Effects of Covid-19 on CAM / Operating Expense Pass-Throughs
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Visual Lease and KBA Lease Services

KBA Lease Services
Pioneered the field of lease auditing

Visual Lease
SaaS platform to manage commercial RE and equipment leases
Full lease accounting (FASB, IFRS, GASB)
Incorporates decades of best practices from world's largest companies
Used by 700+ major companies, 250K+ leases

BA, Temple University
JD, Georgetown University
Member of the New York and New Jersey bars
Agenda

Tenant liability in normal times
Gross-Ups
Covid-19 and other impacts on charges
Other Issues
Tenant Liability in Normal Times

1. Net vs Gross (and Modified Gross) Leases
2. Allocation of risk
3. Consistency of the Base Year with operating years
Gross-ups

1. Fairness of grossing up
2. Grossing up without lease language
3. What does fully “occupied” mean?
4. 95% vs 100% occupancy
Covid-19 and other impacts on charges

1. Reduced base building janitorial for unoccupied areas
2. Reduced R&M
3. Increased cleaning/disinfecting of public areas
4. Added/changed security
5. Costs of temporary coverings and modifications
Other Issues

1. Estimated CAM/Operating Expenses
   - 2020
   - 2021 and future years

2. Budgeting 2021 charges

3. Impact on Expense Caps
Thank you!

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