

Mr. Grigorov testified that two issues need to be addressed: (1) miscalculation of the Base Rent, and (2) the application of the AGA (Annual General Adjustment) to an incorrect amount due to miscalculation of the Base Rent. He said that it was his understanding that under the CSFRA, the Base Rent should be calculated on the average of the first 12 months of what was actually paid by Petitioners to Respondent, even though the initial lease term as written in the lease was 18 months. He also said that during the initial term, Petitioners paid less than the full amount stated in the lease because they were given \$8,055.00 in rent concessions up front. He added that the rent increase imposed after the 18-month term of the lease ended, on June 16, 2022, was not calculated from the accurate Base Rent because it was based on the rent stated in the lease, \$2,685.00, rather than the amounts actually paid during the first 12 months. Factoring in the 12-month initial rent period and the rent concessions, he believes that the Base Rent should be \$2,153.86. Using that Base Rent for calculating rent increases, he stated that the June 16, 2022 rent increase should have increased the rent to \$2,196.94.

Mr. Grigorov testified that his calculations are based on tenant rent ledgers obtained from Property Manager; he is only able to see what he owes on a monthly basis through Respondent's portal. He said that rent payments Petitioners made for the initial 12 months of the lease were based approximately on dividing the total rent concessions of \$8,055.00 into more or less equal numbers over 18 months and applying that amount each month as a credit against the amount owed for rent, utilities and other services; Petitioners would then pay out of pocket for the balance owed for the remainder of the rent, utilities and services.

Mr. Grigorov testified that along with payment for the rent of the physical space, Petitioners were billed each month for gas, sewer, trash, and water, which included a monthly \$4.40 fee, and they also paid for valet trash pickup and renter's insurance, both of which were mandatory. He said the utilities and other charges were pooled and averaged among all of the tenants occupying the Property.

Mr. Grigorov stated that in calculating the Base Rent, he took the average of what Petitioners actually paid out of pocket to Respondent over the first 12 months of the lease, omitting utilities and other housing services. He said he believed the averaging should not have exempted the first full month of rent concessions because his understanding of the CSFRA is that in order to omit the first full month's rent concession, the lease should have specifically indicated that the rent concessions were to be applied in the first full month of the lease. Since the rent concessions were paid out in a lump sum and could be applied at any time during the 18-month term of the lease, the first full month's concession should be included in the Base Rent calculation. However, he added that he had help from the City in calculating the Base Rent, so he is not completely certain of how it was done.