

① MR Hunter did this letter for Ms Hundley to get financing. Some of these properties are \$200,000 to \$300,000 more than the B.C. Assessment Authority.  
② Hunter testified and confirmed he advised the garniers that B.C. Assessment had over-assessed their property by 47%

19<sup>th</sup> March, 2007

Mrs. Lucy Hundley,  
494 W. 38<sup>th</sup> Avenue,  
Vancouver, B.C.

Lucy,

This is a synopsis of your current position regarding the purchase and future development of 334 W. 12<sup>th</sup> Avenue, Vancouver.

**Case Scenario for 334 W. 12<sup>th</sup> Avenue, Vancouver**

Lot Size: 50' X 125' ( 6250 sq. ft.)

Maximum Eligible F.S.R. @ .75 of 6250 sq. ft. = 4,687 sq. ft.

Hard & Soft Development Costs @ \$200/ sq. ft. .... \$937,400.  
(Westside Vancouver standard high quality construction)

**Property Acquisition Costs:**

Purchase Price: \$912,000  
Provincial Transfer Tax: \$16,240  
Conveyance Fees: \$1,000 (approx.)  
Total:.....\$929,240.

I.E. Total Acquisition and Development Costs: Approximately \$1,866,640.

Allowing for possible construction inflation and misc. items, you may wish to round that up to \$1,900,000. However, at the present time I would suggest there is a strong possibility of being able to bring the project in at or under the \$1,866,640 figure.

Selling Prices of 8 Attached Units in the immediate area within the past year, 5 years of age to new, average \$542 per sq. ft. Excluding 1 Sale at \$448 per sq. ft. the other 7 units averaged \$556 per sq. ft.

The total Sale Price for the 3 units around the corner from 334 W. 12<sup>th</sup>, i.e. 2886, 2888 Alberta St. and 281 W. 13<sup>th</sup> Ave., was \$2,336,000 for 4535 sq. ft., or \$515 per sq. ft. This was dragged down by the Sale of 281 W.13<sup>th</sup> (\$448 per sq. ft.) The probable cause of the lower Sale Price here was that there original List Price was too high, combined with the fact that part of this unit is mainly below grade level. However, even at \$515/sq. ft. calculated to 4680 sq. ft. buildable, this would have projected to an overall Sale Price of \$2,410,000.

Assuming Total Development Costs of \$1,900,000 and a lower Selling Figure of \$515/sq. ft. your Profit would be \$510,000.

Taking the more Realistic Average of \$542/sq. ft. your profit would be \$2,536,560 less \$1,900,000 = \$636,560.

Taking the average of the 7 Sales without the unit at \$448/sq. ft., i.e. @ \$556/sq. ft., your profit would be \$2,602,080 less \$1,900,000 = \$702,080.

Realistically, the front unit at 334 W. 12<sup>th</sup> would probably sell for a little less due to the Traffic Noise, which could be virtually eliminated by installing triple glazing on the front windows. This may on the other hand be offset if the possibility or choice is made to go with a Coach House. Either way it is reasonable to assume something in the Selling range of \$540/sq. ft is a likely conservative figure.

Similarly, Development Costs here have been estimated up. Any reduction in this area will add to your profit margin.

#### **Current Rental Situation of 334 W. 12<sup>th</sup> Avenue**

At the present time the property has an upstairs tenant with a Lease until September, 2007 at a monthly rate of \$1075 plus a share of utilities.

Upon the current owners moving out, their accommodation, which includes three bedrooms, would reasonably have a market rent of about \$1800 per month plus the remainder of the cost of utilities.

#### **Estimated Market Value of the following properties:**

##### **41 E. 40<sup>th</sup> Avenue, Vancouver**

B.C. Assessment Value: \$720,000.

Actual Market Value of this property based on recent sales is estimated at minimum \$750,000.

##### **5412 Cambie Street, Vancouver**

B.C. Assessment Value: \$914,700.

Actual Market Value of this property is now at least \$1,400,000.

There have been three recent sales in the Burrard to Arbutus area of Kitsilano averaging over \$1,500,000. Lot sizes in all cases were 50' X 125' allowing a maximum floor space ratio of 4687 sq. ft. While these properties were well situated in a quieter location than your property, 5412 Cambie Street is a larger lot at 68' X 122', allowing for a maximum floor space ratio of 6222 sq. ft., notwithstanding that it is still in very sound condition as an existing income producing structure.

Further, the City of Vancouver has targeted this area, being immediately adjacent to what will be the new Cambie/41<sup>st</sup> Avenue Skytrain Station, for increased density. This is scheduled to occur within the next eighteen months, which will more than likely increase the value of this property further as the density allotment goes up.

**1584 W. 12<sup>th</sup> Avenue, Vancouver**

**B.C. Assessment Value: \$2,202,000**

**Actual Market Value is now in excess of \$2,400,000 and could go above \$2,500,000 based on the site redevelopment value. As you are aware the site immediately to the West of you currently contains 2 very old structures which have to be considered primarily land value. It is probably a shorter matter of time before these properties are packaged for a High Rise Apartment complex, which can go to twelve stories in height.**

**I hope this is of benefit to you. Should you require additional information in this regard I shall be pleased to provide any further assistance.**

**Sincerely,**

**Ray Hunter  
Prudential-United Realty**

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The Realtor did this to assist the Buyer, (who was not the legal client), to get Bank financing, he testified to this fact.

12<sup>th</sup> February, 2007

### Case Scenario for 334 W. 12<sup>th</sup> Avenue, Vancouver

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Hard & Soft Development Costs @ \$200/ sq. ft. .... \$937,400.  
(Westside Vancouver standard high quality construction)

Property Acquisition Costs, including P.P.T. & Legal: say.....\$950,000

I.E. Total Acquisition and Development Costs rounded up: Approx. \$1,900,000.

Selling Prices of 8 Attached Units in the immediate area within the past year, 5 years of age to new, average \$542 per sq. ft. Excluding 1 Sale at \$448 per sq. ft. the other 7 units averaged \$556 per sq. ft.

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Similarly, Acquisition and Development Costs here have been estimated up. Any reduction in this area will add to your profit margin.

This is Exhibit "A" referred to in the affidavit of RAY HUNTER sworn before me at VANCOUVER in the Province of British Columbia, this 15<sup>th</sup> day of APRIL, 2008

A Commissioner of Taking Affidavits within the Province of British Columbia