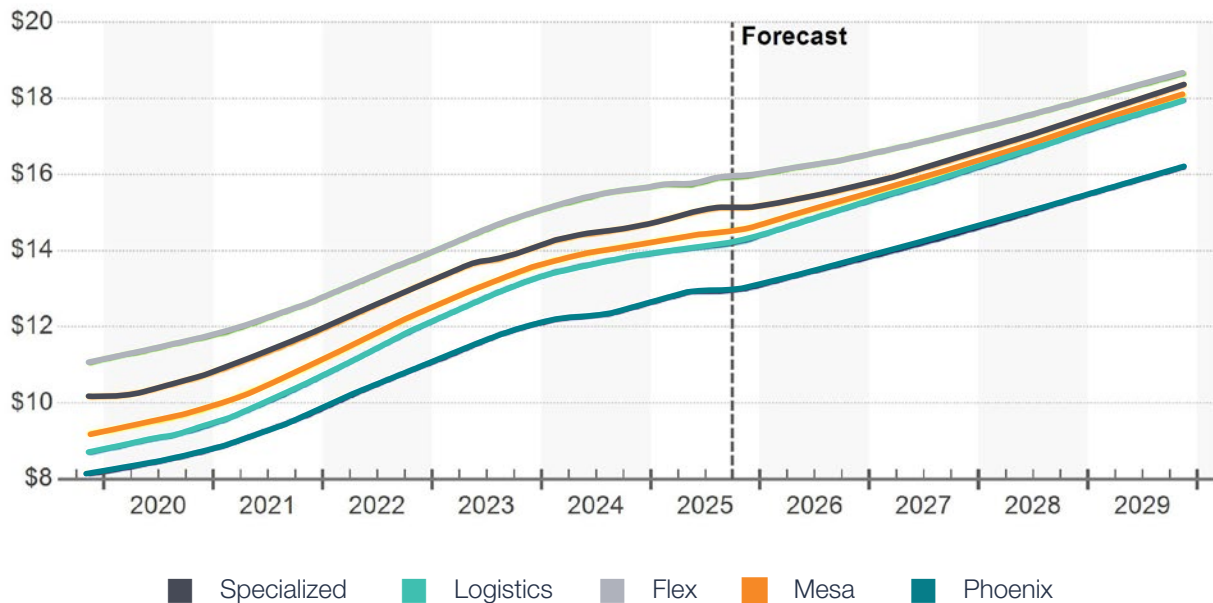
- » **The asset was well-maintained prior to purchase**, allowing BKM the opportunity to focus capital projects on modernizing the exterior rather than upgrading building systems.
- » **The location is well-suited for demographic and sector-related growth**, as local infrastructure continues to develop and industrial occupiers seek space outside of Phoenix proper.
- » **The park provided a diverse array of tenant industries at acquisition, varying across 11 different sectors.** The largest tenant—occupying 10,436 SF—only occupied 6.8% of NRA, reducing exposure to credit risk.

MARKET DYNAMICS

- » **The Phoenix metro has experienced approximately 15% population growth between 2015-2025**, with factors such as employment opportunities and a lower cost of living driving migration trends.¹
- » **The Mesa submarket has had 0 deliveries in the past 12 months and only 38,000 SF of deliveries in the past five years**, eliminating supply-side pressure and driving demand for small-bay product.²
- » Demand is driven primarily by local businesses in Mesa, with the nearby residential population providing a deep local customer base. As such, **the average new deal size since early 2024 has been 3,700 SF—supporting the need for high quality small-bay space.**²
- » **Rent growth in the submarket is projected to average 4.25% over the next four years**, signaling a return to normalization among market fundamentals.²

¹US Census Data. ²CoStar, November 2025.

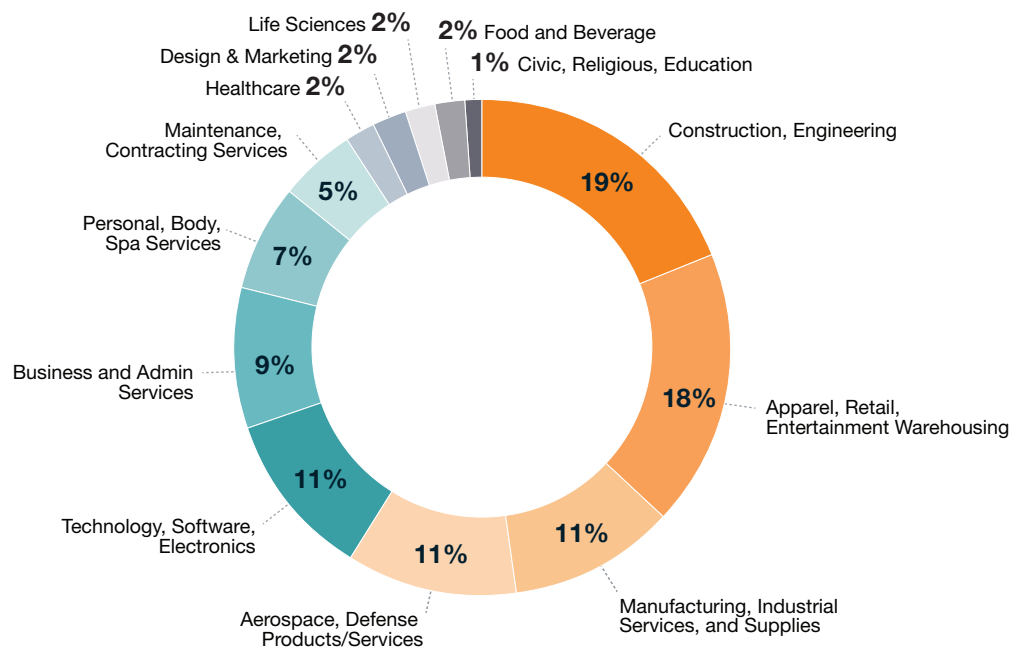
Mesa Market Asking Rent Per Square Feet



Source: CoStar, November 2025.

FOCUS ON GROWTH - SIC CODES

BKM is committed to maintaining a diverse array of tenant industries across its portfolio, providing insulation from industry downturns and reducing overall credit exposure.



Data as of November 1, 2025.

MAJOR TENANT PROFILES

JUNIPER STUDIO, LLC

13,023 SF | 8.5% of NRA

Launched in 2017, Juniper Print Shop offers a unique collection of art prints curated by founder, interior designer and artist Jenny Komenda. At Juniper, they seek to create artful products and share ideas that empower the community to find joy and meaning through a storied, personal connection to their homes and spaces.

ARIZONA AIRCRAFT INTERIOR DESIGNS

5,469 SF | 5.7% of NRA

Enhancing aircraft interiors since 1975, Arizona Aircraft Interior Designs provide aircraft interior remodeling and refurbishment services to clients across the globe. They work with a deep understanding of the form and function of aircraft interiors, and have an established reputation with their customers of exceptionally high quality.

ATF AEROSPACE

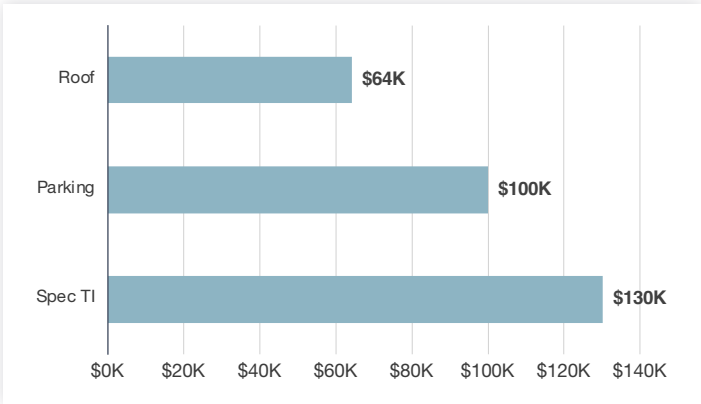
8,099 SF | 5.3% of NRA

ATF Aerospace is a company that provides aerospace manufacturing and distribution services, specializing in short-run, quick-turnaround work for complex components using CNC milling and lathe operations. They serve both the commercial aerospace and defense industries, with a significant focus on supplying the U.S. federal government, primarily through the Department of Defense.

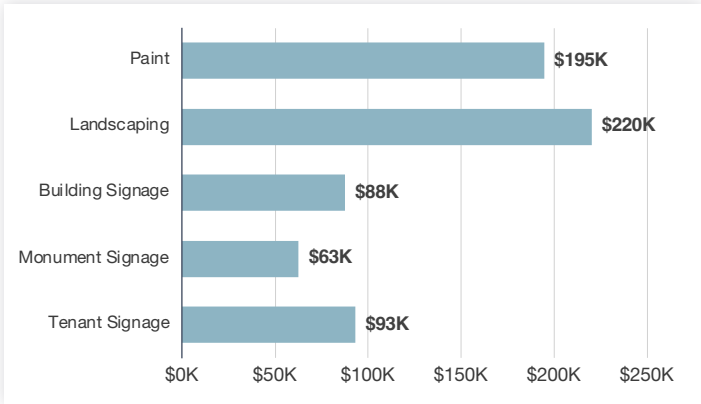
EXECUTION PLAN

To elevate Mesa Ridge Business Park into a premier industrial park, BKM executed a **\$2.7 million capital improvement initiative** centered on functionality, tenant experience, and long-term asset performance. The program included **\$867K in tenant improvements and \$130K in speculative TIs**, reconfiguring and modernizing suites to better accommodate a diverse tenant base. Roughly **\$114K was directed toward essential building systems**, including roof repairs and HVAC replacements, ensuring operational reliability. Additionally, BKM allocated **\$870K toward cosmetic upgrades**—including new exterior paint, refreshed signage, enhanced landscaping, and parking lot improvements—to strengthen curb appeal and align the property with today’s tenant expectations.

Structural Improvements



Cosmetic Improvements



EXTERIOR IMPROVEMENTS

Paint: The most significant visual transformation consisted of a brand-new paint scheme across the park, replacing the muted desert tones with bright pops of green and neutral grays to modernize the aesthetic. These enhancements give Mesa Ridge a distinct competitive edge, setting it apart from the broader market’s aging and uniform industrial inventory.

Signage: Enhancements implemented throughout the park include a refreshed monument sign, oversized building signage for improved visibility, and uniform tenant panels. Collectively, these upgrades established a cohesive brand identity and elevated the property’s overall presentation, reinforcing a professional image for tenants and their customers.

Landscape: The existing landscape was both inefficient and cosmetically obsolete, consisting primarily of sporadic hedges and bushes. BKM replaced the existing foliage with drought tolerant plant material, reducing water usage while improving key building sightlines.

EXTERIOR PROPERTY TRANSFORMATION



INTERIOR IMPROVEMENTS



REDUCE
OFFICE %



DIVIDE
UNITS



ACCENT WALLS/
CARPET TILES



POLISHED
CONCRETE



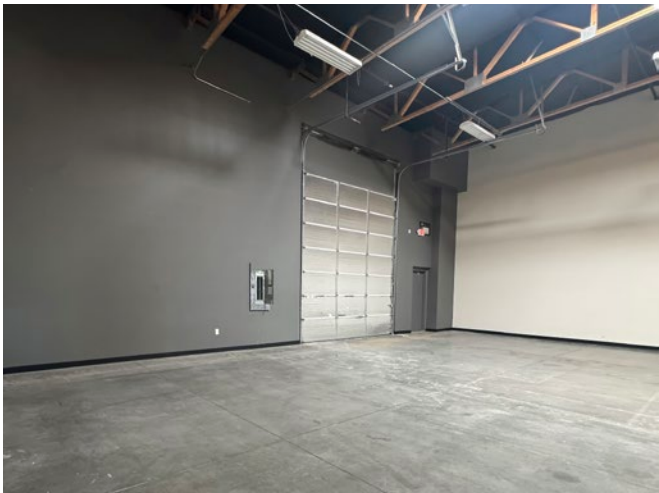
IMPROVED
LIGHTING



NEW/UPDATED
RESTROOMS

BKM has already transformed nearly 60,000 square feet of outdated space into modern, flexible office and industrial suites designed to meet evolving tenant needs and boost leasing momentum. Today’s tenants prioritize newer, higher quality spaces with enhanced amenities including increased clear heights, warehouse HVAC, and energy efficient LED lighting—features that distinguish BKM properties in the market.

INTERIOR PROPERTY TRANSFORMATION

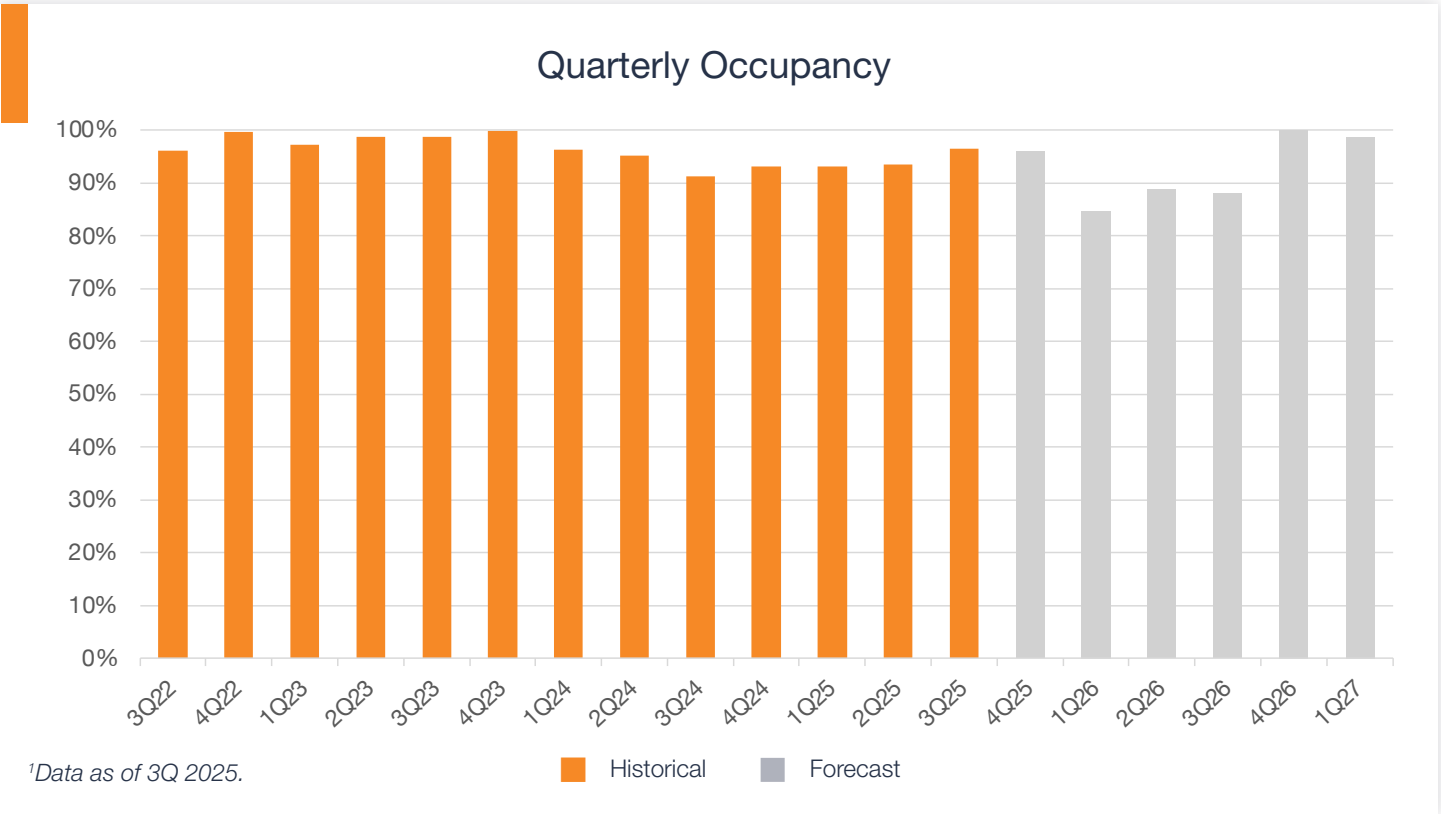


RESULTS

41% increase in NOI between 2022 when the property became fully operational and present day, with projected NOI to grow another 21% by the end of the hold in 2027.



96% average occupancy to date.¹



OPERATIONAL HIGHLIGHTS

- » **36% increase in in-place rents between acquisition and disposition**, with average in-place rents of \$1.05/ft in 2022, and \$1.43/ft in Q3 of 2025. Rates are projected to rise to \$1.59/ft at disposition, representing a 51% growth in rates.
- » **32% average annual mark-to-market increases** on lease expirations between 2022 and Q3 2025.
- » **13% of NRA is currently signed at or above MLA**. Current leases are 13.5% under-market, giving BKM the opportunity to roll a greater portion of tenants to market before disposition.
- » **77% average quarterly retention at the park**, which exceeds the underwritten retention rate of 75%.
- » **22 total leases were executed at the project by the BKM team between 2022 and Q3 2025**, representing half of NRA.
- » **Executed 58,244 square feet of rollovers across 22 suites since acquisition**, which equates to about 38% of NRA.

41% Increase

In **net operating income**
since acquisition

36% Increase

In **average lease rates**
since acquisition

32% Average

Mark-to-market increases
on lease expirations



CONCLUSION

Through strategic upgrades and focused execution, BKM Capital Partners transformed Mesa Ridge Business Park into a modern, high-performing industrial asset in one of Phoenix's most dynamic submarkets. By enhancing functionality, refreshing the property's image, and capitalizing on strong tenant demand, BKM has driven significant rent growth, NOI expansion, and sustained occupancy. The project's success highlights the strength of BKM's integrated platform and its ability to unlock value across core U.S. industrial markets.

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