

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

C2C Industrial Properties Inc. (formerly Sargasso Capital Corporation)
2 Bloor Street West, Suite 1001
Toronto, Ontario M4W 3E2

(the “Corporation”)

Item 2 Date of Material Change

May 16, 2011

Item 3 - News Release:

A news release with respect to the information referred to in this material change report was issued on May 18, 2011.

Item 4 - Summary of Material Change:

The Corporation announced today that further to the completion of the acquisition of all of the issued and outstanding shares of C2C Industrial Properties Ltd. (“C2C”), the TSX Venture Exchange Inc. (the “**Exchange**”) has issued its Final Exchange Bulletin regarding the transaction. The acquisition represents the completion of the Corporation's arms-length qualifying transaction (the “**Qualifying Transaction**”) pursuant to the policies of the Exchange as described in the Corporation's filing statement (the “**Filing Statement**”) dated May 2, 2011. The Filing Statement contains full disclosure regarding the Qualifying Transaction and the business of C2C. The Filing Statement is available for review on SEDAR under the Corporation's profile at www.sedar.com.

Item 5 Full Description of Material Change

See attached news released set out in Schedule “A”.

Item 6 Reliance on Subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

Christopher Ross
President
2 Bloor Street West, Suite 1001
Toronto, Ontario M4W 3E2

Telephone: (416) 922-5553
Facsimile: (416) 922-6667

Item 9 Date of Report

Dated at Toronto, Ontario, this 18th day of May, 2011.

SCHEDULE “A”

SARGASSO CAPITAL CORPORATION ANNOUNCES THE ACQUISITION OF C2C INDUSTRIAL PROPERTIES LTD.

For Immediate Release – FOR CANADA ONLY

(Not for Distribution to the United States Newswire Services or for Dissemination in the United States)

Toronto, Ontario – May 18, 2011: SARGASSO CAPITAL CORP. (TSXV:SGO.P) (the “**Corporation**” or the “**Resulting Issuer**”) announced today that further to the completion of the acquisition of all of the issued and outstanding shares of C2C Industrial Properties Ltd. (“**C2C**”), the TSX Venture Exchange Inc. (the “**Exchange**”) has issued its Final Exchange Bulletin regarding the transaction. The acquisition represents the completion of the Corporation’s arm’s length qualifying transaction (the “**Qualifying Transaction**”) pursuant to the policies of the Exchange, as described in the Corporation’s filing statement (the “**Filing Statement**”) dated May 2, 2011. The Filing Statement contains full disclosure regarding the Qualifying Transaction and the business of C2C. The Filing Statement is available for review on SEDAR under the Corporation’s profile at www.sedar.com.

About Sargasso Capital Corp.

The Corporation was incorporated pursuant to the provisions of the *Business Corporations Act* (Ontario) (the “**OBCA**”) on July 30, 2008 and was classified as a capital pool company pursuant to the policies of the Exchange. On October 7, 2008, the articles of the Corporation were amended by articles of amendment to delete provisions restricting the transfer of the Common Shares. The Corporation’s business has been restricted to the identification and evaluation of potential acquisitions or interests that could lead to the completion of its Qualifying Transaction under the Exchange’s CPC policy.

The Corporation completed its initial public offering of 3,000,000 shares on January 19, 2009 at a price of \$0.20 per share for gross proceeds to the Corporation of \$600,000. The shares were listed for trading on the Exchange on January 23, 2009 under the symbol “SGO.P”.

About C2C

C2C is a private company which was incorporated on March 16, 2011 under the laws of the Province of Ontario. C2C was incorporated for the purpose of the Qualifying Transaction. C2C intends to become a real estate corporation specializing in acquiring, owning and operating industrial properties across Canada and, if supported by financial and market conditions, to convert to a real estate investment trust under the *Income Tax Act* (Canada).

The Qualifying Transaction

The Corporation entered into an amalgamation agreement (the “**Amalgamation Agreement**”) with C2C and Sargasso Amalco Inc. (“**Sargasso Subco**”). Pursuant to the Amalgamation Agreement, C2C and Sargasso Subco agreed to amalgamate (the “**Amalgamation**”) and continue as “C2C Industrial Properties Ltd.” (“**Amalco**”). In addition the Corporation acquired all of the outstanding shares in the capital of C2C (the “**C2C Shares**”) in exchange for shares in the capital of the Corporation (the “**Resulting Issuer Shares**”).

Prior to the completion of the Qualifying Transaction, C2C completed a private placement (the “**Private Placement**”) of common shares (the “**C2C Common Shares**”) to raise gross proceeds in the amount of \$3,165,005 by issuing 21,100,017 C2C Common Shares at a price of \$0.15 per share. The Private Placement was a non-brokered private placement.

Prior to completion of the Qualifying Transaction, C2C acquired the lands and premises municipally known as 1300 Fewster Drive, Mississauga, Ontario from Blue Water Property Investment Inc. for a purchase price of \$1,675,000 subject to customary adjustments. \$625,000 of the purchase price was paid in cash and \$1,050,000 was paid by the issuance of 7,000,000 C2C Common Shares at a price of \$0.15 per share. The cash portion of the purchase price was funded from the proceeds of the Private Placement.

Pursuant to the Amalgamation Agreement, the following occurred at the effective time of the Amalgamation:

- (a) Sargasso SubCo and C2C amalgamated and continued as one corporation under the OBCA;
- (b) Each C2C Share issued and outstanding immediately prior to the Amalgamation was cancelled and the holders thereof received one fully paid and non-assessable Resulting Issuer Share for each C2C Share such that 28,100,017 Resulting Issuer Shares were issued; and
- (c) Each share in the capital of Sargasso SubCo issued and outstanding immediately prior to the Amalgamation becoming effective was exchanged for one share in the capital of Amalco.

Amalco is a wholly-owned subsidiary of the Resulting Issuer and the Resulting Issuer will carry on its business subject to the terms of the Asset Management Agreement described below.

The completion of the Qualifying Transaction contemplated by the Amalgamation Agreement was subject to the satisfaction of certain conditions, including obtaining all necessary regulatory approvals, including the approval of the Exchange and the listing of the Resulting Issuer Common Shares issued pursuant to the Amalgamation, and other conditions under the Amalgamation Agreement that are typical for a three-cornered amalgamation transaction. The approval of the Exchange was subject to, among other things, the Exchange being satisfied that after the completion of the Qualifying Transaction, the Corporation satisfied the Exchange’s

initial listing requirements for a Tier 2 Real Estate or Investment Issuer as prescribed by Policy 2.1 of the Exchange. The acquisition is an arm's length Qualifying Transaction.

The Corporation has granted options to purchase a maximum of 800,000 Common Shares to certain directors and officers at an exercise price of \$0.20 per share having a term expiring October 28, 2013. Prior to or on the completion of the Qualifying Transaction, the Corporation granted options to purchase 2,800,000 Resulting Issuer Common Shares to certain directors, officers, employees, management company employees and consultants of the Resulting Issuer and its Affiliates. The Resulting Issuer Options have an exercise price of \$0.15 per share and a term of five years from the date of the grant. One-third of such options vested upon the completion of the Qualifying Transaction and one-third of such options will vest upon each of the first and second anniversaries of the completion of the Qualifying Transaction.

Following the completion of the Qualifying Transaction, the following securities of the Resulting Issuer are outstanding:

	Resulting Issuer Shares After Giving Effect to the Qualifying Transaction (Maximum)
Resulting Issuer Shares issued and outstanding	
Common Shares	36,100,017
Total issued and outstanding Shares	36,100,017
Resulting Issuer Shares reserved for issuance pursuant to options	
Options to directors and officers of the Corporation	800,000
Options to directors, officers, employees, management company employees and consultants of the Resulting Issuer	2,800,000
Sub Total: Shares Under Options and Warrants:	3,600,000
Total Number of Fully Diluted Securities	39,700,017

Pro Forma Consolidated Working Capital

The Resulting Issuer has approximately \$3,158,083 in pro forma working capital based on the interim unaudited financial statements of the Corporation for the three months ended January 31, 2011 the opening balance sheet of C2C dated March 16, 2011 after giving effect to the completion of the Qualifying Transaction. Of this amount, \$920,578 was from the Corporation and \$2,237,505 from C2C.

Available Funds and Principal Uses of Funds

The following table sets out information respecting the Resulting Issuer's sources of cash and intended uses of cash upon completion of the Qualifying Transaction. The amounts presented are estimates only.

Sources	(CDN\$)
Estimated working capital of Sargasso	920,578
Gross proceeds from:	
- Private Placement	3,165,005
- Initial Property Consideration	1,050,000
Total Available Funds	5,135,583
Uses	(\$)
Costs related to the Qualifying Transaction	195,000
Costs related to the Private Placement	45,000
Costs related to the Initial Property Acquisition:	
- Lands and building	1,675,000
- Closing Costs	55,125
- Acquisition Fee	8,375
General and Administrative	350,000
Unallocated Funds	2,807,083
Total Uses	5,135,583

The estimated working capital for the Corporation and C2C is as of January 31, 2011. Costs related to the Qualifying Transaction include professional fees, listing fees, and printing costs and the general and administrative expenses represent 12 months of planned expenditures.

Asset Management Agreement

Strathallen Capital Corp. (the “**Asset Manager**”) will provide asset management, administrative and reporting services to the Resulting Issuer pursuant to the Asset Management Agreement. The Asset Manager will provide these services through qualified senior management who are currently employed by the Asset Manager. In particular, the Asset Manager will provide the services of senior personnel who will act as the Chief Executive Officer, President, Chairman and Chief Financial Officer of the Resulting Issuer. These individuals will devote such amount of time as reasonably necessary to manage the business of the Resulting Issuer so that it may achieve its business objectives.

Strathallen Capital Corp. will be the asset manager. The principals of the Asset Manager have a wide range of experience in the real estate industry. The Asset Manager specializes in providing creative and innovative real estate investment solutions. Clients benefit from direct interaction with a responsive client service team, tailored and flexible services in addition to institutional grade operations and reporting.

Two of the principals of the Asset Manager, David Wright and Brian Spence, each have more than 30 years of experience in real estate investment transactions. In their careers, they have been responsible for investments in excess of \$1.5 billion in commercial property. They have a diverse range of skills including: acquisition, finance, brokerage, leasing, development and management.

In addition, the Asset Manager is active in all major Canadian Markets where it maintains relationships with brokers, tenants and other industry participants.

The Asset Manager will be entitled to an acquisition fee, asset management fee and reimbursement of reasonable costs and expenses (excluding personnel costs) that it incurs providing services to the Resulting Issuer.

The acquisition fee is in an amount of 0.5% of the purchase price of any property acquired by the Resulting Issuer including the initial property. HST is payable in addition to and is not included in the acquisition fee.

The asset management fee is an amount equal to \$10,000,000 plus HST. The Resulting Issuer has the option to pay or satisfy up to 75% of the asset management fee by the issuance of shares. Any Resulting Issuer Shares that are issued to the Asset Manager shall be issued pursuant to prospectus and registration exemptions and subject to approval of the Exchange and the shareholders under applicable securities laws. The shares will be issued at a price equal to the weighted average trading price, not to exceed the “discounted market price” of the shares as set out in the policies of the Exchange, as at the close of business on the day immediately preceding the day that the Resulting Issuer announces its obligation and manner of payment of the fee.

The asset management fee shall be earned on the date that is the earliest of the date that:

- (a) the end of the first financial year of the Resulting Issuer that the Gross Purchase Price of the Properties equals or exceeds \$444,000,000;
- (b) an arm’s length take-over bid for the Resulting Issuer is completed;
- (c) substantiality all of the assets of the Resulting Issuer are sold; and
- (d) the Asset Management Agreement is terminated by the Resulting Issuer other than as a result of default by the Asset Manager.

Interest at a rate equal to bank prime plus 1% will be payable from the date the asset management fee is earned and is paid.

For these purposes the “Gross Purchase Price of the Properties” means the aggregate gross purchase price of all the Properties acquired by the Corporation, including the initial property, plus the cost of all capital and structural improvements to the Properties which may not be recovered from tenants. The Gross Purchase Price of the Properties includes land transfer tax, legal fees, due diligence and other costs directly attributed to the acquisition of the Properties.

Under the Asset Management Agreement, the Resulting Issuer will reimburse the Asset Manager for all reasonable expenses associated with the operation of the Resulting Issuer, including any third party costs which are reasonably incurred by the Asset Manager on behalf of the Resulting Issuer, other than personnel costs.

The Asset Management Agreement may be terminated by the Resulting Issuer at any time upon the occurrence of certain events such as a material breach by the Asset Manager of its duties and responsibilities under the Asset Management Agreement, gross negligence, fraud or the dissolution, liquidation, bankruptcy, insolvency or winding-up of the Asset Manager.

Sponsorship

A general policy of the Exchange requires that a sponsor be retained to prepare a sponsor report in compliance with Exchange Policy 2.2. The Corporation applied to the Exchange and received an exemption from this requirement.

Arm's Length Transaction

Since the transaction is arm's length, the Corporation is not required to obtain shareholder approval. Detailed information regarding the Qualifying Transaction is contained in the Filing Statement.

Board of Directors and Management

Immediately following completion of the Qualifying Transaction:

- (a) the board of directors of the Resulting Issuer is comprised of the following five individuals: Richard McGraw, Andrew McIntyre, Anthony (Tony) Pacaud, Brian Spence and David Wright; and
- (b) the board of directors of the Resulting Issuer intends to constitute an Audit Committee and Investment Committee. The Audit Committee is comprised of Messrs. McGraw, McIntyre and Pacaud. The Investment Committee is comprised of Messrs. Spence, McIntyre and Pacaud.

The management team of the Resulting Issuer is comprised of the following individuals:

Christopher Ross – President and Secretary
David Wright - Chief Executive Officer
Laetitia Pacaud – Chief Financial Officer

Profiles of the proposed directors and senior officers of the Resulting Issuer are as follows:

Richard D. McGraw, Age 65, Director: Mr. McGraw is a director and the Chief Financial Officer of the Corporation. He has served as President and Chief Executive Officer of Lochan Orca Group of Companies, private investment companies, since 1972. Mr. McGraw served as president and chief executive officer of Vitran Corporation Inc., a transportation and logistics services company from 1983 until 2002, a director from 1987 to present and chairman since 2002. He has also been a director of Exco Technologies Limited since 1992 and chairman since 2006. He has also served as a director of OutdoorPartner Media Corporation since 2004 and

chairman since 2006, and as a director of Feel Good Cars Corporation since 2004 and chairman since 2006. He received a bachelor of commerce from the University of British Columbia.

Andrew McIntyre, Age 67, Director: Mr. McIntyre has served as Chief Executive Officer and Chairman of Prism Medical Limited, a company whose shares trade on the Exchange, since February, 1996. He holds a Bachelor of Arts degree from the University of Western Ontario and Masters of Arts (Economics) degree from the University of Toronto. Mr. McIntyre is a designated Chartered Accountant with the Institute of Chartered Accountants of Ontario.

Anthony (Tony) Pacaud, Age 70, Director: Mr. Pacaud served as President of Greiner Pacaud Management Associates from September, 1982 to April, 2007. He also served as Vice-Chairman and Director of Integrated Asset Management Corp., a company whose shares previously traded on the Exchange, from June, 1999 to March, 2007 and as Director of Homburg Invest Inc., an Exchange-listed company, from September, 2007 to December, 2008. Mr. Pacaud holds a Bachelor of Science degree from Bishop's University and a Bachelor of Laws degree from Dalhousie University.

Laetitia Pacaud, Age 39, Chief Financial Officer: Ms. Pacaud is Chief Operating Officer of Strathallen Capital Corp., first appointed in June, 2003. She was employed by Caber Capital Corp. (CCSW Financial Services) as financial controller between November, 2001 to June, 2003 and KPMG as Senior Accountant from December, 2003 to September, 2004. Ms. Pacaud holds a Bachelor of Business degree from Southern Cross University (Lismore, NSW Australia) and is a designated Chartered Accountant with the Australia Institute of Chartered Accountants.

Christopher Ross, Age 34, President and Secretary: Mr. Ross has served as Senior Vice President with Strathallen Capital Corp. since July, 2010. He was a sales associate with CB Richard Ellis from January, 2005 to June, 2010 and sales manager for Ontario Hardwood Products from January, 2003 to October, 2004. He was also a portfolio administrator at Merrill Lynch Investment Management from September, 2000 to October, 2002. Mr. Ross holds a Bachelor of Arts from McGill University and is currently a Masters of Business Administration candidate at the Rotman School of Management, University of Toronto. Mr. Ross is a designated Chartered Financial Analyst and a registered salesperson with the Real Estate Council of Ontario

Brian Spence, Age 64, Director: Mr. Spence is a Director of Strathallen Capital Corp. and has served in this role since March, 2003. He was Director of Caber Capital Corp. from March, 1998 to March 2003. Mr. Spence currently serves as a director for Prism Medical Limited, a company whose shares trade on the Exchange. Mr. Spence holds an Honours Business Administration from the Richard Ivey School of Business, University of Western Ontario. He is a registered Salesperson with the Real Estate Council of Ontario.

David Wright, Age 59, Chief Executive Officer and Director: Mr. Wright is a Director of Strathallen Capital Corp. since March, 2003. He was previously Director of Caber Capital Corp. from March, 1998 to March 2003. Mr. Wright was also a director for Gulf & Pacific Equities Corporation, a corporation listed on the Exchange, from April, 1998 to December, 2006. Mr. Wright holds a Bachelor of Arts and a Master of Business Administration from York University. He is a registered Broker with the Real Estate Council of Ontario.

Completion of the Qualifying Transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable pursuant to Exchange Requirements, majority and minority shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be closed as completed or at all.

Exchange approval requires, among other things, satisfaction by the Resulting Issuer of the initial listing requirements, including adequate financial resources and working capital, sponsorship, background review of the proposed directors, officers and insiders and share distribution. The Corporation believes that the initial listing requirements will be satisfied or waived.

Investors are cautioned that, except as disclosed in the Filing Statement, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.

All information contained in this news release with respect to the Corporation and C2C was supplied by the Corporation and C2C, respectively, for inclusion herein, and with respect to such information, the Corporation and its board of directors and officers have relied on C2C.

All of the Corporation's public disclosure filings may be accessed via www.sedar.com and readers are urged to review these materials.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved of the contents of this press release. Neither TSX Venture Exchange Inc. nor its Regulation Services Provider (as that term is defined in the policies of TSX Venture Exchange Inc.) accepts responsibility for the adequacy or accuracy of this press release.

For further information, please contact:

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