Court File No. 03-CL-5145

ONTARIO
SUPERIOR COURT OF JUSTICE
Commercial List

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF IVACO INC. AND THE APPLICANTS LISTED IN SCHEDULE "A"

SEVENTEENTH REPORT OF THE MONITOR
SEPTEMBER 20, 2004

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, ON M5L 1B9

Peter F.C. Howard/LSUC #22056F
Tel: (416) 869-5613
Fax: (416) 861-0445

Solicitors for the Monitor,
Ernst & Young Inc.,

Court File No. 03-CL-5145

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INTRODUCTION

1. Ivaco Inc. ("Ivaco") and certain of its affiliates (collectively the "Applicants") obtained protection from their creditors pursuant to the *Companies' Creditors Arrangement Act* R.S.C. 1985 c. C-36, *as amended* (the "CCAA") through an order of this Honourable Court dated September 16, 2003, as amended and restated (the "Initial Order"). Pursuant to the Initial Order, Ernst & Young Inc. was appointed as monitor (the "Monitor") of the Applicants.

2. The Applicants for the Initial Order were, among others, Ivaco, Ivaco Rolling Mills Inc., Ifastgroupe Inc., IFC (Fasteners) Inc. ("IFC"), and Docap (1985) Corporation ("Docap") and the related limited partnerships Ivaco Rolling Mills Limited Partnership ("IRM") and Ifastgroupe and Company Limited Partnership ("Ifastgroupe").

3. This Seventeenth Report of the Monitor (the "Report") is provided to this Honourable Court in support of the Applicants' request for approval of the sale of the Warrenton, Virginia property and as an update on other non-core asset sales.

TERMS OF REFERENCE

4. In preparing this Report, the Monitor has relied upon company information and records as well as discussions with management of the Applicants and with the Applicants' advisors. The Monitor has not performed an audit or other verification of such information.

5. Capitalized terms not defined in this Report are as defined in the Initial Order and the Monitor's previous reports. All references to dollars are in Canadian currency unless otherwise noted.

STATUS OF NON-CORE ASSET SALES

Real Estate

6. As set out in the Monitor's previous reports, Ivaco has sold certain properties and has various other properties presently listed for sale.

Warrenton, Virginia

- This property consists of two parcels of land containing approximately 48 acres and a 128,000 square foot building located in the Town of Warrenton, Fauquier County, Virginia. The property is no longer needed for the Applicants' business and has been on the market since 2000.

- As indicated in the Third Report of the Monitor, the Applicants had executed a preliminary sale contract, subject to certain conditions, for U.S.$4.5 million. However, at a meeting the Applicants had with planning officials from the Town of Warrenton, the Town rejected the prospective purchaser's plan to rezone the land for residential use and, as a result and as permitted under the preliminary sale contract, the offer was withdrawn.

- With very little chance of any residential development on the property, the Applicants attempted to re-market the property as industrial land, at a significantly reduced price. In mid June 2004, the Applicants received an offer for the property and after negotiation executed an Agreement of Purchase and Sale on June 24, 2004 in the amount of US$1,775,000. The terms of the agreement provided that the potential purchaser (the "Purchaser") could terminate the agreement at any time without penalty prior to the expiry of the due diligence period. As a result of its ongoing due diligence, the Purchaser identified issues with respect to the property and indicated it would exercise its termination rights unless the purchase price were adjusted downward.

- Discussions ensued between the Applicants and the Purchaser with a view to resolving any remaining issues and completing a transaction. On August 11, 2004, as a result of additional environmental remediation costs and extensive repairs required to the building, the Applicants and the Purchaser agreed on a revised purchase price of US$1,650,000. The Purchaser provided a deposit of US$250,000 to a local escrow agent that is refundable only if Ivaco chooses not to close the transaction for any reason. A copy of the Agreement of Purchase and Sale, including the First Amendment to Agreement of Purchase and Sale is attached as **Appendix A**. The property is being sold on an "as is where is" basis and closing is expecting to occur on September 30, 2004.

- The Monitor requested and obtained a report from the Applicants' real estate broker, Newmark of Washington, D.C. L.L.C. ("Newmark"). Based on the conclusions reached in the report, it is the Monitor's view that the purchase price being offered for the subject lands appears to be reasonable. Accordingly, the Monitor recommends that the Applicants be authorized to complete the transaction. In accordance with the Order of this Honourable

Court dated May 11, 2004, the net proceeds (after closing adjustments) from the sale of the Virginia property will be paid to National Bank as a reduction of its secured loan to Ivaco.

Chambly, Quebec (residential portion)

- This property consists of a 14.5 acre vacant piece of land adjacent to the industrial land that has already been sold by the Applicants. The property has been on the market since 1996 and was listed for sale separately from the industrial lands with J.J. Barnicke at a listing price of $900,000.

- An offer to purchase was received by the Applicants on February 16, 2004 in the amount of $400,000. The environmental condition of the property and its proximity to industrial lands has significantly affected both the ability to sell the property for residential use and the price. For these reasons, the February 16, 2004 offer never culminated in an agreement of purchase and sale.

- A second offer in the amount of $350,000 was received on March 3, 2004. The offer was increased to $400,000 on March 18, 2004. After extensive and lengthy negotiation, an agreement of purchase and sale was executed on July 20, 2004 in the amount of $450,000. The Applicants obtained National Bank's concurrence to the transaction as the first ranking secured creditor in respect of Ivaco.

- The sale of the property closed on August 25, 2004 and net proceeds in the amount of $423,203 were received by the Applicants. These funds have been provided to National Bank.

Marieville, Quebec (Agricultural land)

- This property consists of 295 arpents (approximately 249.2 acres) of woodland, farmable and non-farmable land, along with a small house, broken down into 19 different lots. Although these lots were not marketed through real estate agents, the Applicants received three offers for these lots from local farmers.

- As indicated in the Ninth Report of the Monitor, the Applicants reviewed the offers with the National Bank's financial advisor prior to the acceptance of the offers. The proposed transactions allocate the above-mentioned lots to a combination of two of the offerors for an aggregate sale price of $529,000.

- Since the approval of the Commission de la Protection du Territoire Agricole was required for a portion (46%) of these transactions, they closed in two steps. The first in early June for net proceeds of $279,540 (which have been distributed to National Bank) and the second is expected to close by the end of September 2004 for total net proceeds of $251,000. These proceeds will also be delivered to National Bank as a partial repayment of its secured indebtedness.

Trois-Rivieres, Quebec

- This property consists of approximately 7.68 acres located in the city of Trois-Rivieres located approximately 100 kilometers from Montreal. During early 2003, the City of Trois-Rivieres expressed an interest in acquiring the property; however, in June 2003 the City decided not to proceed with the purchase of the property for the following reasons:

  - They expressed concerns about the environmental condition of the property and the high level of contamination and associated remediation costs.

- As a result of a change in government and the ensuing uncertainties regarding subsidy programs for remedial activities, they were prevented from acquiring the property at that time.

- The Monitor is advised by the Applicants that the City has renewed its interest in the property. Given the significant environmental costs associated with the clean-up of the property, the Applicants intend to sell the property for nominal consideration. The Monitor will report back to this Honourable Court as more information becomes available.

Distributions to National Bank

- Pursuant to the Order of this Honourable Court dated May 11, 2004, Ivaco was authorized to distribute existing and future proceeds of sale from the Applicants' non-core assets to National Bank, subject to any prior ranking liens or encumbrances and/or closing adjustments.

- As at September 13, 2004 the Applicants have remitted the following proceeds to National Bank as partial repayment of National Bank's secured indebtedness.

DESCRIPTION	CDN$	US$
Equipment Sales	5,751	308,000
Chambly Industrial Property	495,162	
Marieville Property	279,540	
AIG Insurance Claim		1,350,000
Arrowhead Property	2,619,744	
Chambly Vacant Property	423,203	
Totals	3,823,400	1,658,000

MONITOR'S ANALYSIS AND RECOMMENDATION

7. The Monitor recommends that this Honourable Court approve the sale of the Virginia property as it represents the best available price based on a comprehensive sales process conducted by Newmark.

All of which is respectfully submitted this 20th day of September 2004.

ERNST & YOUNG INC.

In its capacity as Court-Appointed Monitor of
Ivaco Inc. and certain of its affiliates

Per

Brian M. Denega
Senior Vice-President

SCHEDULE "A"

Applicants Filing for CCAA

1. Ivaco Inc.
2. Ivaco Rolling Mills Inc.
3. Ifastgroupe Inc.
4. IFC (Fasteners) Inc.
5. Ifastgroupe Realty Inc.
6. Docap (1985) Corporation
7. Florida Sub One Holdings, Inc.
8. 3632610 Canada Inc.

APPENDIX A

AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT OF PURCHASE AND SALE (the "*Agreement*") is made as of the 24TH day of June, 2004, by and among **IVACO, INC.**, a Canadian corporation ("*Seller*"); and **PREMIUM BUSINESS PARKS INTERNATIONAL L.L.C.**, a Virginia limited liability company (the "*Purchaser*").

WHEREAS, Seller owns the Land (as hereinafter defined) and the Improvements (as hereinafter defined) located thereon in the Town of Warrenton, Fauquier County, Virginia; and

WHEREAS, Purchaser desires to purchase the Real Estate (as hereinafter defined) from Seller and Seller desires to sell the Real Estate to Purchaser.

NOW, THEREFORE, for and in consideration of the foregoing premises and of the covenants and agreements made herein and for the sum of TEN DOLLARS ($10.00) in hand paid and other good and valuable consideration, the parties hereto, intending to be legally bound hereby, agree as follows:

ARTICLE 1

DEFINITIONS

As used in this Agreement, unless the context otherwise requires or it is otherwise herein expressly provided, the following terms shall have the following meanings:

1.1 ADDRESS OF PURCHASER:

Premium Business Parks International L.L.C.
Attn: David Dobson, Manager
9198 North Cliff Lane
Rixeyville, VA 22737
Telephone: 540-937-7010
Facsimile: 540-937-7011

With copy to:
David H. Moyes, Esq.
Moyes & Levay, P.L.L.C.
21 N. King Street
Leesburg, VA 20176
Telephone: (703) 777-6800
Facsimile: (703) 777-8429

1.2 ADDRESS OF SELLER:

Ivaco, Inc.
Ste. 1501, 1 Place Alexis Nihon
3400, de Maisonneuve ouest
Montreal (Quebec), Canada H3Z 3B8
Attn: Guy-Paul Massicotte
Telephone: 514-286-4976
Facsimile: 514-288-2669

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With copy to:
Gregory D. Lydon, Esq.
Willcox & Savage, P.C.
1800 Bank of America Center
Norfolk, VA 23510
Telephone: 757.628.5619
Telefax: 757.628.5566

1.3	DEPOSIT:	The deposit made to the Escrow Agent as provided in Section 2.2 of this Agreement.
1.4	DUE DILIGENCE PERIOD:	The period commencing on the date of this Agreement and expiring at 5:00 p.m. EDT, on the date that is forty-five (45) days after the Effective Date (as defined in Section 2.2(a) below).
1.5	ESCROW AGENT:	Union Title and Escrow, Inc., 21 North King Street, Leesburg, VA 20176, Attn: Karen Alexander, Settlement Officer; Telephone: 703-777-8597, Facsimile: 703-777-9886, or such other national title insurance company or agency thereof agreed upon by both Seller and Purchaser in their reasonable discretion.
1.6	EXISTING ENVIRONMENTAL REPORTS:	The environmental reports relating to the Real Estate that are listed on Exhibit A attached to this Agreement.
1.7	IMPROVEMENTS:	All improvements located on the Land.
1.8	INSTRUMENTS OF CONVEYANCE:	The documents to be delivered by Seller or Purchaser, as the case may be, at Settlement, as described in Sections 9.1 and 9.2 of this Agreement.
1.9	KNOWLEDGE:	When used with reference to Seller, unless otherwise expressly provided, the current actual knowledge of Guy-Paul Massicotte and David Machina without investigation.
1.10	LAND:	Seller's fee simple interest in those two certain parcels of real property containing approximately 37.46 +/- acres of land in the aggregate in Warrenton, Virginia having a street address of 615 Falmouth Street, and as more particularly outlined on Exhibit B attached to this Agreement.

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1.11 OUT OF POCKET COSTS: Reasonable costs and expenses incurred and paid by Purchaser to bona fide and independent third parties in connection with Purchaser's due diligence investigations relating to the proposed acquisition of the Property. Out-of-pocket costs shall exclude any costs or expenses attributable to overhead of Purchaser.

1.12 PURCHASE PRICE: The purchase price to be paid for the Real Estate in the amount and manner specified in Section 2.3.

1.13 REAL ESTATE: All of Seller's right, title and interest in and to:

(a) The Land;

(b) The Improvements and modifications, additions, restorations, repairs and replacements thereof; and

(c) Any and all other right, title, privilege and interest of Seller in any way related to or used in connection with the Land and Improvements.

1.14 SETTLEMENT: The consummation of the sale and purchase provided for in this Agreement to occur as provided in Article 10.

1.15 SETTLEMENT DATE: Thirty (30) days following the expiration of the Due Diligence Period

1.16 SURVEY: The survey to be obtained by Purchaser as described in Section 3.3 below.

1.17 TITLE COMMITMENT: The title commitment to be obtained by Purchaser from Union Title and Escrow, Inc. as described in Section 3.3 below.

1.18 TITLE COMPANY: Union Title and Escrow, Inc. or such other national title insurance company agreed upon by both Seller and Purchaser in their reasonable discretion.

ARTICLE 2
SALE AND PURCHASE

2.1 Purchase. For and in consideration of the Purchase Price and the mutual promises, covenants, representations, warranties and agreements contained herein, Seller shall sell and convey and Purchaser shall purchase the Real Estate at Settlement.

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2.2 Deposit.

(a) By no later than 5:00 p.m. on the third business day after the Effective Date (as defined below), Purchaser shall cause Two Hundred Fifty Thousand Dollars ($250,000.00) (the "*Deposit*") to be deposited with the Escrow Agent. The "*Effective Date*" shall be deemed to be the date that a fully executed original of this Agreement has been delivered to Purchaser and Seller.

(b) The term "*Deposit*" shall collectively refer to the Deposit together with any interest earned thereon. The Deposit shall be deposited or invested by Escrow Agent in a money market fund with a financial institution or bank insured by the Federal Deposit Insurance Corporation mutually agreed upon by Purchaser and Seller with the interest to accumulate until such time as the Deposit is released. Any bank or financial institution with more than Ten Billion Dollars of deposits shall be deemed to be an acceptable financial institution to Purchaser and Seller. If this Agreement terminates under circumstances which would permit forfeiture of the Deposit to Seller, Seller will receive and be taxed with all interest accrued on the Deposit. If this Agreement terminates under conditions allowing Purchaser to receive a refund of the Deposit, Purchaser will receive all interest accrued on the Deposit and will be taxed for all interest owed thereon. If the sale of the Real Estate closes as contemplated, Purchaser will receive the benefit of the Deposit and accrued interest as a credit against the Purchase Price at Settlement, and Purchaser will be taxed for all interest earned thereon.

(c) If Settlement takes places under this Agreement, Escrow Agent shall deliver the Deposit as instructed, to be applied and credited at Settlement pursuant to Section 10.1 below, upon receipt of an executed joint instruction letter from Purchaser's and Seller's counsel instructing Escrow Agent to do the same.

(d) With respect to a termination by Purchaser at any time before the expiration of the Due Diligence Period, the Escrow Agent shall return the Deposit to Purchaser on (i) Purchaser's notification that this Agreement has been terminated, and (ii) Seller's confirmation that the condition of Section 3.1(d) below has been satisfied.

(e) Except as provided in Section 12.1(a)(ii) or Section 12.1(b) below, if either party terminates this Agreement after the expiration of the Due Diligence Period for any reason other than a Seller Default (as hereinafter defined) or pursuant to Section 9.3 below, including, without limitation, because of a Purchaser Default (as hereinafter defined), the Deposit shall be released to Seller.

(f) With respect to termination after the expiration of the Due Diligence Period, if Escrow Agent is instructed by Purchaser to return the Deposit, Escrow Agent shall notify Seller of Purchaser's demand, and, unless Escrow Agent receives within five (5) business days of the date of Escrow Agent's notice, an affidavit from Seller stating that there is a genuine dispute as to who is entitled to the Deposit and describing the basis of Seller's claim therefor, Escrow Agent shall return the Deposit to Purchaser.

(g) With respect to termination after the expiration of the Due Diligence Period, if Escrow Agent is instructed by Seller to release the Deposit to Seller, Escrow Agent shall notify Purchaser of Seller's demand, and, unless Escrow Agent receives within five (5) business days of the date of Escrow Agent's notice, an affidavit from Purchaser stating that there is a genuine dispute as to who is entitled to the Deposit and describing the basis of Purchaser's claim therefor, Escrow Agent shall release the Deposit to Seller.

(h) The parties acknowledge that the Escrow Agent is acting solely as a stakeholder at their request and for their convenience, that the Escrow Agent shall not be deemed to be the agent of

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either of the parties, and that the Escrow Agent shall not be liable to either of the parties for any act or omission on its part unless taken or suffered in bad faith, in willful disregard of this Agreement or involving gross negligence. The Escrow Agent has acknowledged its agreement to these provisions and its receipt of the Earnest Money by signing in the place indicated on the signature page of this Agreement.

2.3 The Purchase Price.

(a) The Purchase Price shall be the sum of One Million Seven Hundred Seventy-five Thousand and 00/100 Dollars ($1,775,000.00), subject to adjustments and prorations as provided in this Agreement.

(b) Subject to the adjustments described in Section 10.4, the Purchase Price shall be paid at Settlement in cash or immediately available funds, delivered or wired to the Escrow Agent, and the net proceeds thereof due Seller shall be immediately disbursed by delivery or wire transfer to or on behalf of Seller in immediately available funds upon Settlement.

(c) The Deposit shall be applied to the Purchase Price at Settlement.

ARTICLE 3
INSPECTION PERIOD

3.1 Right to Inspect.

(a) From and after the date hereof (except as otherwise limited herein), Purchaser, its agents, consultants, attorneys, accountants, employees, appraisers and other representatives, shall be entitled at their own peril and risk and with no liability to be incurred by Seller: (A) to enter onto the Real Estate to perform inspections and tests of the Real Estate and structural and mechanical systems within the Improvements; (B) to enter onto the Real Estate during the Due Diligence Period to perform environmental studies of the Real Estate; and (C) to perform and conduct any other tests, studies, reviews, analyses and inspections deemed necessary or appropriate by Purchaser in reviewing Purchaser's potential acquisition, ownership and operation of the Real Estate. Notwithstanding the foregoing, Purchaser must give reasonable advance notice to Seller before entering onto the Real Estate to conduct any invasive testing or inspections, and Seller's agents may, at Seller's cost and expense, accompany Purchaser and/or its agents and representatives in any invasive tests or inspections of the Real Estate. If Seller elects to have its agents and/or representatives present during any test or inspection, Seller's agents shall make themselves reasonably available for such purposes promptly after reasonable request thereof by Purchaser. After making such tests and inspections, Purchaser agrees, at its sole cost and expense, to promptly restore the Real Estate to as nearly as practicable its condition prior to such tests and inspections.

(b) Purchaser agrees to indemnify and hold harmless Seller from all loss, cost and expense (including reasonable attorneys' fees) incurred, suffered by, or claimed against Seller by reason of any damage to the Real Estate or injury to persons caused by Purchaser and/or its agents, employees or contractors in exercising its rights under Section 3.1(a) above, unless such damage or injury is caused by the negligence or willful misconduct of Seller or Seller's agents. Notwithstanding anything contained herein to the contrary, this indemnity shall survive any termination of this Agreement.

(c) Prior to any entry upon the Real Estate by Purchaser, Purchaser shall deliver to Seller a copy of Purchaser's umbrella comprehensive general liability insurance policy. Prior to any entry upon the Real Estate by representatives for Purchaser, Purchaser shall deliver to Seller certificates of insurance with commercially reasonable coverage amounts from all third parties performing invasive

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testing on the Real Estate. Purchaser shall keep its insurance coverage in effect throughout the term of this Agreement.

(d) Purchaser agrees, at its sole cost and expense, to furnish Seller with copies of all written reports, if any, relating to such tests and inspections promptly after the reports of such tests and/or inspections have been received by Purchaser, but no later than the expiration of the Due Diligence Period, if such reports are then in existence and have been received by Purchaser. Purchaser shall not be entitled to the return of the Deposit unless and until Purchaser has furnished Seller with copies of all such reports.

3.2 Seller's Deliveries. Seller agrees to furnish Purchaser with copies of all surveys, title policies, Existing Environmental Reports, or other documentation relating to the Real Estate in Seller's possession. If this Agreement is terminated, Purchaser shall promptly return to Seller all information furnished or delivered by Seller to Purchaser relating to the Real Estate including, without limitation, the information described in this Section 3.2. Except as otherwise expressly provided in ARTICLE 4 below, Seller shall not be deemed to have made any representation or warranty with respect to the accuracy or completeness of any information so delivered to Purchaser or any information heretofore or hereafter delivered to Purchaser, by virtue of Seller's (or Seller's agent's) delivery of such information to Purchaser, or otherwise, and Purchaser will review and will rely exclusively on its own review of all information delivered by or on behalf of Seller to Purchaser. Without limiting the generality of the foregoing, it is specifically understood that no oral representation or provision of any circular prepared by Newmark or other agent or broker shall be binding on Seller and Seller makes no representation or warranty whatsoever with respect to any such representation or circular.

3.3 Title and Survey.

(a) After the execution of this Agreement, Purchaser shall promptly order and obtain, at its expense, a commitment from the Title Company for an owner's policy of title insurance on the Real Estate (the "***Title Commitment***"), as well as copies of all documents relating to the title exceptions referred to in the Title Commitment. After the Effective Date of this Agreement, Purchaser shall also promptly order and obtain, at its cost and expense, an as-built survey of the Real Estate prepared by a surveyor licensed in Virginia, to be prepared in accordance with the standards for Land Title Surveys of American Title Association and American Congress on Surveying and Mapping Class A survey (the "***Survey***").

(b) By no later than five (5) days prior to the expiration of the Due Diligence Period, Purchaser shall notify Seller of any title exceptions or survey matters that Purchaser does not approve. Purchaser shall not have the right to disapprove of Permitted Title Exceptions. If Purchaser fails to deliver to Seller the notice described above at least five (5) days prior to the expiration of the Due Diligence Period, then Purchaser shall be deemed to be satisfied with all matters of title and survey and to have waived any objections thereto, except for any matters arising after the date of the Title Commitment or Survey (other than Permitted Title Exceptions) that are reflected in subsequent updates thereto. Seller shall respond in writing to Purchaser's objections (if any) to the Title Commitment and Survey within five (5) days after receipt of Purchaser's objections (if any). Seller's response shall detail what (if anything) Seller agrees to do in response to Purchaser 's objections for Seller to eliminate such objections. Failure of Seller to respond as set forth herein shall be deemed to mean that Seller intends to take no action with respect to Purchaser's objections. Purchaser shall have until the expiration of the Due Diligence Period to deliver to Seller written notice of Purchaser's intent to terminate this Agreement if Seller's response (or failure to respond) is not acceptable to Purchaser with respect to title and survey matters. Notwithstanding the foregoing, Purchaser shall not be entitled to terminate this Agreement for objections to the Title Commitment and Survey if Seller states in its response that Seller will use its best efforts to cure Purchaser's objections to the Title Commitment and Survey. If Seller's proposed cure of

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an objection is to cause the Title Company to issue a title endorsement providing title insurance over such objection, then the form and substance of such title endorsement shall be subject to the review and reasonable approval of Purchaser. If Seller elects to cure objections but does not cure such objections at least ten (10) days prior to the Settlement Date, then Purchaser shall be entitled to terminate this Agreement by delivering written notice thereof to Seller by no later than five (5) days prior to the Settlement Date (the *"Cure Failure Termination Notice"*). If Purchaser delivers the Cure Failure Termination Notice as provided above, this Agreement shall automatically be terminated upon the delivery thereof to Seller from Purchaser, Purchaser shall be entitled to an immediate return of the Deposit, and all rights and obligations of the parties hereunder shall terminate, except as otherwise expressly provided herein. If Purchaser does not deliver the Cure Failure Termination Notice as provided above, then Purchaser shall be deemed to be fully satisfied with Seller's response and to have waived all objections to matters set forth in the Title Commitment and Survey, except those reflected in subsequent updates thereto.

3.4 Right to Terminate. Purchaser shall have the right, for any or no reason, in its sole discretion, to terminate this Agreement at any time during the Due Diligence Period by providing written notice to Seller no later than the expiration of the Due Diligence Period. Upon receipt of such notice by Seller, this Agreement shall automatically be terminated, the Deposit shall be immediately returned to Purchaser, and all rights and obligations of the parties hereunder shall terminate, except as otherwise expressly provided herein.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Purchaser the following, which representations and warranties are true and correct in all material respects on the date hereof, and which representations and warranties shall be updated as of the Settlement Date as provided in Section 7.4 below. Notwithstanding anything contained herein to the contrary, no representation or warranty contained in this Article 4 shall extend to any matter of title to real property or survey matter, the existence of which would be disclosed by an examination of the title to the Real Estate and/or by an accurate survey of the Real Estate.

4.1 No Notice of Non-Compliance of Real Estate. Seller has not received any written notice that the Real Estate is in violation of any applicable building code or other applicable zoning, subdivision or land use law, or any other laws, statutes, codes, ordinances, orders and/or other requirements of governmental authorities.

4.2 Legal Status. Seller has been duly formed and is validly existing and in good standing in Canada. Seller has taken all requisite corporate action required to authorize the appropriate officers to execute and deliver this Agreement and the Instruments of Conveyance. Subject to its receipt of the Approval and Vesting Orders (as defined below), Seller will, on the Settlement Date, have full power, authority and legal right to consummate the transaction provided for herein.

4.3 Seller's Legal Compliance. Other than the order of the Honourable Mr. Justice Farley of the Superior Court of Justice (Commercial List) in the Province of Ontario (the *"Court"*) dated September 16, 2003 as amended, supplemented or extended, ordering and declaring, *inter alia*, that Seller is a company to which the *Companies' Creditor Arrangement Act* (Canada) applies, the execution, delivery and performance of this Agreement and the conveyance of the Real Estate by Seller will not violate any provisions of any applicable law, order, rule or regulation of any governmental authority.

4.4 Hazardous Materials. Except as otherwise provided below and except as otherwise disclosed in the Existing Environmental Reports, to the best of Seller's Knowledge, the Real Estate does not contain, nor are there located on the Real Estate, any toxic materials, hazardous substances or

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hazardous waste as those terms are used in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. § 9601 et seq., as amended, Superfund Amendments and Reauthorization Act of 1986, Resource Conservation and Recovery Act of 1976 or in any other federal, state or local law regulating the use, release, generation or disposal thereof (and all regulations promulgated under any of the same), as such laws are amended from time to time, nor has the Real Estate been treated with pesticides, herbicides or other toxic chemicals other than those used in routine cleaning and maintenance of or pest control in or about the interior or exterior of the Improvements or in routine care and maintenance of the landscaping located on the Real Estate (collectively, "*Hazardous Materials*"). Notwithstanding the foregoing provisions of this Section 4.4, Seller discloses to Purchaser, and Purchaser acknowledges, that (i) certain of the Improvements in the Real Estate may contain asbestos or "asbestos containing materials", and (ii) certain materials used in the roofing of the Improvements may contain asbestos.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser hereby represents and warrants to Seller the following, which representations and warranties are true and correct on the date hereof:

5.1 Legal Status.

(a) Purchaser (i) is duly organized and validly existing under the laws of the State of Virginia; (ii) has the power to enter into this Agreement; and (iii) the undersigned have full power, authority and legal right on behalf of the Purchaser to enter into this Agreement.

(b) Purchaser (or, in the event Purchaser exercises its option described in Section 14.7 below to assign this Agreement, such assignee) (i) will be, on the Settlement Date, duly organized and validly existing under the laws of the state of its organization; and (ii) will, on the Settlement Date, have full power, authority and legal right to consummate the transaction provided for herein.

ARTICLE 6
PRE-SETTLEMENT MATTERS

6.1 Release of Liens. Seller shall cause to be satisfied and/or to be released of record prior to or concurrently with Settlement any mortgage, deed of trust or collateral security agreement, mechanic's lien, judgment lien, tax lien and any other lien or charge encumbering the Real Estate, except with respect to any Permitted Title Exception and any items for which proration will be made at Settlement as provided in Section 10.4. Provided, however, that if Seller shall in good faith contest the validity or amount of any such lien or charge, Seller shall have the right to post bond in the amount of such lien or charge and shall in good faith defend against any mechanic's or materialmen's lien or suit filed in respect thereof, and Seller shall execute such documents as Purchaser and/or the Title Company may reasonably require in connection with any such lien or charge which Seller contests.

6.2 Approval and Vesting Orders. Seller shall make formal application for the Approval and Vesting Orders promptly after the expiration of the Due Diligence Period.

ARTICLE 7
CONDITIONS PRECEDENT TO THE OBLIGATION OF PURCHASER TO MAKE SETTLEMENT

The obligation of Purchaser to make Settlement hereunder is subject to the fulfillment of all of the following conditions as of the Settlement Date (unless waived in writing by Purchaser):

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7.1 Performance. Subject to Section 7.4, the representations and warranties made by Seller in Article 4 hereof shall be true and correct in all material respects, and all of the terms, provisions, covenants, conditions, agreements and obligations required to be performed by Seller under this Agreement at or prior to the Settlement Date shall have been performed, met or complied with in all material respects; provided, however, that this condition shall be deemed to have been fulfilled as to any breach or inaccuracy of any representation or warranty of Seller that is waived by Purchaser or cured by Seller as provided in Section 12.1(b) hereof.

7.2 Title. Title to the Real Estate shall be insurable at regular rates, subject only to the Permitted Title Exceptions. The Title Company must be prepared to issue, upon payment of the title policy insurance premium, an ALTA Owners title policy at Settlement insuring the Purchaser's title to the Real Estate in the amount of the Purchase Price, subject only to the Permitted Title Exceptions. The title policy must be without exception for any mechanic's liens unless at Seller's expense such lien has been bonded off to the satisfaction of the Title Company.

7.3 No Termination. Neither Purchaser nor Seller shall have terminated this Agreement as provided herein.

7.4 Seller's Certificate. Purchaser shall have received from Seller a certificate ("*Seller's Certificate*") updating the representations and warranties of such party contained in Article 4 through Settlement, which certificate Seller covenants to deliver unless new matters or Knowledge of a defect arises, in which case Seller shall deliver a certificate stating such matter and stating whether Seller, in Seller's sole discretion and at Seller's sole expense, elects to cure such matter. Purchaser may then (i) waive such matter and consummate the transaction contemplated hereby, (ii) allow Seller reasonable time to cure such matter, but in no event shall the Settlement Date be extended for more than thirty (30) days to effect such cure, or (iii) if Seller does not elect to cure such matter within five (5) days after Purchaser's objection, terminate this Agreement, in which case the Deposit shall be immediately returned to Purchaser, Purchaser and Seller shall each pay one-half of any title or escrow cancellation fee, and thereafter this Agreement shall become null and void with no further obligation on the part of any party hereto, except as otherwise expressly provided in this Agreement.

ARTICLE 8
CONDITIONS PRECEDENT TO THE OBLIGATION OF SELLER TO MAKE SETTLEMENT

The obligation of Seller to make Settlement hereunder shall be subject to the fulfillment of all of the following conditions as of the Settlement Date (unless waived in writing by Seller):

8.1 Performance. The representations and warranties made by Purchaser in Article 5 hereof shall be true and correct in all material respects, and all of the terms, provisions, covenants, conditions, agreements and obligations required to be performed by Purchaser under this Agreement at or prior to the Settlement Date shall have been performed, met or complied with in all material respects.

8.2 No Termination. Neither Purchaser nor Seller shall have terminated this Agreement as provided herein.

8.3 Court Order. Seller shall have received an order or orders from the Court on or before the Settlement Date approving this Agreement and the transaction contemplated hereby, and vesting in Purchaser all the rights, title and interest of Seller in the Real Estate free and clear of liens, security interests and other encumbrances, other than the Permitted Title Exceptions (the "*Approval and Vesting Orders*"). As of the Settlement Date such Approval and Vesting Orders must not have been stayed, varied or vacated and no order shall have been issued which restrains or prohibits the completion of the transaction contemplated hereby.

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ARTICLE 9
OTHER SETTLEMENT MATTERS

9.1 Instruments of Conveyance to be Delivered by Seller. Seller shall execute and deliver to Purchaser at Settlement the following Instruments of Conveyance:

(a) A Special Warranty Deed (the "*Deed*") conveying fee simple title to the Real Estate;

(b) *Intentionally deleted*;

(c) Such affidavits as the Title Company shall reasonably require in order to issue, without additional charge, the title insurance policy described in Section 7.2 above free of any exception for unfiled mechanics, materialmen's or similar liens (all of which shall be made available to Seller's counsel by Purchaser prior to Settlement for the review and reasonable approval of Seller's counsel);

(d) the Seller's Certificate;

(e) any other standard closing documents (in forms reasonably acceptable to Seller's counsel); and

(f) A closing statement showing the prorations to and adjustments of the Purchase Price as provided in Section 10.4 below.

9.2 Instruments of Conveyance to be Delivered by Purchaser. Purchaser shall execute and deliver to Seller at Settlement the following Instruments of Conveyance:

(a) A release for all environmental liabilities related to the Real Estate.

(b) A closing statement showing the prorations to and adjustments of the Purchase Price as provided in Section 10.4 below.

9.3 Loss by Fire, Other Casualty or Condemnation.

(a) In the event that prior to Settlement, the Real Estate or any part thereof, is destroyed or materially damaged (as defined in Section 9.3(e) below), Purchaser shall have the right, exercisable by giving notice to Seller within fifteen (15) days after receiving written notice of such damage or destruction (and if applicable, the Settlement Date shall be extended to afford Purchaser such fifteen (15) day period), either (i) to terminate this Agreement, in which event the Deposit shall be returned to Purchaser, Purchaser and Seller shall each pay one-half of any title or escrow cancellation fee, and thereafter this Agreement shall become null and void with no further obligation on the part of any party hereto, or (ii) to accept the Real Estate in its then condition and to proceed with the Settlement with an abatement or reduction in the Purchase Price in the amount of the deductible for the applicable insurance coverage, and to receive an assignment of all of Seller's rights to any insurance proceeds payable by reason of such damage or destruction, or, if the proceeds have been paid prior to Settlement, a credit against the Purchase Price for the amount so paid. If Purchaser elects to proceed under clause (ii) above, Seller shall not compromise, settle or adjust any claims to such proceeds without Purchaser's prior written consent.

(b) In the event that prior to Settlement there is any non-material damage to the Real Estate or any part thereof, Seller may, at its election and cost, repair or replace such damage prior to the

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Settlement Date to a condition substantially similar to what existed prior to such damage. Notwithstanding the preceding sentence, in the event Seller is unwilling or unable to repair or replace such damage prior to the Settlement Date, Seller shall notify Purchaser of such fact ("*Seller's Notice*") and Purchaser shall thereafter have the right, exercisable by giving Seller notice within fifteen (15) days after receiving Seller's Notice (and if applicable, the Settlement Date shall be extended to afford Purchaser such fifteen (15) day period) either (i) to terminate this Agreement, in which event the Deposit shall be returned to Purchaser, Purchaser and Seller shall pay one-half of any title or escrow cancellation fee, and thereafter this Agreement shall become null and void with no further obligation on the part of any party hereto, or (ii) to accept the Real Estate in its then condition with an abatement or reduction in the Purchase Price in the amount of the deductible for the applicable insurance coverage and proceed with Settlement, in which case Purchaser shall be entitled to an assignment of the insurance proceeds, or, if such proceeds have been paid prior to Settlement, a credit against the Purchase Price for the difference between the amount of insurance paid less the cost incurred by Seller for any repairs commenced or completed prior to Settlement. For purposes of completing any repairs or replacements under this Section 9.3(b), the Settlement Date may be extended for a reasonable time to allow such repairs or replacements to be made by Seller.

(c) In the event that prior to the Settlement, all or any material portion (as defined in Section 9.3(e) below) of the Real Estate is subject to a taking by public authority, Purchaser shall have the right, exercisable by giving notice to Seller within fifteen (15) days after receiving written notice of such taking, (and if applicable, the Settlement Date shall be extended to afford Purchaser such fifteen (15) day period) either (i) to terminate this Agreement, in which event the Deposit shall be returned to Purchaser, Purchaser and Seller shall each pay one-half of any title or escrow cancellation fee, and thereafter this Agreement shall become null and void with no further obligation on the part of any party hereto, or (ii) to accept the Real Estate in its then condition, without a reduction in the Purchase Price, and to receive an assignment of all of Seller's rights to any condemnation award payable by reason of such taking, or, if such award is paid prior to Settlement, a credit against the Purchase Price in the amount of such award so paid. If Purchaser elects to proceed under clause (ii) above, Seller shall not compromise, settle or adjust any claims to such award without Purchaser's prior written consent.

(d) In the event that prior to the Settlement, any non-material portion of the Real Estate is subject to a taking, Purchaser shall accept the Real Estate in its then condition and proceed with the Settlement, in which event Purchaser shall be entitled to an assignment of all of Seller's rights to any award in connection with such taking, or, if such award is paid prior to Settlement, a credit against the Purchase Price in the amount of such award so paid. In the event of any such non-material taking, Seller shall not compromise, settle or adjust any claims to such award without Purchaser's prior written consent.

(e) For the purpose of this Section 9.3, damage to the Real Estate or a taking of a portion thereof shall be deemed to involve a material portion thereof, (i) if the reasonably estimated cost of restoration or repair of such damage or the amount of the condemnation award with respect of such taking shall exceed Three Hundred Thousand Dollars ($300,000).

(f) Seller agrees to give Purchaser prompt notice of any taking, damage or destruction of the Real Estate. The provisions of this Section 9.3 shall survive the Settlement.

ARTICLE 10
SETTLEMENT

10.1 Settlement. Settlement shall take place at the office of the Escrow Agent or at such other location as may be mutually agreed upon by Seller and Purchaser, on the Settlement Date (subject to extension as provided in this Agreement), provided that the other conditions of Article 7 and Article 8

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have been met or waived, or on such other date as the parties shall mutually agree. Tender of the Purchase Price with the Escrow Agent, the deliveries of the applicable Instruments of Conveyance and such other papers as are required by the terms hereof, shall be deemed and construed as a good and sufficient tender of performance of the terms hereof by Purchaser. The deliveries of the applicable Instruments of Conveyance by Seller and such other papers as are required by the terms hereof shall be deemed and construed as a good and sufficient tender of performance of the terms hereof by Seller. Unless Seller shall have defaulted under this Agreement, at Settlement the Escrow Agent shall deliver the Purchase Price to Seller as provided in Section 2.3 of this Agreement.

10.2 Possession. Except as otherwise provided herein, Seller shall deliver to Purchaser possession and occupancy of the Real Estate at Settlement free from all leases, tenancies or claims of occupancy of any kind whatsoever and broom clean, free of trash, debris and scrap.

10.3 Costs. Purchaser shall pay the following costs: all recordation taxes and recordation charges (other than the Grantor's tax payable by reason of the transfer of the Real Estate), notary fees and legal expenses incurred by Purchaser in connection with this transaction, any costs for title search, Owner's title policy and any title endorsements, and any brokerage commission to be paid by Purchaser. Seller shall pay the Grantor's tax payable by reason of the transfer of the Real Estate, any legal expenses incurred by Seller in connection with this transaction, and any brokerage commission to be paid by Seller. At Settlement Seller and Purchaser shall each pay 50% of the fees of the Escrow Agent for serving as escrow agent, if any.

10.4 Prorations and Apportionments.

(a) The items set forth below shall be prorated and apportioned as of midnight of the day before the Settlement Date, so that Seller shall bear all expenses with respect to the Real Estate and shall have the benefit of all income with respect to the Real Estate through and including the day preceding the Settlement Date, and Purchaser shall be deemed to have owned the Real Estate for the entire Settlement Date. If, at Settlement, Purchaser is entitled to a net credit as a consequence of prorations or adjustments pursuant to this Section 10.4, the net credit shall be offset against the Purchase Price. The items to be prorated and, in certain instances, the method for determining such prorations are as follows:

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(i) Real estate taxes, stormwater charges, water charges and sewer rents, if any, shall be apportioned on a per diem basis, with Purchaser receiving a credit at Settlement for any such amounts attributable to any period of time prior to the Settlement Date and that has not been paid as of the Settlement Date, and Seller receiving a credit for any such amounts attributable to any period of time from and after the Settlement Date and that has been paid as of the Settlement Date. Any apportionment of real estate taxes and/or stormwater charges to be made with respect to a tax or other applicable year for which either the tax rate or assessed valuation or both or stormwater rate have not yet been fixed, shall be estimated upon the basis of the tax rate and/or assessed valuation or stormwater rate last fixed. Any unfixed gas, electrical, water meter charges, if any, sewer rent and other utility charges in connection therewith, shall be estimated on the basis of the last meter reading to occur on or as close in time as possible to the Settlement Date.

(ii) All special assessments applicable to the Real Estate for any period of time prior to the Settlement Date shall be paid by Seller at Settlement.

(iii) Any other items customarily prorated.

(b) The apportionments and/or prorations reflected in the closing statement delivered at Settlement shall be based upon actual figures to the extent available. If any of the apportionments and/or prorations cannot be calculated accurately based on actual figures on the Settlement Date, then (other than with respect to determination of real estate taxes that shall be computed as set forth in Clause (a)(i) above) they shall be calculated based on Seller's and Purchaser's good faith estimates thereof.

10.5 Mechanics Liens. If Seller shall, in good faith, desire to contest the validity or amount of any mechanics' or materialmen's liens for which it is responsible pursuant to this Agreement, it may do so provided it shall post such bond or give such indemnity as shall be necessary to cause the Title Company to issue the title policy to Purchaser without exception for such mechanics or materialmen's lien.

ARTICLE 11
INDEMNITY

11.1 Seller's Indemnity. Subject to Section 12.2(d) below, Seller hereby agrees to indemnify Purchaser and hold Purchaser harmless from and against any and all claims, liabilities, damages, penalties, loss, cost or expense incurred by Purchaser, including reasonable attorneys fees incident to, resulting from or in any way arising out of a breach of a covenant, agreement, representation or warranty made by Seller hereunder, unless Purchaser shall have waived or Seller shall have cured (or shall have elected to cure and the time permitted for the making of such cure shall not have expired) such breach as provided in Section 12.1(b) below.

Seller further agrees upon notice and request from Purchaser, to contest any demand, claim, suit or action against which Seller has hereinabove agreed to indemnify and hold Purchaser harmless and to defend any action that may be brought in connection with any such demand, claim, suit or action with respect to which Seller has hereinabove agreed to indemnify and hold Purchaser harmless, and to bear all costs and expenses to such contest and defense.

11.2 Purchaser's Indemnity. Purchaser hereby agrees to indemnify Seller and hold Seller harmless from and against any and all claims, liabilities, damages, penalties, loss, cost or expense incurred by Seller, including reasonable attorneys fees incident to, resulting from or in any way arising out of a breach of a covenant, agreement, representation or warranty made by Purchaser hereunder, unless Seller shall have waived such breach in writing.

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Purchaser further agrees, upon notice and request from Seller, to contest any demand, claim, suit or action against which Purchaser has hereinabove agreed to indemnify and hold Seller harmless and to defend any action that may be brought in connection with any such demand, claim, suit or action with respect to which Purchaser has hereinabove agreed to indemnify and hold Seller harmless, and to bear all costs and expenses to such contest and defense.

ARTICLE 12
DEFAULT AND TERMINATION

12.1 Termination.

(a) This Agreement may be terminated:

(i) by Seller, if the conditions set forth in ARTICLE 8 hereof shall not have been met other than through the failure of Seller to fully comply with its material obligations under this Agreement (or have not been waived by Seller) by the Settlement Date, unless Settlement is extended pursuant to this Agreement, in which event the date for the satisfaction of such conditions shall be similarly extended.

(ii) by Purchaser, if the conditions set forth in ARTICLE 7 hereof shall not have been met other than through the failure of Purchaser to fully comply with its material obligations under this Agreement (or have not been waived by Purchaser) by the Settlement Date, unless Settlement is extended pursuant to this Agreement, in which event the date for the satisfaction of such conditions shall be similarly extended.

In the event this Agreement is terminated by Seller or Purchaser pursuant to the provisions of this Section 12.1(a), neither party shall have any further obligation to the other except as specifically set forth in this Agreement and except for a breach by either party, in which event the provisions of Section 12.2 below shall apply.

(b) Notwithstanding anything in this Agreement to the contrary, Purchaser shall promptly advise Seller in writing of any actual knowledge it obtains prior to Settlement that indicates that a representation or warranty of Seller in this Agreement is untrue in any material respect, as soon as practicable, but in no event later than five (5) days after Purchaser obtains actual knowledge thereof (each a "*Purchaser's Warranty Notice*").

(i) If Purchaser gives Seller a Purchaser's Warranty Notice, Seller shall have thirty (30) days from receipt of the Purchaser's Warranty Notice (and Settlement shall be extended to provide for such 30-day period) to attempt to cure the breach or inaccuracy, provided, however, that Seller shall not be required to remedy such breach or inaccuracy until the expiration of the time periods described in Section 3.4 above for Purchaser's termination of this Agreement and further provided that Seller, in the aggregate, shall not be required to expend more than Fifty Thousand Dollars ($50,000.00) in efforts to remedy such breach or inaccuracy. If Seller is unwilling or unable to remedy such breach or inaccuracy within said thirty (30) day period, Purchaser shall have the right, exercisable by giving written notice to Seller within five (5) days after the expiration of Seller's thirty (30) day cure period, to (i) terminate this Agreement, in which event the Deposit shall be immediately returned to Purchaser, and all rights, obligations and liabilities of the parties hereunder, except as otherwise expressly provided, shall be released and discharged, or (ii) receive a credit against the Purchase Price for the amount required to remedy such breach or inaccuracy, but in no event more than Fifty Thousand Dollars ($50,000.00), in which event Purchaser shall be deemed to have waived any and all rights and actions against Seller with respect to such breach or inaccuracy.

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(ii) If Seller attempts to cure the breach or inaccuracy, if necessary, the Settlement Date shall be extended until five (5) days after the expiration of such thirty (30) day cure period. If Seller does not cure the breach or inaccuracy within such thirty (30) day cure period, Purchaser shall have the right, exercisable by written notice to Seller within five (5) days after the expiration of the thirty (30) day cure period, to (i) terminate this Agreement, in which event the Deposit shall be immediately returned to Purchaser, and all rights, obligations and liabilities of the parties hereunder, except as otherwise expressly provided, shall be released and discharged, or (ii) proceed to Settlement and receive a credit against the Purchase Price for the difference between Fifty Thousand Dollars ($50,000.00) and the amount expended by Seller attempting to cure the breach or inaccuracy, in which event Purchaser shall be deemed to have waived any and all rights and actions against Seller with respect to such breach or inaccuracy.

(iii) If Purchaser fails to give Seller a Purchaser's Warranty Notice within five (5) days after Purchaser obtains actual knowledge of a breach or that a representation or warranty of Seller is untrue in any material respect, or fails to terminate this Agreement as permitted in (i) or (ii) above, then upon Settlement Purchaser shall be deemed to have waived any and all rights and actions against Seller with respect to any such breach or inaccuracy.

12.2 Default, Remedies and Continuing Obligations.

(a) Notwithstanding anything contained in this Agreement to the contrary, in the event this Agreement is terminated for any reason, Purchaser shall continue to have the indemnity obligations described in Sections 3.1 and 13.2 of this Agreement.

(b) Notwithstanding anything contained in this Agreement to the contrary, if (1) any representation or warranty made herein by Seller shall not have been true and correct in all material respects when made, unless Seller has elected not to, or has failed or been unable to cure such breach or inaccuracy as provided in Section 12.1(b) above (in which case Section 12.1(b) above will govern under those circumstances), or (2) Seller shall have failed to perform or comply in any material respect with any covenant, agreement or condition contained in this Agreement to be performed by or complied with by Seller as set forth herein and such failure shall not have been cured within thirty (30) days after notice from Purchaser (and if applicable the Settlement Date shall be extended in order to provide for such 30-day time period) (together (1) and (2) above are referred to herein as a "*Seller Default*"), then unless Purchaser shall have waived or Seller shall have cured (or shall have elected to cure and the time permitted for the making of such cure shall not have expired) such Seller Default as provided in Section 12.1(b) above, the Deposit shall be immediately returned to Purchaser. Notwithstanding anything to the contrary in this Agreement (including, without limitation the provisions of Section 12.1 above), in addition to the return of the Deposit in the event of any Seller Default, Purchaser shall be entitled, as its exclusive remedies for such Seller Default, (i) to an action in equity against Seller for specific performance by Seller of the terms and provisions of this Agreement; or (ii) to recover from Seller Purchaser's Out of Pocket Costs, not to exceed Fifty Thousand Dollars ($50,000), incurred in connection with the transaction contemplated by this Agreement. In the event Purchaser elects to pursue specific performance, the prevailing party (as determined by the Court) shall be entitled to recover its attorney's fees in any such suit.

(c) Except as provided in Section 12.1(a)(ii) or 12.1(b), if this Agreement is terminated by either party in accordance with the terms of this Agreement after the expiration of the Due Diligence Period for any reason other than a Seller Default or pursuant to Section 9.3, including, without limitation, because of a Purchaser Default (as hereinafter defined), the Deposit shall be released to Seller in accordance with Section 2.2(e) and shall be retained by Seller as and for Seller's sole remedy hereunder for such Purchaser Default.

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The term "*Purchaser Default*" means if (i) any representation or warranty made herein by Purchaser shall not have been true and correct in all material respects when made, or (ii) Purchaser shall have failed to perform or comply in any material respect with any covenant, agreement or condition contained in this Agreement to be performed by or complied with by Purchaser as set forth herein, and such failure is not cured by Purchaser within ten (10) days after written notice from Seller to Purchaser (and, if applicable, the Settlement Date shall be extended to afford Purchaser such ten (10) day period). Notwithstanding the foregoing, in no event shall Purchaser be afforded an additional ten (10) days if the Purchaser Default is Purchaser's failure to perform at Settlement.

(d) Notwithstanding anything contained in this Agreement to the contrary, the representations and warranties contained in ARTICLE 4, the covenants contained in ARTICLE 6, and any and all other representations, warranties, agreements, indemnities and covenants of Seller in this Agreement or in any certificate or other instrument delivered pursuant hereto or in connection with the transaction contemplated hereby, which do not terminate earlier, shall terminate and no liability shall arise thereunder after the Settlement Date.

ARTICLE 13
BROKER'S FEES

13.1 Seller's Broker. Seller represents and warrants that the only broker dealt with by Seller in connection with this transaction is Newmark of Washington, D.C. LLC ("*Seller's Broker*") and that except for Seller's contacts with Seller's Broker, Seller has not entered into any agreement or incurred any obligation which might result in the obligation to pay any brokerage commission, finder's fee or other compensation with respect to the transaction contemplated hereby with anyone other than Seller's Broker. Seller further covenants with Purchaser that Seller shall be solely responsible for paying any commission to Seller's Broker pursuant to a separate agreement. Seller agrees to indemnify and hold Purchaser harmless from and against any losses, damages, costs and expenses (including reasonable attorneys' fees) incurred by Purchaser by reason of any breach or inaccuracy of the representation and warranty contained in this Section 13.1.

13.2 Purchaser's Broker. Purchaser represents and warrants that except for Purchaser's contacts with Seller's Broker, Purchaser has not entered into any agreement or incurred any obligation which might result in the obligation to pay any brokerage commission, finder's fee or other compensation with respect to the transaction contemplated hereby. Purchaser agrees to indemnify and hold Seller harmless from and against any losses, damages, costs and expenses (including reasonable attorneys' fees) incurred by Seller by reason of any breach or inaccuracy of the representation and warranty contained in this Section 13.2.

13.3 Survival. The provisions of this ARTICLE 13 shall survive Settlement.

ARTICLE 14
MISCELLANEOUS

14.1 Modifications and Waivers. No modification, waiver, amendment, discharge or change of this Agreement, except as otherwise provided herein, shall be valid unless the same is in writing and signed by the party against which the enforcement of such modification, waiver, amendment, discharge or change is sought. This Agreement contains the entire agreement between the parties relating to the transactions contemplated hereby, and all prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged herein. Without limiting the generality of the foregoing, this Agreement alone fully and completely expresses the agreement between the parties, and it is specifically understood that no oral representation and no provision of any document or statement

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delivered by or on behalf of Seller or Purchaser, except to the extent expressly provided herein, is binding on Seller or Purchaser.

14.2 Successors and Assigns. All terms of this Agreement shall be binding upon, and inure to the benefit of and be enforceable by the parties hereto and their respective legal representatives, successors and assigns.

14.3 Governing Law. This Agreement is intended to be performed in the Commonwealth of Virginia and shall be construed and enforced in accordance with the internal laws thereof. The principle that an agreement should be construed against the party drafting the agreement shall not apply to this Agreement, as both parties hereto have participated equally in the negotiation and drafting of this Agreement.

14.4 Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if sent to a party by facsimile (with an original to follow by another means of notice provided herein) to the facsimile number set forth in ARTICLE 1 of this Agreement, or if delivered personally, or by recognized air courier, or if sent by registered or certified mail, return receipt requested, and postage prepaid, to a party at the address set forth in Article 1 of this Agreement, or at such other address as such party may specify from time to time by written notice to the other party. Notice shall be effective (a) upon receipt (or refusal of receipt) if delivered personally, (b) on the next business day if delivered by overnight courier, (c) upon confirmation of successful transmission if delivered by facsimile, and (d) two (2) business days after deposit into the U.S. mail.

14.5 Captions. The captions of this Agreement are inserted for convenience of reference only and do not define, describe or limit the scope or the intent of this Agreement or any term hereof.

14.6 Terminology. All personal pronouns used in this Agreement, whether used in the masculine, feminine, or neuter gender, shall include all other genders; the singular shall include the plural and vice versa.

14.7 Assignment. Purchaser shall not have the right to assign Purchaser's rights in this Agreement to any party without Seller's prior written consent, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, Purchaser shall have the right to assign Purchaser's rights hereunder without Seller's prior written consent (but with prior written notice to Seller), to a single asset entity wholly owned by Purchaser upon the assignee's assumption of all liabilities of Purchaser hereunder, but such assignment shall not relieve Purchaser of any obligation or liability hereunder.

14.8 Invalid Provision. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future laws, such provision shall be fully severable; this Agreement shall be constructed and enforced as if such illegal, invalid, or unenforceable provision had been replaced by the valid and enforceable provision most substantively similar thereto; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement.

14.9 Time of Essence. Time is of the essence of this Agreement. However, if the final date of any period which is set out in any provision of this Agreement falls on a Saturday, Sunday or legal holiday under the laws of the United States or the Commonwealth of Virginia then, and in such event, the time of such period shall be extended to the next day which is not a Saturday, Sunday or legal holiday.

14.10 Waiver. Purchaser reserves the right, in its sole and absolute discretion, to waive, in whole or in part, any provision hereof which is for the benefit of Purchaser. Seller reserves the right, in

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its sole and absolute discretion, to waive, in whole or in part, any provision hereof which is for the benefit of Seller.

14.11 Attorneys' Fees. In the event it becomes necessary for either party hereto to file suit to enforce this Agreement or any provision contained herein, the party prevailing (as determined by the court) in such suit shall be entitled to recover, in addition to all other remedies or damages, reasonable attorneys' fees incurred in such suit and court costs.

14.12 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

14.13 Facsimile. This Agreement may be executed and delivered by exchange of facsimile copies showing the signatures of Purchaser and Seller and those signatures of Purchaser and Seller will constitute originally signed copies of the same agreement requiring no further execution.

ARTICLE 15
CONDITION OF THE PREMISES

15.1 No Warranties. Upon expiration of the Due Diligence Period, if Purchaser has not terminated this Agreement pursuant to Section 3.4 above, Purchaser shall be deemed to have acknowledged that it and its representatives will have fully inspected and investigated the Real Estate or will have been provided with an adequate opportunity to do so, are or will be fully familiar with the financial and physical (including, without limitation, environmental) condition thereof, and that the Real Estate is being purchased by Purchaser in an "AS IS" and "WHERE IS" condition and with all existing defects and faults (patent and latent) pursuant to such inspections and investigations and not in reliance on any agreement, understanding, condition, warranty (including, without limitation, warranties of habitability, merchantability or fitness for a particular purpose) or representation made by Seller or any agent, employee or principal of Seller or any other party as to the financial or physical (including, without limitation, environmental) condition of the Real Estate or the areas surrounding the Real Estate, or as to any other matter whatsoever, including, without limitation, as to any permitted use thereof, the zoning classification thereof or compliance thereof with federal, state or local laws, as to the income or expense in connection therewith, or as to any other matter in connection therewith. Purchaser acknowledges that, except as otherwise expressly elsewhere provided in this Agreement, neither Seller nor any agent or employee of Seller, nor any other party acting on behalf of Seller, has made or shall be deemed to have made any such agreement, condition, representation or warranty either expressed or implied.

15.2 Seller Reports. Purchaser acknowledges that Seller makes no warranties or representations regarding the adequacy, accuracy or completeness of any environmental and/or engineering reports or other third party documents or materials relating to the Real Estate made available to Purchaser (collectively, the "*Reports*"), and Purchaser shall have no claim against Seller based upon the Reports or Seller's failure to deliver any Reports to Purchaser.

[The remainder of this page has been intentionally left blank. Counterpart signature pages follow.]

DD
23/6/04

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year set forth under their respective signatures.

PURCHASER:

PREMIUM BUSINESS PARKS INTERNATIONAL L.L.C., a Virginia limited liability company

By: David M. Dobson

David M. Dobson
Manager

Date of Execution: JUNE 23, 2004

DD
23/6/2004

1-583337.4
06/23/2004

SELLER'S COUNTERPART SIGNATURE PAGE FOR AGREEMENT OF PURCHASE AND SALE

SELLER:

IVACO, INC., a Canadian corporation

By: ______________________

Guy-Paul Massicotte
Vice-President, General Counsel &
Secretary

Date of Execution: June 23, 2004

ESCROW AGENT'S COUNTERPART SIGNATURE PAGE FOR AGREEMENT OF PURCHASE AND SALE
to be signed and forwarded to Purchaser and Seller upon Escrow Agent's receipt of the Deposit

ESCROW AGENT:

UNION TITLE AND ESCROW, INC., a Virginia corporation

By: ______________________________(SEAL)
Name: ______________________________
Title: ______________________________

Date of Execution: ____________________

DD
23/6/04

EXHIBIT A

List of Existing Environmental Reports

A) Phase I Environmental Site Assessment by Apex Environmental Inc. on March 18,2004
B) Final Remediation Oversight Report by Dames & Moore on May 7, 1993
C) Phase II Environmental Assessment by Dames & Moore on October 31, 1990

1-583337.4
06/23/2004

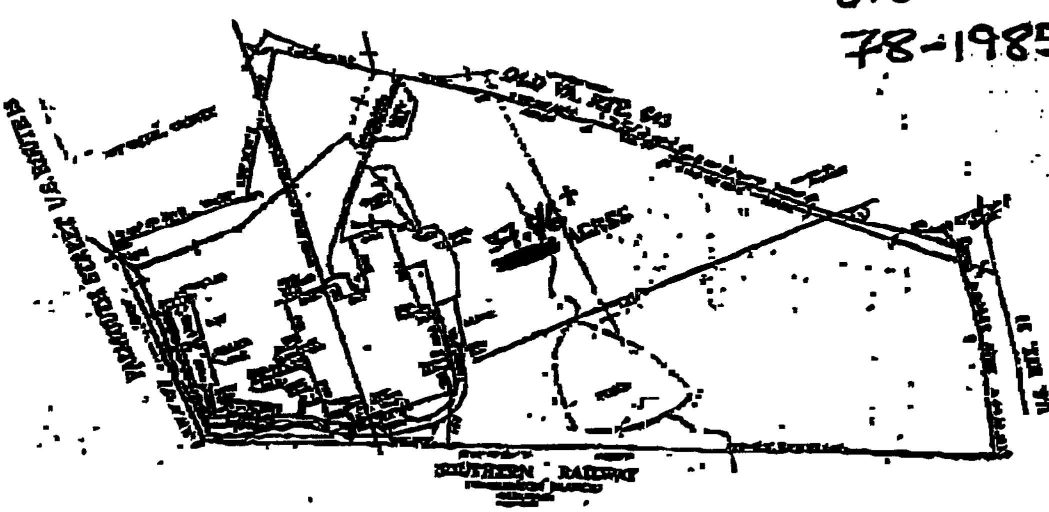
EXHIBIT B

<u>Plat</u>

Attached hereto

1-583337.4
06/23/2004

37.46± ACRES (GPIN 6983-69-8183 AND 6983-78-1985)



NEWMARK

Sivaco Wire Property

NEWMARK

DD 15/6/04

DD 23/6/0

FIRST AMENDMENT TO AGREEMENT OF PURCHASE AND SALE

THIS FIRST AMENDMENT TO AGREEMENT OF PURCHASE AND SALE (this "***Amendment***") is made as of the 11th day of August, 2004, by and among IVACO, INC., a Canadian corporation (the "***Seller***"); and PREMIUM BUSINESS PARKS INTERNATIONAL, L.L.C., a Virginia limited liability company (the "***Purchaser***").

RECITALS

WHEREAS, Seller and Purchaser entered into an Agreement of Purchase and Sale dated June 24, 2004, with an Effective Date of June 28, 2004 (the "***Agreement***") for the purchase and sale of certain property located in the Town of Warrenton, Virginia as more particularly described therein; and

WHEREAS, Seller and Purchaser desire to amend the Agreement as hereinafter set forth.

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree to amend the Agreement as follows:

1. Upon full execution of this Amendment by both Seller and Purchaser, it shall be deemed effective as of the date first set forth above, and all references in the Agreement or this Amendment to the Agreement, shall be deemed to refer to the Agreement as amended by this Amendment. The above Recitals are true and correct and are by reference incorporated herein. Capitalized terms used herein unless otherwise defined herein shall have the meaning given to them in the Agreement.

2. Purchase Price. Section 2.3(a) of the Agreement is hereby deleted and replaced by the following:

"(a) The Purchase Price shall be the sum of One Million Six Hundred Fifty Thousand and 00/100 Dollars ($1,650,000), subject to adjustments and prorations as provided in this Agreement."

3. Settlement Date. The definition for "SETTLEMENT DATE" provided in Section 1.15 of the Agreement is hereby deleted and replaced by the following:

"The "Settlement Date" is September 30, 2004."

4. The following language is hereby inserted as a new Section 6.3 of the Agreement:

"6.3 Pre-Settlement Permits. Seller hereby agrees that Purchaser may pursue and obtain permits and authorizations from governmental authorities to address the remediation of asbestos and other hazardous materials at the Property. In no event shall any submission made by Purchaser expose Seller or the Property to any adverse determination by such governmental authorities, nor shall any application expose Seller to any potential liability, cost or expense as a result thereof, and Purchaser hereby agrees to indemnify Seller against any loss, cost or damages incurred by Seller as a result of Purchaser's actions taken pursuant to this Paragraph 4. Purchaser shall copy Seller on any correspondence or other documentation that is sent by Purchaser or received by Purchaser with respect to the permission granted by Seller to Purchaser in this Paragraph 4. Any entry onto the Property by Purchaser or its agents with respect to such permits and/or remediation shall be done in accordance with and subject to the indemnification requirements set forth in Section 3.1(b) of the Agreement and the insurance requirements set forth in Section 3.1(c) of the Agreement.

5. Except as modified hereby, the Agreement is hereby ratified and confirmed in all respects.

6. This Amendment may be executed in any number of counterparts and by each party on a separate counterpart, each of which, when so executed and delivered, shall be deemed to be an original and all of which taken together shall constitute one and the same instrument. In producing this Amendment, it shall not be necessary to produce or account for more than one such counterpart signed by the person against whom enforcement is sought.

WITNESS the following signatures and seals to this Amendment:

SELLER: IVACO, INC., a Canadian corporation

By: _________________________(SEAL)
Guy-Paul Massicotte
Vice-President, General Counsel and Secretary

PURCHASER: PREMIUM BUSINESS PARKS INTERNATIONAL, L.L.C., a Virginia limited liability company

By: ___________________________(SEAL)
David M. Dobson, Manager