A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in each of the provinces of Canada other than Quebec, but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**1933 Act**") or any state securities laws. Accordingly, these securities may not be offered or sold within the United States except in compliance with the registration requirements of the 1933 Act and applicable state securities laws or under exception from those laws. See "Plan of Distribution".*

***Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada**. Copies of the documents incorporated herein by reference may be obtained on request without charge from the President of C2C Industrial Properties Inc. at Suite 1001, 2 Bloor Street West, Toronto, Ontario, M4W 3E2, Telephone (416) 646-7353, and are also available electronically at www.sedar.com.*

PRELIMINARY SHORT FORM PROSPECTUS

New Issue ***October 10, 2012***

C2C INDUSTRIAL PROPERTIES INC.

$17,500,000

6.75% Convertible Unsecured Subordinated Debentures

This short form prospectus qualifies the distribution (the "**Offering**") of $17,500,000 aggregate principal amount of 6.75% convertible unsecured subordinated debentures (the "**Debentures**") of C2C Industrial Properties Inc. (the "**Corporation**") at a price of $1,000 per Debenture (the "**Offering Price**"). The Debentures bear interest at an annual rate of 6.75% payable semi-annually on May 31 and November 30 in each year commencing May 31, 2013. The maturity date of the Debentures will be November 30, 2017 (the "**Maturity Date**").

Debenture Conversion Privilege

Each Debenture will be convertible into common shares of the Corporation ("**Common Shares**") at the option of the holder at any time prior to the close of business on the earlier of the Maturity Date and the business day immediately preceding the date specified by the Corporation for redemption of the Debentures, at a conversion price of $5.55 per Common Share (the "**Conversion Price**"), subject to adjustment in certain events. Upon conversion, in lieu of delivering Common Shares, the Corporation may, at its option, elect to pay the holder cash in lieu of Common Shares unless the holder has expressly indicated that the holder does not wish to receive cash in lieu of Common Shares. See "*Details of the Offering - Cash Conversion Option*".

The issued and outstanding Common Shares are listed and posted for trading on the TSX Venture Exchange Inc. (the "**TSXV**" or the "**Exchange**") under the trading symbol "CCH". The Corporation has applied to list the securities distributed under this short form prospectus on the TSXV (including the Debentures issuable pursuant to the Over-Allotment Option (as defined below) and the Common Shares issuable upon the conversion of the Debentures). Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSXV. On October 2, 2012, the last trading day prior to the public announcement of this Offering and the filing of this short form prospectus, the closing price of the Common Shares on the TSXV was $4.10. On October 9, 2012, the last trading day prior to the date of this short form prospectus, the closing price of the Common Shares on the TSXV was $4.14.

	Price to the Public	**Underwriters' Fee**(1)	**Net Proceeds to the Corporation**(2)
Per Debenture	$1,000	$50	$950
Total Offering(3)	$17,500,000	$875,000	$16,625,000

Notes:

(1) The Corporation has agreed to pay to the Underwriters (as defined herein) a cash commission of 5% of the gross proceeds of the Offering (the "**Underwriters' Fee**").

(2) Before deducting expenses of the Offering, estimated to be approximately $300,000. See "*Plan of Distribution*".

(3) The Corporation has granted to the Underwriters an option (the "**Over-Allotment Option**") to purchase up to an additional $2,625,000 aggregate principal amount of Debentures qualified under the final prospectus of the Corporation at any time up until 30 days after the closing of the Offering, for the purposes of covering the Underwriters' over-allocation position and for consequential market stabilization purposes. Debentures issuable upon exercise of the Over-Allotment Option will be issued on the later of closing of the Offering and two business days following the exercise of such option. If the Over-Allotment Option is exercised in full, the "Price to the Public", "Underwriters' Fee" and "Net Proceeds to the Corporation" (before deducting expenses of the Offering) will be $20,125,000, $1,006,250 and $19,118,750, respectively. See "*Plan of Distribution*". This short form prospectus also qualifies for distribution the grant of the Over-Allotment Option and the issuance of the Debentures pursuant to the exercise of the Over-Allotment Option. See "*Plan of Distribution*".

A purchaser who acquires Debentures forming part of the Underwriters' over-allocation position acquires those Debentures under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases**.**

Underwriters' Position	**Maximum Size**	**Exercise Period**	**Exercise Price**
Over-Allotment Option	$2,625,000 aggregate principal amount of Debentures	Up until 30 days after the closing of the Offering	$1,000 per Debenture

GMP Securities L.P. and Desjardins Securities Inc., as co-lead underwriters, on their own behalf and on behalf of National Bank Financial Inc., Macquarie Capital Markets Canada Ltd. and Dundee Securities Corp. (collectively, the "**Underwriters**"), as principals, conditionally offer the Debentures, subject to prior sale, if, as and when issued by the Corporation and accepted by the Underwriters in accordance with the conditions contained in the underwriting agreement (the "**Underwriting Agreement**") referred to under "Plan of Distribution" and subject to approval of certain legal matters on behalf of the Corporation by Owens, Wright LLP and on behalf of the Underwriters by Blake, Cassels & Graydon LLP. Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The closing of the Offering is expected to occur on or about October 24, 2012 (the "**Closing Date**") but in any event shall not occur later than November 21, 2012.

Certificates for the aggregate principal amount of the Debentures will be issued in registered form to CDS Clearing and Depository Services Inc. ("**CDS**") and will be deposited with CDS on the Closing Date. No certificates evidencing the Debentures will be issued to purchasers, except in certain limited circumstances, and registration will be made in the depository service of CDS. Purchasers of the Debentures will receive only a customer confirmation from the Underwriters or another registered dealer who is a CDS participant and from or through whom a beneficial interest in the Debentures is purchased. See "*Details of the Offering – Book Entry System for Debentures*".

The Underwriters may effect transactions which stabilize or maintain the market price for the Debentures at levels other than those which might otherwise prevail in the open market. **In certain circumstances the Underwriters may offer the Debentures at a price lower than the price stated above.** See "*Plan of Distribution*".

The Debentures are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that Act or any other legislation.

It is important for investors to consider the particular risk factors that may affect the issuer in which they are investing. See "Risk Factors" herein, in the Corporation's management's discussion and analysis of the financial condition and results of operation of the Corporation for the periods August 1, 2011 to December 31, 2011 and March 16, 2011 to July 31, 2011 (located on pages 25 through 28 of such management's discussion and analysis) and in the Corporation's management's discussion and analysis of the financial condition and results of operation of the Corporation for the three and six months ended June 30, 2012 (located on page 22 of such management's discussion and analysis), all of which are incorporated by reference herein.

There is currently no market through which the Debentures may be sold and purchasers may not be able to resell the Debentures purchased under this short form prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of the issuer regulation. See "*Risk Factors*".

The Corporation may repay the outstanding principal of the Debentures through the issuance of Common Shares. See "*Details of the Offering - Debentures - Payment upon Redemption or Maturity*".

The Corporation's earnings coverage ratio for the five months ended December 31, 2011 and the period from March 16, 2011 to July 31, 2011 were (0.25):1 and (1.35):1, respectively. Using the pro forma combined financial statements attached to the Business Acquisition Report of the Corporation dated October 1, 2012, the Corporation's pro forma earnings coverage ratio for the period from March 16, 2011 to July 31, 2011 was (0.27):1. See "*Earnings Coverage Ratios*".

The Corporation's head office and principal place of business is located at Suite 1001, 2 Bloor Street West, Toronto, Ontario, M4W 3E2, Telephone (416) 922-5553.

All dollar amounts in this short form prospectus are in Canadian dollars, unless otherwise indicated.

TABLE OF CONTENTS

SUMMARY

This summary is qualified by, and should be read in conjunction with, the detailed information contained elsewhere in this short form prospectus.

C2C Industrial Properties Inc.

The Corporation was incorporated with the name Sargasso Capital Corporation by a Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (Ontario) dated July 30, 2008. On May 16, 2011 the articles of the Corporation were amended to change the name of the Corporation to "C2C Industrial Properties Inc."

The Corporation directly holds 100% of the issued and outstanding shares in the capital of C2C Industrial Properties Ltd. ("**C2C Ltd.**"). Through its ownership of C2C Ltd., the Corporation is in the business of identifying investment opportunities arising from the acquisition, development, management, financing, operation and in some instances, selling of industrial properties. The Corporation targets industrial properties across Canada, including single and multi-tenant buildings, with an average cost at a discount to replacement.

The Offering

Issue: $17,500,000 aggregate principal amount of 6.75% convertible unsecured subordinated debentures.

Amount of Offering: $17,500,000

Over-Allotment Option: The Corporation has granted to the Underwriters the Over-Allotment Option to purchase up to $2,625,000 aggregate principal amount of Debentures qualified under the final prospectus of the Corporation at any time up until 30 days after the closing of the Offering for the purposes of covering the Underwriters' over-allocation position. Debentures issuable upon exercise of the Over-Allotment Option will be issued on the later of closing of the Offering and two business days following exercise of such option.

Price: $1,000 per Debenture.

Use of Proceeds: The Corporation intends to use the net proceeds of the Offering, after payment of the expenses of the Offering: (a) to acquire future properties; (b) to conduct "value-add" activities with respect to acquired properties or proposed investments; and (c) for general corporate purposes.

Debentures

Maturity: The Maturity Date for the Debentures will be November 30, 2017.

Interest: 6.75% per annum payable semi-annually in arrears on May 31 and November 30 in each year commencing May 31, 2013. The first interest payment on May 31, 2013 will include interest accrued from the Closing Date to, but excluding, May 31, 2013.

Conversion Privilege: Subject to the Cash Conversion Option (as defined herein) and conversion upon a Change of Control (as defined herein), the Debentures will be convertible into fully paid and non-assessable Common Shares at the option of the holder thereof at any time prior to the close of business on the earlier of the Maturity Date and the business day immediately preceding the date specified by the Corporation for redemption of the Debentures at a Conversion Price of $5.55 per Common Share, being a conversion rate of 180.1801 Common Shares per $1,000 principal amount of Debentures, subject to adjustment as provided in the Indenture (as defined below). Holders converting their

Debentures will be entitled to accrued and unpaid interest for the period of the last interest payment date to, but excluding, the date of conversion.

Cash Conversion Option:

Upon conversion of the Debentures, in lieu of delivering Common Shares, the Corporation may, at its option, elect to pay the holder cash in lieu of Common Shares unless the holder has expressly indicated that the holder does not wish to receive cash in lieu of Common Shares (the "**Cash Conversion Option**"). If the Corporation elects, in its sole discretion, to settle the conversion obligation in cash, the Corporation shall deliver to the holder an amount in cash based on the daily volume weighted average price of the Common Shares on the TSXV as measured over a period of 10 consecutive trading days commencing on the third day following the conversion date.

Any payments pursuant to the Cash Conversion Option are subject to the subordination provisions contained in the Indenture as though such payments were payments of principal or interest on the Debentures. In addition, notwithstanding any election by the Corporation to use the Cash Conversion Option or any election by a holder of Debentures to convert Debentures into Common Shares, the Cash Conversion Option shall be immediately suspended if any payment pursuant to the Cash Conversion Option would violate the subordination provisions of the Indenture and any holder who converted their Debentures shall receive Common Shares in accordance with the procedure outlined under "*Details of the Offering - Conversion Privilege*" above. See "*Details of the Offering - Subordination*".

Redemption:

The Debentures will not be redeemable before November 30, 2015. On and after November 30, 2015 and prior to the Maturity Date, the Debentures may be redeemed in whole or in part from time to time at the option of the Corporation on not more than 60 days and not less than 30 days prior notice at a price equal to their principal amount plus accrued and unpaid interest to, but excluding, the date of redemption, provided that the volume weighted average trading price of the Common Shares on the TSXV during the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of redemption is given is not less than 125% of the Conversion Price.

Change of Control:

Within 30 days following the occurrence of a Change of Control (as defined below) the Corporation will be required to make an offer in writing to purchase all of the Debentures then outstanding (the "**Debenture Offer**"), at a price equal to 100% of the principal amount thereof plus accrued and unpaid interest thereon. A Change of Control will be defined in the Indenture as (a) the acquisition by any person, or group of persons acting jointly or in concert, of ownership, of voting control or direction of 50% or more of the outstanding voting securities of the Corporation, or (b) the sale or other transfer of all or substantially all of the assets of the Corporation on a consolidated basis, but excludes an acquisition, merger, reorganization, amalgamation, arrangement, combination or other similar transaction if the holders of voting securities of the Corporation immediately prior to such transaction hold securities representing at least 50% of the voting control or direction in the Corporation or the successor entity upon completion of the transaction.

If a Change of Control occurs in which 10% or more of the consideration for the voting shares in the transaction or transactions constituting a Change of Control consists of: (i) cash; (ii) equity securities that are not traded or intended to be traded immediately following such transactions on a stock exchange; or (iii) other property that is not traded or intended to be traded immediately following such transactions on a stock exchange, then during the period beginning ten trading days before the anticipated date on which the Change of Control becomes effective and ending 30 days after the Debenture Offer is delivered, holders of Debentures will be entitled to: (a) convert their Debentures in accordance with the terms of the Indenture; and (b) receive, in addition to the number of Common Shares they otherwise would have been entitled in accordance with the terms of the Indenture, an additional number of Common Shares not exceeding the specified amount of Common Shares per $1,000 of Debentures determined by a Change of Control Conversion Price (as defined below), provided that the Change of Control Conversion Price is not less than any regulatory permitted discounts to market price, in which case the Change of Control Conversion Price shall be deemed to be that implied by the maximum permitted discounts to market price.

The **Change of Control Conversion Price** will be calculated as follows:

COCCP = OCP/(1+(CP x (c/t)))

where:

"COCCP" means the Change of Control Conversion Price;
"OCP" means the Conversion Price in effect on the Effective Date (as defined below);
"CP" means 35.4%;
"c" means the number of days from and including the Effective Date to but excluding the Maturity Date; and
"t" means the number of days from and including the Closing Date to but excluding the Maturity Date.

Payment of Principal Amount in Common Shares upon Redemption or Maturity: On redemption or at maturity, the Corporation may, at its option, on not more than 60 days' and not less than 40 days' prior notice and subject to regulatory approval, elect to satisfy its obligation to pay, in whole or in part, the principal amount of the Debentures by issuing and delivering that number of freely tradeable Common Shares obtained by dividing the principal amount of the outstanding Debentures which are to be redeemed or which have matured by 95% of the volume weighted average trading price of the Common Shares on the TSXV for the 20 consecutive trading days ending on the fifth trading day preceding the date fixed for redemption or the Maturity Date, as the case may be. Any accrued and unpaid interest thereon will be paid in cash.

Subordination: The payment of the principal and premium, if any, of, and interest on, the Debentures will be subordinated in right of payment, as set forth in the Indenture, to the prior payment in full of all Senior Indebtedness (as defined herein) of the Corporation and indebtedness to trade creditors of the Corporation. The Debentures will also be effectively subordinated to claims of creditors of the Corporation's subsidiaries except to the extent the Corporation is a creditor of such subsidiaries ranking at least *pari passu* with such other creditors. The Debentures will not limit the ability of the Corporation to incur additional indebtedness, including indebtedness that ranks senior to the Debentures, or from mortgaging, pledging or charging its properties to secure any indebtedness.

Purchase for Cancellation: The Corporation may purchase Debentures for cancellation by tender or private contract at any time, subject to any required regulatory approval, and including, for greater certainty, in the market.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the President of the Corporation at Suite 1001, 2 Bloor Street West, Toronto, Ontario, M4W 3E2, Telephone (416) 646-7353, and are also available electronically at www.sedar.com.

The following documents of the Corporation, filed with the securities commissions or similar authorities in certain of the provinces of Canada, are specifically incorporated by reference in and form an integral part of this short form prospectus:

1. annual information form of the Corporation dated September 17, 2012 (the "**AIF**");

2. business acquisition report dated October 1, 2012 with respect to the acquisition of a portfolio of properties in Montreal, Mississauga and Edmonton (the "**MME Properties**");

3. unaudited interim financial statements of the Corporation and the notes thereto for the six month period ended June 30, 2012 and the accompanying management's discussion and analysis;

4. business acquisition report dated May 11, 2012 with respect to the acquisition of a portfolio of properties in the greater Toronto area, Ontario (the "**GTA Properties**"), the GTA Properties being referred to in the business acquisition report as the "Niagara Industrial Alliance Portfolio";

5. management information circular of the Corporation dated May 8, 2012 issued in connection with the annual and special meeting of the shareholders of the Corporation held on June 27, 2012;

6. audited financial statements of the Corporation and the notes thereto for the period from August 1, 2011 to December 31, 2011, and the period from March 16, 2011 to July 31, 2011, together with the auditors' report thereon;

7. management's discussion and analysis of the Corporation for the periods August 1, 2011 to December 31, 2011 and March 16, 2011 to July 31, 2011;

8. business acquisition report dated January 31, 2012 with respect to the acquisition of a portfolio of properties located in Dartmouth, Nova Scotia (the "**Dartmouth Properties**");

9. management information circular of the Corporation dated December 16, 2011 issued in connection with the annual and special meeting of the shareholders of the Corporation held on January 18, 2012;

10. management information circular of the Corporation dated September 30, 2011 issued in connection with the special meeting of the shareholders of the Corporation held on November 10, 2011; and

11. the following material change reports of the Corporation:

    (a) dated October 5, 2012 with respect to the issuance of Common Shares in partial satisfaction of asset management fees;

    (b) dated September 20, 2012 with respect to the acquisition of the Dartmouth Properties;

    (c) dated September 20, 2012 with respect to the acquisition of the MME Properties;

(d) dated September 20, 2012 with respect to the filing of articles of amendment consolidating the issued and outstanding Common Shares in the capital of the Corporation on the basis of 25 pre-consolidation Common Shares for one new Common Share;

(e) dated August 15, 2012 with respect to the closing of a brokered private placement of Common Shares for gross proceeds of $22,000,160;

(f) dated March 23, 2012 with respect to a brokered private placement which was completed on March 22, 2012; and

(g) dated February 28, 2012 with respect to the acquisition of the GTA Properties and related acquisition financing.

Any document of the type referred to above (excluding confidential material change reports) or business acquisition reports filed by the Corporation with the securities commissions or similar authorities in Canada after the date of this short form prospectus and prior to the completion or termination of the Offering shall be deemed to be incorporated by reference into this short form prospectus.

Any statement contained herein or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this short form prospectus, to the extent that a statement contained herein or in any other subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes that statement. Any such modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be considered in its unmodified or superseded form to constitute part of this short form prospectus; rather only such statement as so modified or superseded shall be considered to constitute part of this short form prospectus.

Significant Acquisitions for which no Business Acquisition Report is Filed

There have been no significant acquisitions of the Corporation for which a Business Acquisition Report has not been filed.

FORWARD-LOOKING STATEMENTS

This short form prospectus and the documents incorporated by reference herein contain forward-looking statements that involve various risks and uncertainties. When used herein and therein, the words “may”, “would”, “could”, “will”, “intend”, “plan”, “anticipate”, “believe”, “estimate”, “expect”, and similar expressions, as they relate to the Corporation or its management, are intended to identify forward-looking statements. Such statements are subject to known and unknown risks, uncertainties, assumptions and other factors outside of management’s control that could cause actual results to differ materially from those expressed in the forward-looking statements. These risks and uncertainties include, but are not restricted to:

- general uninsurable losses;
- the assumptions relied on in the property appraisal process;
- the ability of the Corporation to renew or replace expiring leases;
- general business risks and to risks inherent in the commercial real estate industry and real property ownership;
- the ability of the Corporation to identify properties to acquire that meet its acquisition criteria;
- the ability of the Corporation to obtain additional financing;
- the ability of tenants to pay amounts due under leases;

- the Corporation's ability to attract and retain key personnel;
- the risks associated with joint venture investments the Corporation may pursue in the future;
- the level of concentration among the Corporation's properties;
- potential conflicts of interest with the officers and directors of the Corporation;
- the illiquid nature of real estate investments;
- adverse environmental matters affecting the Corporation's properties; and
- other risks detailed from time-to-time in the Corporation's ongoing quarterly and annual filings with Canadian securities regulators.

See "*Risk Factors*" and the factors identified therein in the AIF incorporated by reference herein. Although the forward-looking statements contained in this short form prospectus and the documents incorporated by reference are based upon what management believes to be reasonable assumptions, the Corporation cannot assure prospective purchasers that actual results will be consistent with these forward-looking statements. Such assumptions include, but are not limited to, the Corporation's future growth potential, results of operations, future prospects and opportunities, demographic and industry trends remaining unchanged, a stable workforce, future levels of indebtedness and the current economic conditions remaining unchanged. These forward-looking statements are made as of the date of the short form prospectus and, in the case of documents incorporated by reference herein, as of the dates of such documents and, except in accordance with applicable law, the Corporation undertakes no obligations to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

ELIGIBILITY FOR INVESTMENT

In the opinion of Owens, Wright LLP, counsel to the Corporation, and Blake, Cassels & Graydon LLP, counsel to the Underwriters, provided that the Common Shares are listed on a "designated stock exchange", as defined in the *Income Tax Act* (Canada) and the regulations thereunder (collectively, the "**Tax Act**") , which currently includes Tier 2 of the TSXV, the Debentures being offered pursuant to this short form prospectus and the Common Shares issuable on the conversion, redemption or maturity of the Debentures, if issued on the date hereof, would be qualified investments under the Tax Act for trusts governed by registered retirement savings plans (a "**RRSP**"), registered education savings plans, registered retirement income funds (a "**RRIF** "), deferred profit sharing plans (except, in the case of the Debentures, a deferred profit sharing plan to which the Corporation, or an employer that does not deal at arm's length with the Corporation, has made a contribution), registered disability savings plans and tax-free savings accounts (a "**TFSA** ").

Notwithstanding the foregoing, if the Debentures or Common Shares are a "prohibited investment" for a TFSA, RRSP or RRIF, the holder of the TFSA or the annuitant of the RRSP or RRIF, as the case may be, will be subject to a penalty tax as set out in the Tax Act. Debentures or Common Shares, as the case may be, will generally be a "prohibited investment" for a TFSA, RRSP or RRIF if the holder of a TFSA or the annuitant of a RRSP or RRIF, as the case may be, does not deal at arm's length with the Corporation for purposes of the Tax Act or has a "significant interest" (within the meaning of the Tax Act) in the Corporation or in any person or partnership with which the Corporation does not deal at arm's length for purposes of the Tax Act. The Department of Finance has recently indicated that it is prepared to recommend further amendments to the prohibited investment rules contained in Tax Act, however, no draft legislation has been released as at the date hereof. Holders of a TFSA and annuitants of a RRSP or RRIF should consult their own tax advisors as to whether the Debentures or Common Shares will be a "prohibited investment" in their particular circumstances.

DETAILS OF THE OFFERING

The Offering consists of $17,500,000 aggregate principal amount of Debentures at a price of $1,000 per Debenture. The following is a summary of the material attributes and characteristics of the Debentures and is subject to, and qualified by reference to, the terms of the Indenture (as defined below).

General

The Debentures will be issued under a trust indenture (the "**Indenture**") between the Corporation and Equity Financial Trust Company, as trustee (the "**Debenture Trustee**"). The Indenture will be dated as of the Closing Date and, following the completion of the Offering, will be filed with the various securities commissions or similar authorities in Canada. Consequently, the Indenture will be available on www.sedar.com.

The aggregate principal amount of the Debentures authorized for issue immediately will be limited to the aggregate principal amount of $17,500,000 ($20,125,000 in the event the Over-Allotment Option is exercised in full). However, the Corporation may, from time to time, without the consent of holders of Debentures, issue additional Debentures of the same series or of a different series under the Indenture.

The Debentures will be dated as of the Closing Date and will be issuable only in denominations of $1,000 and integral multiples thereof. The Maturity Date for the Debentures will be November 30, 2017.

The Debentures will bear interest from the date of issue at 6.75% per annum which will be payable semi-annually in arrears on May 31 and November 30 in each year, commencing on May 31, 2013. The first interest payment will include interest accrued from the closing of the Offering to, but excluding, May 31, 2013.

The principal amount of the Debentures will be payable in lawful money of Canada or, at the option of the Corporation and subject to applicable regulatory approval, by delivery of freely tradable Common Shares to satisfy, in whole or in part, the obligations of the Corporation to repay the principal amount of the Debentures, as further described under "Payment upon Redemption or Maturity" and "Redemption and Repurchase". The interest on the Debentures will be payable in lawful money of Canada including, at the option of the Corporation and subject to applicable regulatory approval, in accordance with the Common Share Interest Payment Election (as defined below) as described under "*Interest Payment Option*".

The Debentures will be direct obligations of the Corporation and will not be secured against the property and assets of the Corporation and will be subordinated to other liabilities of the Corporation as described under "*Subordination*". The Indenture will not restrict the Corporation from incurring additional indebtedness for borrowed money or from mortgaging, pledging or charging its properties to secure any indebtedness.

Conversion Privilege

The Debentures will, subject to the Cash Conversion Option and conversion upon a Change of Control, be convertible at the holder's option into fully paid and non-assessable Common Shares at any time prior to the close of business on the earlier of the Maturity Date and the business day immediately preceding the date specified by the Corporation for redemption of the Debentures, at a conversion price of $5.55 per Common Share, being a conversion rate of 180.1801 Common Shares for each $1,000 principal amount of Debentures. Holders converting their Debentures will be entitled to accrued and unpaid interest for the period of the last interest payment date to, but excluding, the date of conversion. Holders converting their Debentures shall become holders of record of Common Shares of the Corporation on the business day immediately after the conversion date.

Subject to the provisions thereof, the Indenture will provide for the adjustment of the Conversion Price in certain events including: (i) the subdivision or consolidation of the outstanding Common Shares; (ii) the distribution of Common Shares to holders of all or substantially all of the outstanding Common Shares by way of dividend or otherwise other than an issue of securities to holders of Common Shares who have elected to receive dividends in securities of the Corporation in lieu of receiving cash dividends paid in the ordinary course; (iii) the issuance of options, rights or warrants to all or substantially all holders of Common Shares entitling them to acquire Common Shares or other securities convertible into Common Shares at less than 95% of the then Current Market Price (as defined in the Indenture) of the Common Shares; and (iv) the distribution to all holders of Common Shares of any securities or assets (other than cash dividends and equivalent dividends in securities paid in lieu of cash dividends in the ordinary course). There will be no adjustment of the Conversion Price in respect of any event described in (ii), (iii) or (iv) above if the holders of the Debentures are allowed to participate as though they had converted their Debentures prior to the applicable record date or effective date, as the case may be. The Corporation will not be required to make adjustments in the Conversion Price unless the cumulative effect of such adjustments would change the Conversion Price by at least 1%.

The term "**Current Market Price**" will be defined in the Indenture to mean the volume weighted average trading price of the Common Shares on the TSXV for the 20 consecutive trading days ending on the fifth trading day preceding the date of the applicable event.

In the case of any reclassification or capital reorganization (other than a change resulting from consolidation or subdivision) of the Common Shares or in the case of any consolidation, amalgamation or merger of the Corporation with or into any other entity, or in the case of any sale or conveyance of the properties and assets of the Corporation as, or substantially as, an entirety to any other entity, or a liquidation, dissolution or winding-up of the Corporation, the terms of the conversion privilege shall be adjusted so that each holder of a Debenture shall, after such reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, acquisition, sale or conveyance or liquidation, dissolution or winding up, be entitled to receive the number of Common Shares or other securities on the exercise of the conversion right such holder would be entitled to receive if on the effective date thereof, it had been the holder of the number of Common Shares into which the Debenture was convertible prior to the effective date of such reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, acquisition, sale or conveyance or liquidation, dissolution or winding up.

No fractional Common Shares will be issued on any conversion but in lieu thereof the Corporation shall satisfy fractional interests by a cash payment equal to the current market price of any fractional interest provided, however, that the Corporation shall not be required to make any payment of less than $10.00.

Cash Conversion Option

Upon conversion of the Debentures, in lieu of delivering Common Shares, the Corporation may elect, by written notice delivered to the Debenture Trustee within one business day of the conversion date, to use the Cash Conversion Option unless the holder has expressly indicated that the holder does not wish to receive cash in lieu of Common Shares. If no election is made by the Corporation, Common Shares will be delivered on exercise of the conversion right as described under "*Conversion Privilege*" above. If the Corporation elects to use the Cash Conversion Option, settlement amounts under the Cash Conversion Option will be computed by paying cash to the converting holder of Debentures in an amount equal to the sum of the Daily Conversion Values for each of the 10 consecutive trading days during the related Observation Period (as defined in the Indenture). In the Indenture: (i) "**Daily Conversion Value**" shall mean, for each of the 10 consecutive trading days during the Observation Period, one-tenth (l/10th) of the product of (x) the conversion rate on such day and (y) the Daily VWAP (as defined in the Indenture) of the Common Shares on such trading day; (ii) "**Daily VWAP**" for the Common Shares will generally be the per Common Share volume-weighted average price on the TSXV in respect of the period from the scheduled open of trading until the scheduled close of trading of the primary trading session on such trading day; and (iii) "**Observation Period**" shall be defined, in respect of any Debentures to which a Cash Conversion Option applies, as: (A) for conversions that occur on or after the 12th trading day prior to the Maturity Date, the 10 consecutive trading day period beginning on, and including, the 12th trading day preceding the Maturity Date; and (B) in all other cases, the 10 consecutive trading day period beginning on, and including, the third trading day after the related conversion date.

Pursuant to the Cash Conversion Option, the Corporation will pay cash to the holders that converted their Debentures as soon as practicable and, in any event, no later than the third business day following the last day of the related Observation Period.

Any payments made pursuant to the Cash Conversion Option are subject to the subordination provisions contained in the Indenture as though such payments were payments of principal or interest on the Debentures. In addition, notwithstanding any election by the Corporation to use the Cash Conversion Option or any election by a holder of Debentures to convert Debentures into Common Shares, the Cash Conversion Option shall be immediately suspended if any payment pursuant to the Cash Conversion Option would violate the subordination provisions of the Indenture and any holder who converted their Debentures shall receive Common Shares in accordance with the procedures outlined under "*Conversion Privilege*" above. See "*Subordination*" below.

Redemption and Repurchase

The Debentures will not be redeemable before November 30, 2015 (except in the event of certain circumstances described herein under "*Change of Control of the Corporation*"). On and after November 30, 2015 and prior to the Maturity Date, the Debentures may be redeemed in whole or in part from time to time at the option of the Corporation on not more than 60 days' and not less than 30 days' prior notice at a price equal to their principal amount plus accrued and unpaid interest to, but excluding, the date of redemption, provided that the volume weighted average trading price of the Common Shares on the TSXV during the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of redemption is given is not less than 125% of the Conversion Price.

In the case of redemption of less than all of the Debentures, the Debentures to be redeemed will be selected by the Debenture Trustee on a *pro rata* basis or in such other manner as the Debenture Trustee deems equitable.

The Corporation will have the right to purchase Debentures in the market, by tender or by private contract.

Payment upon Redemption or Maturity

On redemption or at maturity, the Corporation will repay the indebtedness represented by the Debentures by paying to the Debenture Trustee in lawful money of Canada an amount equal to the aggregate principal amount of the outstanding Debentures which are to be redeemed or which have matured, together with accrued and unpaid interest thereon. The Corporation may, at its option, on not more than 60 and not less than 40 days' prior notice and subject to applicable regulatory approval, elect to satisfy its obligation to pay, in whole or in part, the principal amount of the Debentures which are to be redeemed or the principal amount of the Debentures which are due on the Maturity Date, as the case may be, by issuing freely tradeable Common Shares to the holders of the Debentures. Any accrued and unpaid interest thereon will be paid in cash. The number of Common Shares to be issued will be determined by dividing the aggregate principal amount of the outstanding Debentures which are to be redeemed or which have matured by 95% of the volume weighted average trading price of the Common Shares on the TSXV for the 20 consecutive trading days ending on the fifth trading day preceding the date fixed for redemption or the Maturity Date, as the case may be. No fractional Common Shares will be issued on redemption or maturity but in lieu thereof the Corporation shall satisfy fractional interests by a cash payment equal to the current market price of any fractional interest.

Subordination

The payment of the principal of, and interest on, the Debentures will be subordinated in right of payment, as set forth in the Indenture, to the prior payment in full of all Senior Indebtedness (as defined in the Indenture). "**Senior Indebtedness**" of the Corporation will be defined in the Indenture as the principal of and premium, if any, and interest on and other amounts in respect of all indebtedness (including indebtedness to trade creditors) of the Corporation (whether outstanding as at the date of Indenture or thereafter incurred), other than existing and future indebtedness of the Corporation which, by the terms of the instrument creating or evidencing the indebtedness, is expressed to be *pari passu* with, or subordinate in right of payment to, the Debentures or other indebtedness ranking *pari passu* with the Debentures. Subject to statutory or preferred exceptions or as may be specified by the terms of any particular securities, each Debenture issued under the Indenture will rank *pari passu* with each other Debenture, and with all other present and future subordinated and unsecured indebtedness of the Corporation except for sinking provisions (if any) applicable to different series of debentures or similar types of obligations of the Corporation.

The Indenture will provide that in the event of any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization or other similar proceedings relative to the Corporation, or to its property or assets, or in the event of any proceedings for voluntary liquidation, dissolution or other winding-up of the Corporation, whether or not involving insolvency or bankruptcy, or any marshalling of the assets and liabilities of the Corporation, then those holders of Senior Indebtedness, including any indebtedness to trade creditors, will receive payment in full before the holders of Debentures will be entitled to receive any payment or distribution of any kind or character, whether in cash, property or securities, which may be payable or deliverable in any such event in respect of any of the Debentures or any unpaid interest accrued thereon. The Indenture will also provide that the Corporation will not make any payment, and the holders of the Debentures will not be entitled to demand, institute proceedings for the collection of, or receive any payment or benefit (including without any limitation by set-off, combination of accounts or realization of security or otherwise in any manner whatsoever) on account of indebtedness represented by the Debentures: (i) in a manner inconsistent with the terms (as they exist on the date of issue) of the Debentures; or (ii) at any time when a default with respect to any Senior Indebtedness permitting the holders thereof to accelerate the maturity thereof has occurred under the Senior Indebtedness and is continuing and the notice of the event of default has been given by or on behalf of the holders of Senior Indebtedness to the Corporation, unless the Senior Indebtedness has been repaid in full.

The Debentures will also be effectively subordinate to claims of creditors of the Corporation's subsidiaries except to the extent the Corporation is a creditor of such subsidiaries ranking at least *pari passu* with such other creditors.

Change of Control of the Corporation

Within 30 days following the occurrence of a Change of Control (as defined in the Indenture), the Corporation will be required to make an offer in writing to purchase all of the Debentures then outstanding (the "**Debenture Offer**"), at a price equal to 100% of the principal amount thereof plus accrued and unpaid interest thereon (the "**Debenture Offer Price**"). A "**Change of Control**" will be defined in the Indenture as (a) the acquisition by any person, or group of persons acting jointly or in concert, of ownership, of voting control or direction of 50% or more of the outstanding voting securities of the Corporation, or (b) the sale or other transfer of all or substantially all of the assets of the Corporation on a consolidated basis, but excludes an acquisition, merger, reorganization, amalgamation, arrangement, combination or other similar transaction if the holders of voting securities of the Corporation immediately prior to such transaction hold securities representing at least 50% of the voting control or direction in the Corporation or the successor entity upon completion of the transaction.

The Indenture contains notification and repurchase provisions requiring the Corporation to give written notice to the Debenture Trustee of the occurrence of a Change of Control within 30 days of such event together with the Debenture Offer. The Debenture Trustee will thereafter promptly mail to each holder of Debentures a notice of the Change of Control together with a copy of the Debenture Offer to repurchase all of the outstanding Debentures.

If 90% or more of the aggregate principal amount of the Debentures outstanding on the date of the giving of notice of the Change of Control have been tendered to the Corporation pursuant to the Debenture Offer, the Corporation will have the right to redeem all of the remaining Debentures at the Debenture Offer Price. Notice of such redemption must be given by the Corporation to the Debenture Trustee within 10 days following the expiry of the Debenture Offer, and as soon as possible thereafter, by the Debenture Trustee to the holders of the Debentures not tendered pursuant to the Debenture Offer.

Cash Change of Control

Subject to regulatory approval (if required), if a Change of Control occurs in which 10% or more of the consideration for the voting securities in the transaction or transactions constituting a Change of Control consists of: (i) cash; (ii) equity securities that are not traded or intended to be traded immediately following such transactions on a stock exchange; or (iii) other property that is not traded or intended to be traded immediately following such transactions on a stock exchange (a "**Cash Change of Control**"), then during the period beginning ten trading days before the anticipated date on which the Change of Control becomes effective (the "**Effective Date**") and ending 30 days after the Debenture Offer is delivered, holders of Debentures will be entitled to:

(a) convert their Debentures in accordance with the terms of the Indenture; and

(b) receive, in addition to the number of Common Shares they otherwise would have been entitled in accordance with the terms of the Indenture, an additional number of Common Shares not exceeding the specified amount of Common Shares per $1,000 of Debentures determined by a Change of Control Conversion Price, provided that the Change of Control Conversion Price is not less than any regulatory permitted discounts to market price, in which case the Change of Control Conversion Price shall be deemed to be that implied by the maximum permitted discounts to market price.

The Change of Control Conversion Price will be calculated as follows:

COCCP = OCP/(1+(CP x (c/t)))

where:

"COCCP" means the Change of Control Conversion Price;
"OCP" means the Conversion Price in effect on the Effective Date;
"CP" means 35.4%;
"c" means the number of days from and including the Effective Date to but excluding the Maturity Date; and
"t" means the number of days from and including the Closing Date to but excluding the Maturity Date.

Purchase for Cancellation

The Corporation may purchase Debentures for cancellation by tender or private contract at any time, subject to any required regulatory approval, and including, for greater certainty, in the market.

Interest Payment Option

The Corporation may elect, from time to time, to satisfy its obligation to pay interest on the Debentures (the "**Interest Obligation**"), on the date it is payable under the Indenture (an "**Interest Payment Date**"), by delivering sufficient Common Shares to the Debenture Trustee to satisfy the Interest Obligation in accordance with the Indenture (the "**Common Share Interest Payment Election**"). The Indenture will provide that, upon such election, the Debenture Trustee shall: (i) accept delivery from the Corporation of Common Shares; (ii) accept bids with respect to, and consummate sales of, such Common Shares, each as the Corporation shall direct in its absolute discretion; (iii) invest the proceeds of such sales in securities issued or guaranteed by the Government of Canada which mature prior to the applicable Interest Payment Date, and use the proceeds received from such permitted government securities, together with any additional cash provided by the Corporation, to satisfy the Interest Obligation; and (iv) perform any other action necessarily incidental thereto.

The Indenture will set forth the procedures to be followed by the Corporation and the Debenture Trustee in order to effect the Common Share Interest Payment Election. If a Common Share Interest Payment Election is made, the sole right of a holder of Debentures in respect of interest will be to receive cash from the Debenture Trustee out of the proceeds of the sale of Common Shares (plus any amount received by the Debenture Trustee from the Corporation) in accordance with the terms of the Indenture in full satisfaction of the Interest Obligation, and the holder of such Debentures will have no further recourse to the Corporation in respect of the Interest Obligation.

Neither the Corporation's making of the Common Share Interest Payment Election nor the consummation of sales of Common Shares will: (i) result in the holders of the Debentures not being entitled to receive on the applicable Interest Payment Date cash in an aggregate amount equal to the interest payable on such Interest Payment Date; or (ii) entitle such holders to receive any Common Shares in satisfaction of the Interest Obligation.

Events of Default

The Indenture will provide that an event of default ("**Event of Default**") in respect of the Debentures will occur if any one or more of the following described events has occurred and is continuing with respect to the Debentures: (i) failure for 15 days to pay interest on the Debentures when due; (ii) failure to pay when due principal or premium, if any, on the Debentures, whether at maturity, upon redemption, by declaration or otherwise; or (iii) certain events of bankruptcy, insolvency or reorganization of the Corporation under bankruptcy or insolvency laws. If an Event of Default has occurred and is continuing, the Debenture Trustee may, in its discretion, and shall, upon the request of holders of not less than 25% in principal amount of the Debentures, declare the principal of and interest on all outstanding Debentures to be immediately due and payable. In certain cases, the holders of a majority of the principal amount of Debentures then outstanding may, on behalf of the holders of all Debentures, waive any Event of Default and/or cancel any such declaration upon such terms as such holders shall prescribe.

Discharge

The Indenture will contain provisions requiring the Debenture Trustee to release the Corporation from its obligations under the Indenture (including the Debentures), provided that, among other things, the Corporation satisfies the Debenture Trustee that it has deposited, or caused to be deposited, funds or property sufficient for, among other things, the payment of (i) the expenses of the Debenture Trustee under the Indenture and (ii) all principal, premium (if any), interest and other amounts due or to become due in respect of the Debentures.

Offers for Debentures

The Indenture will contain provisions to the effect that if an offer is made for Debentures which would be a take-over bid for Debentures within the meaning of Multilateral Instrument 62-104 - Take-Over Bids and Issuer Bids ("**MI 62-104**") if Debentures were considered equity securities and not less than 90% of the Debentures (other than Debentures held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Debentures held by the holders of Debentures who did not accept the offer on the terms offered by the offeror.

Modification

The rights of the holders of the Debentures as well as any other series of debentures that may be issued under the Indenture may be modified in accordance with the terms of the Indenture. For that purpose, among others, the Indenture will contain certain provisions which will make binding on all debentureholders resolutions passed at meetings of the holders of debentures by votes cast thereat by holders of not less than 66 2/3% of the principal amount of the debentures present at the meeting or represented by proxy, or rendered by instruments in writing signed by the holders of not less than 66 2/3% of the principal amount of the debentures. In certain cases, the modification will, instead or in addition, require assent by the holders of the required percentage of debentures of each particularly affected series.

Book-Entry System for Debentures

The Debentures will be issued in "book-entry only" form and must be purchased or transferred through a participant in the depository service of CDS (a "**Participant**"). On the Closing Date, the Debenture Trustee will cause the Debentures to be delivered to CDS and registered in the name of its nominee.

Unless the book-entry only system is terminated as described below, a purchaser acquiring a beneficial interest in the Debentures (a "**Beneficial Owner**"), will not be entitled to receive a certificate for Debentures, or, unless requested, for the Common Shares issuable on the conversion of the Debentures. Purchasers of Debentures will not be shown on the records maintained by CDS, except through a Participant.

Beneficial interests in Debentures will be represented solely through the book-entry only system and such interests will be evidenced by customer confirmations of purchase from the registered dealer from which the applicable Debentures are purchased in accordance with the practices and procedures of that registered dealer. In addition, registration of interests in and transfers of the Debentures will be made only through the depository service of CDS.

As indirect holders of Debentures, investors should be aware that they (subject to the situations described below): (i) may not have Debentures registered in their name; (ii) may not have physical certificates representing their interest in the Debentures; (iii) may not be able to sell the Debentures to institutions required by law to hold physical certificates for securities they own; and (iv) may be unable to pledge Debentures as security.

The Debentures will be issued to beneficial owners thereof in fully registered and certificate form (the "**Debenture Certificates**") only if: (i) required to do so by applicable law; (ii) the book-entry only system ceases to exist; (iii) the Corporation or CDS advises the Debenture Trustee that CDS is no longer willing or able to properly discharge its responsibilities as depository with respect to the Debentures and the Corporation is unable to locate a qualified successor; (iv) the Corporation, at its option, decides to terminate the book-entry only system through CDS; or (v) after the occurrence of an Event of Default Participants acting on behalf of Beneficial Owners of Debentures representing, in the aggregate, more than 25% of the aggregate principal amount of the Debentures then outstanding advise CDS in writing that the continuation of a book-entry only system through CDS is no longer in their best interest provided the Debenture Trustee has not waived the Event of Default in accordance with the terms of the Indenture.

Upon the occurrence of any of the events described in the immediately preceding paragraph, the Debenture Trustee must notify CDS, for and on behalf of Participants and Beneficial Owners of Debentures, of the availability through CDS of Debenture Certificates. Upon surrender by CDS of the global certificates representing the Debentures, and receipt of instructions from CDS for the new registrations, the Debenture Trustee will deliver the Debentures in the form of Debenture Certificates and thereafter the Corporation will recognize the holders of such Debenture Certificates as debentureholders under the Indenture. Interest on the Debentures will be paid directly to CDS and subsequently disbursed while the book-entry only system is in effect. If Debenture Certificates are issued, interest will be paid by cheque drawn on the Corporation and sent by prepaid mail to the registered holder or by such other means as may become customary for the payment of interest. Payment of principal, including payment in the form of Common Shares if applicable, and the interest due, at maturity or on a redemption date, will be paid directly to CDS and subsequently disbursed while the book-entry only system is in effect. If Debenture Certificates are issued, payment of principal, including payment in the form of Common Shares if applicable, and interest due, at maturity or on a redemption date, will be paid upon surrender thereof at any office of the Debenture Trustee or as otherwise specified in the Indenture.

Neither the Corporation nor the Underwriters will assume any liability for: (i) any aspect of the records relating to the beneficial ownership of the Debentures held by CDS or any payments relating thereto; (ii) maintaining, supervising or reviewing any records relating to the Debentures; or (iii) any advice or representation made by or with respect to CDS and contained in this short form prospectus and relating to the rules governing CDS or any action to be taken by CDS or at the direction of a Participant. The rules governing CDS provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to CDS and Beneficial Owners must look solely to Participants for any payments relating to the Debentures, paid by or on behalf of the Corporation to CDS.

EARNINGS COVERAGE RATIOS

After giving effect to the issuance of the Debentures under this short form prospectus, and before any exercise of the Over-Allotment Option, the Corporation's pro forma interest requirements for the five months ended December 31, 2011, the period from March 16, 2011 to July 31, 2011, and the 12 months ended June 30, 2012 were $1,177,052, $467,132 and $4,145,445, respectively, and the Corporation's net income before deducting interest and taxes for such periods was ($297,973), ($632,798) and 8,238,614, respectively, being approximately, (0.25), (1.35) and 1.99 times the Corporation's pro forma earnings coverage ratios for such periods, respectively. The dollar amounts of the earnings required to achieve a ratio of one-to-one for the five months ended December 31, 2011 and the period from March 16, 2011 to July 31, 2011 are $1,475,025 and $1,099,930.

After giving effect to the issuance of the Debentures under this short form prospectus, and before any exercise of the Over-Allotment Option, using the pro forma combined financial statements attached to the Business Acquisition Report of the Corporation dated October 1, 2012, the Corporation's pro forma interest requirements for the period from March 16, 2011 to July 31, 2012 and the five months ended December 31, 2011 were $2,143,309 and $2,249,871, respectively, and the Corporation's net income before deducting interest and taxes for such periods was ($575,322) and 10,596,494, respectively, being approximately, (0.27) and 4.71 times the Corporation's pro forma earnings coverage ratios for such periods, respectively. The dollar amount of the earnings required to achieve a ratio of one-to-one for the period from March 16, 2011 to July 31, 2012 is $2,718,631.

The following table sets out the pro forma earnings coverage ratios discussed above.

	Five month period ended December 31, 2011	Period from March 16, 2011 to July 31, 2011	12 month period ended June 30, 2012	Pro forma for the period from March 16, 2011 to July 31, 2011	Pro forma for the five month period ended December 31, 2011
Net Income (loss) before investment property valuation, listing fees and taxes	($264,910)	($120,460)	$124,430	($535,739)	$456,975
Fair value adjustment	($714,961)	($207,165)	$5,149,989	($1,736,282)	$8,384,802
Listing fee	-	($325,695)	-	-	-
Interest expense	$681,898	$20,522	$2,964,195	$1,696,699	$1,754,717
Numerator for Interest Coverage Ratio	**($297,973)**	**($632,798)**	**$8,238,614**	**($575,322)**	**$10,596,494**
Pro forma interest requirement on all debt	$1,177,052	$467,132	$4,145,445	$2,143,309	$2,249,871
Denominator for Interest Coverage Ratio	**$1,177,052**	**$467,132**	**$4,145,445**	**$2,143,309**	**$2,249,871**
Interest Coverage Ratio	**(0.25):1**	**(1.35):1**	**1.99:1**	**(0.27):1**	**4.71:1**
Dollar amount required to achieve a ratio of 1:1	**$1,475,025**	**$1,099,930**	**n/a**	**$2,718,631**	**n/a**

CERTAIN CANADIAN INCOME TAX CONSIDERATIONS

In the opinion of Owens, Wright LLP, counsel to the Corporation, and Blake, Cassels & Graydon LLP, counsel to the Underwriters (collectively, "**Counsel**"), the following is, as of the date of this prospectus, a general summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to a holder that acquires Debentures pursuant to the Offering and that, for the purposes of the Tax Act and at all relevant times is, or is deemed to be, resident in Canada, holds Debentures and the Common Shares issuable upon the conversion, redemption or maturity of the Debentures (collectively, the "**Securities**") as capital property, deals at arm's length with the Corporation and the Underwriters, and is not affiliated with the Corporation or the Underwriters (a "**Holder**"). Generally, the Securities will be considered to be capital property to a Holder provided the Holder does not hold the Securities in the course of carrying on a business of trading or dealing in securities and has not acquired the Securities in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Holders that might not otherwise be considered to hold their Securities as capital property may, in certain circumstances, be entitled to have the Securities and all other "Canadian securities" (as defined in the Tax Act) owned by such Holders in the taxation year of the election and all subsequent taxation years deemed to be capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Such Holders should consult their own tax advisors for advice with respect to whether an election under subsection 39(4) of the Tax Act is available or advisable having regard to their particular circumstances.

Holders that are not residents of Canada for the purposes of the Tax Act should consult with their own tax advisors with respect to the tax consequences of acquiring, holding and disposing of Securities in any jurisdiction in which they may be subject to tax.

This summary is not applicable to (i) a Holder that is a "financial institution", as defined in the Tax Act for the purposes of the mark-to-market rules, (ii) a Holder an interest in which would be a "tax shelter investment" as defined in the Tax Act, (iii) a Holder that is a "specified financial institution" as defined in the Tax Act or (iv) a Holder that makes or has made a functional currency reporting election pursuant to section 261 of the Tax Act to report its "Canadian tax results" as defined in the Tax Act in a currency other than Canadian currency. Any such Holder should consult its own tax advisor with respect to an investment in the Securities.

This summary is based upon the provisions of the Tax Act in force as of the date hereof, all specific proposals to amend the Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") and Counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency ("**CRA**"). This summary assumes the Proposed Amendments will be enacted in the form proposed, however, no assurance can be given that the Proposed Amendments will be enacted in the form proposed, if at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account any changes in the law or in administrative policy and practice, whether by legislative, administrative, governmental or judicial action or decision, nor does it take into account provincial, territorial or foreign income tax considerations, which may differ significantly from those discussed herein.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder or prospective Holder, and no representations with respect to the income tax consequences to any Holder or prospective Holder are made. This summary is not exhaustive of all Canadian federal income tax consequences. Consequently, Holders and prospective Holders should consult their own tax advisors for advice with respect to the tax consequences to them of acquiring Debentures pursuant to the Offering, having regard to their particular circumstances.

Taxation of Interest on Debentures

A Holder of Debentures that is a corporation, partnership, unit trust or trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year all interest on the Debentures that accrues or is deemed to accrue to such Holder to the end of that taxation year or that becomes receivable or is received by the Holder before the end of that taxation year, except to the extent that such interest was included in the Holder's income for a preceding taxation year.

Any other Holder of Debentures (including an individual, other than certain trusts), will be required to include in computing its income for a taxation year any interest on the Debentures that is received or receivable by the Holder in that taxation year (depending upon the method regularly followed by the Holder in computing income), except to the extent that such interest was included in the Holder's income for a preceding taxation year. In addition, if at any time a Debenture should become an "investment contract" (as defined in the Tax Act) in relation to a Holder (other than a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary), such Holder will be required to include in computing income for a taxation year any interest that accrues or is deemed to accrue to the Holder on the Debenture up to any "anniversary date" (as defined in the Tax Act) in that year to the extent such interest was not otherwise included in the Holder's income for that year or a preceding year.

On an assignment or other transfer of a Debenture, a redemption or payment on maturity, a Holder generally will also be required to include in income the amount of interest accrued or deemed to have accrued on the Debenture from the date of the last interest payment to the date of disposition to the extent that such amount has not otherwise been included in the Holder's income for that taxation year or a preceding taxation year. Under the terms of the Debentures, upon a conversion of a Debenture, accrued and unpaid interest to the conversion date will be paid in full upon the conversion and will therefore be treated as received by the holder. See "*Details of the Offering – Conversion Privilege*".

As described above under the heading "*Details of the Offering — Interest Payment Option*", the Corporation may elect to pay interest by issuing Common Shares to the Debenture Trustee for sale, in which event a Holder would be entitled to a cash payment equal to the interest owed to the Holder from the proceeds of sale of such Common Shares by the Debenture Trustee. If the Corporation were to pay interest in this manner, the Canadian federal income tax consequences to a Holder would not differ from those described above.

A Holder of Debentures that throughout the relevant taxation year is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay a refundable tax on its "aggregate investment income", which is defined in the Tax Act to include interest income.

Any amount paid by the Corporation as a penalty or bonus because of early repayment of all or part of the principal amount of the Debenture will be deemed to be received by the Holder as interest on the Debenture and will be required to be included in the Holder's income as described above, to the extent that such amount can reasonably be considered to relate to, and does not exceed the value at the time of payment of, interest that would otherwise have been payable on the Debenture for periods ending after the payment of such amount.

Exercise of Conversion Privilege

Generally, a Holder that converts a Debenture into Common Shares (or Common Shares and cash delivered in lieu of a fraction of a Common Share) pursuant to the conversion privilege will be deemed not to have disposed of the Debenture for the purposes of the Tax Act and, accordingly, will not be considered to realize a capital gain (or capital loss) on such conversion. Upon a conversion of a Debenture, interest accrued thereon to the date of conversion will be included in computing the Holder's income as described above under the heading "*Taxation of Interest on Debetures*".

A Holder's cost of the Common Shares acquired on the conversion of a Debenture generally will be equal to the adjusted cost base of the Debenture immediately before the conversion, subject to the discussion below regarding cash received in lieu of fractional shares, and must be averaged with the adjusted cost base of all other Common Shares held by the Holder as capital property for the purpose of calculating the adjusted cost base of each such share to the Holder.

Under the current administrative practice of the CRA, a Holder that, upon conversion of a Debenture, receives cash not in excess of $200 in lieu of a fraction of a Common Share may either treat this amount as proceeds of disposition of a portion of the Debenture, thereby realizing a capital gain (or capital loss), as discussed below under "*Taxation of Capital Gains and Capital Losses*", or alternatively may reduce the adjusted cost base of the Common Shares that the Holder receives on the conversion by the amount of the cash received. Where the Corporation elects to settle all or a portion of the conversion privilege in cash, the conversion will result in a disposition of the Debenture and a capital gain (or capital loss) will arise. See "*Disposition of Debentures*" below.

Disposition of Debentures

A disposition or deemed disposition of a Debenture by a Holder, including a redemption, repayment on maturity, conversion settled in cash or partly in cash, or purchase for cancellation, but not including the conversion of a Debenture into Common Shares pursuant to the Holder's conversion privilege as described above, will result in the Holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any accrued interest and other amounts included in the Holder's income on such disposition or deemed disposition as interest, exceed (or are less than) the aggregate of the adjusted cost base of the Debenture to the Holder immediately before the disposition or deemed disposition and any reasonable costs of disposition. Such capital gain (or capital loss) will be subject to the tax treatment described below under "*Taxation of Capital Gains and Capital Losses*".

If the Corporation pays any amount upon the redemption or repayment at maturity of a Debenture by issuing Common Shares to the Holder, the Holder's proceeds of disposition will be equal to the fair market value of the Common Shares so received on the date of such redemption or Maturity Date, as the case may be, which may result in a capital gain or capital loss. The cost to the Holder of any Common Shares so received will be equal to the fair market value of such Common Shares on the date of such redemption or Maturity Date, as the case may be, and must be averaged with the adjusted cost base of all other Common Shares held by the Holder as capital property for the purpose of calculating the adjusted cost base of each such Common Share to the Holder.

Dividends on Common Shares

A Holder will be required to include in computing its income for a taxation year any dividends received (or deemed to be received) on such Holder's Common Shares.

In the case of a Holder who is an individual (other than certain trusts), such dividends will be included in computing the individual's income and generally will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from a "taxable Canadian corporation" (as defined in the Tax Act), including the enhanced gross-up and dividend tax credit rules for "eligible dividends" (as defined in the Tax Act). A dividend will be eligible for the enhanced gross-up and dividend tax credit if the recipient receives written notice (which may include a notice published on the Corporation's website) from the Corporation designating the dividend as an eligible dividend.

Dividends received by a Holder who is an individual (including certain trusts) may give rise to a liability for alternative minimum tax as calculated under the detailed rules set out in the Tax Act.

In the case of a Holder that is a corporation, dividends received (or deemed to be received) on Common Shares by the Holder will generally be included in the Holder's income for the taxation year in which such dividends are received and will generally be deductible in computing the Holder's taxable income, with the result that no tax will be payable by it in respect of such dividends. A Holder that is a "private corporation" or a "subject corporation" (each as defined in the Tax Act) may be liable to pay a refundable tax of 33 1/3% under Part IV of the Tax Act on dividends received (or deemed to be received) on the Common Shares in a taxation year to the extent that such dividends are deductible in computing the corporation's taxable income for the year. This tax generally will be refunded to the corporation at a rate of $1.00 for every $3.00 of taxable dividends paid while it is a private corporation.

Disposition of Common Shares

A disposition or a deemed disposition of a Common Share by a Holder (except to the Corporation) generally will result in the Holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition of the Common Share are greater (or less) than the aggregate of the Holder's adjusted cost base thereof and any reasonable costs of disposition. Such capital gain (or capital loss) will be subject to the tax treatment described below under "*Taxation of Capital Gains and Capital Losses*".

Taxation of Capital Gains and Capital Losses

Generally, one-half of any capital gain (a "**taxable capital gain**") realized by a Holder in a taxation year must be included in the Holder's income for the year, and one-half of any capital loss (an "**allowable capital loss**") realized by a Holder in a taxation year must be deducted from taxable capital gains realized by the Holder in that year. Allowable capital losses for a taxation year in excess of taxable capital gains realized in a taxation year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized by a Holder that is a corporation on the disposition of a Common Share may be reduced by the amount of dividends received or deemed to be received by it on such Common Share (or on a share for which the Common Share has been substituted) to the extent and under the circumstances described by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Common Shares, directly or indirectly through a partnership or a trust.

A Holder that is, throughout the relevant taxation year, a "Canadian-controlled private corporation", as defined in the Tax Act, may be liable for a refundable tax on "aggregate investment income", which is defined in the Tax Act to include taxable capital gains.

Capital gains realized by an individual (including certain trusts) may give rise to a liability for alternative minimum tax as calculated under the detailed rules set out in the Tax Act.

THE CORPORATION

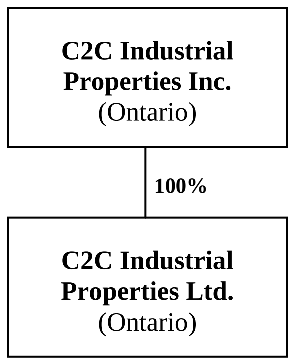
The Corporation was incorporated with the name Sargasso Capital Corporation by a Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (Ontario) dated July 30, 2008. On October 7, 2008, the articles of the Corporation were amended to delete provisions restricting the transfer of the Common

Shares. On May 16, 2011 the articles of the Corporation were amended further to change the name of the Corporation to "C2C Industrial Properties Inc.". By articles of amendment dated April 11, 2012, the Corporation consolidated its issued and outstanding shares on the basis of 25 existing shares for one new share.

The head and registered office of the Corporation is located at Suite 1001, 2 Bloor Street West, Toronto, Ontario, M4W 3E2.

The Corporation is a reporting issuer in the provinces of Alberta, British Columbia and Ontario and the Common Shares are listed on the Exchange under the trading symbol "CCH".

The following is an illustration of the corporate structure of the Corporation and its principal operating subsidiary, and the percentage equity and voting interest held as at the date hereof.



Nominee Corporations

C2C Ltd. is the beneficial owner of the properties making up the Corporation's portfolio of industrial real properties. Each of the properties is registered in the name of a nominee corporation. Each nominee corporation is a wholly owned subsidiary of the Corporation.

Asset Manager

Strathallen Capital Corp. (the "**Asset Manager**") has been appointed as the asset manager of the Corporation pursuant to the asset management agreement (the "**Asset Management Agreement**") dated March 18, 2011 between the Corporation and the Asset Manager. The Asset Manager provides asset management, administrative and reporting services to the Corporation. The Asset Management Agreement was amended to incorporate the changes approved at the special meeting of shareholders held November 10, 2011. The Asset Manager provides these services through qualified senior management who are currently employed by the Asset Manager. In particular, the Asset Manager provides the services of senior personnel who act as the Chief Executive Officer, President, Chairman and Chief Financial Officer of the Corporation.

The Corporation leverages the Asset Manager's existing transaction, management and financing expertise, as well as its institutional relationships. As of January 1, 2012, the Asset Manager managed 40 properties exceeding $588 million in value, over 6.1 million square feet and 167 acres of development land.

The Asset Manager supports the Corporation and promotes its growth and development through its national operating platform. The Asset Manager also maintains relationships with capital service providers, brokers and other advisors active in the Asset Manager's property operations.

Summary Description of the Business

Overview

The Corporation is in the business of identifying investment opportunities arising from the acquisition, development, management, financing, operation and in some instances, selling of industrial properties. The Corporation continues to develop its market presence in Canada with equity investors and service providers as a company specializing in industrial real estate investments. The Corporation targets industrial properties across Canada, including single and multi-tenant buildings, with an average cost at a discount to replacement.

Consistent with its past practice and in the normal course, the Corporation may have outstanding non-binding letters of intent and/or conditional agreements or may otherwise be engaged in discussions with respect to possible acquisitions of new properties which may or may not be material. There can be no assurance that any of these letters, agreement and/or discussions will result in an acquisition and, if they do, what the final terms or timing of any acquisition would be.

Investment Objectives

The Corporation's primary investment objectives are as follows:

(a) to generate stable and growing cash distributions on a tax-efficient basis from investments in income producing industrial properties in Canada;

(b) to enhance the value of the Corporation's assets and maximize the long-term value of its properties through active management; and

(c) to expand its asset base and increase its distributable income through an accretive acquisition program and the application of value creation activities such as leasing vacant space and completing developments.

Acquisition Strategy

In order to accomplish its objectives, the Corporation has implemented an acquisition strategy to acquire industrial properties including the following:

(a) focusing on higher yield opportunities, relative to market norms in primary and secondary markets in Canada associated with major intermodal terminals and railway corridors as well as major arterial roads;

(b) using an "off-market" approach whereby industrial properties identified by the Asset Manager are targeted for acquisition without general market exposure;

(c) using access to public capital markets to facilitate the Corporation's ability to take advantage of opportunities to acquire properties;

(d) leveraging the Asset Manager's experience and relationships with real estate brokers, service providers and other property market participants across Canada;

(e) acquiring individual properties in the $3 million to $25 million range, which require less capital and acquisition risk and are of less interest to larger institutional competitors;

(f) seeking properties which have an opportunity to increase cash flow through the expansion of usable space, lease up of vacancy, rezoning, reconfiguration, development of excess site density, raising revenue to market, portfolio break up or similar "value-add" activities; and

(g) generating cost savings and operating synergies in such items as roofing, heating, landscaping and maintenance as economics of scale are reached.

Asset Plan

The Asset Manager prepares an annual budget and strategic plan for the Corporation (the "**Asset Plan**") pursuant to the Asset Management Agreement. The Asset Plan describes:

(a) the acquisition and disposition strategy for the Corporation, including the types of properties and markets targeted for acquisitions in the next year, the expected rates of return, cash requirements and the impact of the acquisitions on the income and cash flow of the Corporation; the properties targeted for disposition during the next year, the expected sale prices and the impact of such dispositions on the income and cash flow the Corporation; and recommendations with respect to the estimated costs of acquisition and disposition in each case;

(b) a property financing strategy which identifies all properties requiring financing, refinancing or restructuring of financing during the next year, current terms and conditions expected on, and financing, refinancing or restructuring of financing together with the impact that the financing and refinancing will have on the cash flow of the properties and the policies and guidelines of the Corporation; and

(c) a capital strategy which outlines estimated debt, equity and capital repair requirements for the Corporation for the next year, the current or expected market conditions for, and the recommended approach to, raising debt and equity capital, together with the impact any such financing on the Corporation's income and cash flow.

The initial Asset Plan was prepared following the completion of the Corporation's "qualifying transaction" under the policies of the TSXV. Subsequently, the Asset Manager will prepare the Asset Plan within 60 days prior to the beginning of each fiscal year of the Corporation for approval of the Investment Committee or the board of directors.

The Corporation's strategy is to participate in a range of "value-add" opportunities and activities. This is to be accomplished by acquiring properties that lend themselves to one of several value enhancement activities or where the properties have been mispriced by the current owners.

This phase of the Corporation's strategic plan will occur once it has acquired a portfolio of income producing properties to minimize risks and absorb development and related costs.

Acquisition Process

In accordance with the Asset Plan, or as otherwise approved by the Corporation, the Asset Manager identifies and recommends properties for acquisition by the Corporation.

The Corporation implements a defined process to carry out its acquisitions that enables the efficient and effective management of the due diligence and acquisition process. This process has five primary steps: (a) identifying a property; (b) pre-acquisition due diligence; (c) submitting letter of intent or term sheet and negotiation and signing definitive purchase and sale agreement; (d) acquisition due diligence; and (e) closing of the acquisition.

Definitive Agreement

The Asset Manager negotiates and finalizes a definitive agreement setting out the purchase price, deposits, property description, tenancies, vendor financing arrangements (if applicable), representations and warranties and closing conditions. The Asset Manager obtains approval of the transaction from either the board of directors for transactions greater than $25 million and from the Investment Committee for transactions less than or equal to $25 million.

Portfolio

Since completing the Qualifying Transaction, the Corporation has acquired a diversified portfolio of 21 industrial real estate properties across Canada, including the acquisition of the MME Properties on July 19, 2012. In the charts below is information relating to the Corporation's portfolio.

Geographic Distribution (based on Number of Properties) as July 19, 2012

Province	Percentage of Portfolio	Number of Properties
Ontario	33%	7
Nova Scotia	38%	8
Alberta	10%	2
Quebec	19%	4
Total	**100%**	**21**

Geographic Distribution (based on Revenue) as at July 19, 2012

Province	Percentage of Portfolio	Rental income
Ontario	43%	$9,050,174
Nova Scotia	34%	$7,128,379
Alberta	10%	$2,137,872
Quebec	13%	$2,689,683
Total	**100%**	**$21,006,108**

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Corporation as at December 31, 2011 and June 30, 2012, both before and after giving effect to the Offering. This table should be read in conjunction with the comparative consolidated financial statements of the Corporation for the periods from August 1, 2011 to December 31, 2011, March 16, 2011 to July 31, 2011 and the period ended June 30, 2012, which have been incorporated by reference into this short form prospectus.

Equity	**As at December 31, 2011**	**As at June 30, 2012**	**As at June 30, 2012 (after giving effect to the Offering)[(1)]**
Capital Stock	$5,307,243	$48,803,930	$48,803,930[(2)]
Contributed Surplus	$126,952	$167,627	$167,627
Warrants	-	$908,872	$908,872
Accumulated Earnings (deficit)	($1,298,052)	$3,509,733	$3,509,733
	$4,136,143	**$53,390,162**	**$53,390,162**
Number of Shares[(2)]	1,444,001	12,292,980	12,292,980[(3)]
Indebtedness			
Mortgages payable[(4)]	$60,828,146	$60,879,871	$60,879,871[(5)]
Convertible debentures	-	-	$17,500,000[(6)]
Deferred tax liability[(4)]	-	$139,600	$139,600
Deferred revenue[(4)]	$153,930	$944,319	$944,319
Accounts payable and other liabilities[(4)]	$1,473,205	$1,679,342	$1,679,342
	$62,455,281	**$63,643,132**	**$81,143,132**

Notes:

(1) Based on the issuance of $17,500,000 principal amount of Debentures under the Offering, before fees to the Underwriters of $875,000 and estimated expenses of the Offering of $300,000.

(2) On a post-consolidation basis.

(3) Subsequent to June 30, 2012, on July 31, 2012 the Corporation completed a private placement of Common Shares pursuant to which the Corporation issued 4,835,000 Common Shares for gross proceeds of $22,000,160.

(4) The debt amounts presented on the Corporation's balance sheets are net of deferred financing amounts as required under IAS 39.

(5) Subsequent to June 30, 2012, on July 18, 2012 the Corporation completed the acquisition of the MME Properties. The Corporation financed the acquisition by means of the assumption of an existing first mortgage of approximately $10.0 million, new mortgage financing of approximately $34.8 million and mezzanine financing of approximately $21.5 million. The mezzanine financing was subsequently repaid with proceeds of the Corporation's private placement of Common Shares completed on July 31, 2012 for gross proceeds of $22,000,160.

(6) Before deducting underwriters' fees of $875,000 and expenses of approximately $300,000 in connection with the Offering. Under International Financial Reporting Standards, the Corporation will account for the Debentures entirely as a liability in the consolidated balance sheet, and certain embedded derivatives will be separated from the host liability contract. The interest expense and financing charges related to the host liability contract will be amortized using the effective interest method, while the embedded derivatives will be recorded at fair value at each reporting period. Alternatively, the Corporation may elect to account for the entire Debenture as a liability at fair value through profit or loss. The Corporation has not yet determined if this election will be taken.

There have been no changes in the Corporation's share or loan capital on a consolidated basis since December 31, 2011, the date of the Corporation's most recently filed audited annual financial statements, other than as follows:

- The Corporation consolidated its issued and outstanding shares by articles of amendment dated April 11, 2012 on the basis of 25 existing Common Shares for one new Common Share. **All references in this short form prospectus to the number of issued and outstanding shares in the capital of the Corporation and all per share calculations are on a post-consolidation basis except as otherwise noted.**

- On February 28, 2012 in connection with the acquisition of the GTA Properties, the Corporation completed a private placement of units at a price of $0.17 per unit, or $4.25 per unit on a post-consolidation basis, for gross proceeds of approximately $10,454,000. Each unit purchased consisted of one pre-consolidation Common Share and 0.2361 of one share purchase warrant. Each whole warrant entitles the holder thereof to acquire one pre-consolidation Common Share at an exercise price of $0.20 per share, or $5.00 on a post-consolidation basis, for a term of three years. A total of 61,494,007 pre-consolidation Common Shares and warrants to purchase 14,518,735 pre-consolidation Common Shares, or 2,459,760 Common Shares and warrants to purchase 580,749 Common Shares on a post-consolidation basis, were issued under the private placement.

- On March 22, 2012, the Corporation completed a private placement of Common Shares at a price of $0.17 per pre-consolidation Common Share, or $4.25 on a post-consolidation basis, for gross proceeds of approximately $35,654,182. A total of 209,730,481 pre-consolidation Common Shares, or 8,389,219 Common Shares on a post-consolidation basis, were issued under the private placement. Proceeds from the private placement were used in connection with the acquisition of the GTA Properties.

- On July 31, 2012, the Corporation completed a private placement of Common Shares at a price of $4.55 per Common Share for gross proceeds of $22,000,160. A total of 4,835,200 Common Shares, were issued under the private placement. Proceeds from the private placement were used to reduce higher-cost short-term debt incurred to complete the acquisition of the MME Properties.

- On September 25, 2012, the Corporation issued 158,440 Common Shares at a price of $4.4886 per share to satisfy a portion of the acquisition and asset management fees owing to the Asset Manager pursuant to the Asset Management Agreement being an amount equal to $711,175.26.

USE OF PROCEEDS

Proceeds

The net proceeds to the Corporation from the Offering, assuming that the full Offering is achieved and no exercise of the Over-Allotment Option, are expected to be approximately $16,325,000, after deducting the fees payable to the

Underwriters and the expenses of the Offering estimated to be approximately $1,175,000. If the Over-Allotment Option is exercised in full, the net proceeds of the Offering are expected to be $18,818,750, after deducting the fees payable to the Underwriters and the estimated expenses of the Offering, are estimated to be approximately $1,306,250.

Principal Purposes

The Corporation currently intends and expects to use a majority of the net proceeds from the Offering to fund continued expansion of its industrial property portfolio. However, to the extent that appropriate investment opportunities do not present themselves, the Corporation will use any net proceeds from the Offering that have not been allocated to its industrial property portfolio for “value-add” activities and general corporate and working capital purposes.

The Corporation’s primary objective is to acquire higher yield opportunities relative to market norms in primary and secondary markets in Canada. The significant events that must occur for this objective to be accomplished include the completion of this Offering and sufficient property acquisition opportunities satisfying the Corporation’s investment objectives. See “*Summary Description of the Business - Investment Objectives*”.

Subject to the foregoing, the Corporation expects that it will be able to invest the majority of the net proceeds of the Offering within six to nine months following the Closing Date. The timing of such investments will depend, among other things, upon the identification of industrial properties and “value-add” opportunities satisfying the investment objectives in accordance with the Corporation’s Asset Plan.

Despite the foregoing, there may be circumstances where, on the basis of results obtained or for other sound business reasons, a re-allocation of funds may be necessary. Accordingly, management of the Corporation will have broad discretion in the application of the proceeds of the Offering. See “*Risk Factors – Market for Debentures*”.

The Corporation will also use a portion of the net proceeds from the Offering for “value-add” activities in relation to acquired properties or proposed investments. These activities include the development and redevelopment of the asset, expansion of useable space, lease up of vacant space, rezoning and reconfiguration.

Investment of Proceeds Pending Application

The unexpended net proceeds from the Offering will be invested in short-term government securities, certificates of deposit or guaranteed investment certificates issued by banks or trust companies or similar investments until such time as expenditures are required to be incurred. The Corporation does not have a formal investment policy.

PLAN OF DISTRIBUTION

Under the Underwriting Agreement dated October 10, 2012 between the Corporation and the Underwriters the Corporation has agreed to sell and the Underwriters have agreed to purchase on or about October 24, 2012 $17,500,000 aggregate principal amount of Debentures at a price of $1,000, payable in cash to the Corporation against delivery. The obligations of the Underwriters under the Underwriting Agreement may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events.

Delivery of the Debentures is conditional upon payment on closing of the Offering of $1,000 per Debenture to the Corporation. The Underwriting Agreement provides that the Corporation will pay to the Underwriters a fee of $50 per Debenture issued and sold by the Corporation, for an aggregate fee payable by the Corporation of $875,000 in consideration for the Underwriters’ services in connection with the Offering.

The Offering Price for the Debentures offered hereunder was determined by negotiation between the Corporation and the Underwriters. The Underwriters propose to offer the Debentures initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Debentures at the Offering Price, the offering price of the Debentures may be decreased, and further changed from time to time, to an amount not greater than the Offering

Price and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Debentures is less than the gross proceeds paid by the Underwriters to the Corporation.

The Corporation has granted to the Underwriters the Over-Allotment Option to purchase up to 15% of the principal amount of the Debentures issued (or up to an additional $2,625,000 principal amount of Debentures) at a price of $1,000 per Debenture on the same terms and conditions as the offering of the Debentures, exercisable in whole or in part, in the sole discretion of the Underwriters, at any time up until 30 days after the closing of the Offering for the purposes of covering the Underwriters' over-allocation position and for consequential market stabilization purposes. Debentures issuable upon exercise of the Over-Allotment Option will be issued on the later of closing of the Offering and two business days following exercise of such option. If the Over-Allotment Option is exercised in full, the price to the public, Underwriters' fee and net proceeds to the Corporation (before deducting expenses of the Offering) will be $20,125,000, $1,006,250 and $19,118,750, respectively (excluding accrued interest paid in respect of such Debentures). This short form prospectus also qualifies for distribution the grant of the Over-Allotment Option and the issuance of the Debentures pursuant to the exercise of the Over-Allotment Option.

A purchaser who acquires Debentures forming part of the Underwriters' over-allocation position acquires those Debentures under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. However, in no event will the Corporation receive less than the net proceeds of $950 per Debenture.

The Corporation has been advised by the Underwriters that, in connection with the Offering, the Underwriters may effect transactions that stabilize or maintain the market price of the Debentures or the Common Shares at levels other than those that might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

Other than the issuance of securities of the Corporation to the seller of industrial properties to the Corporation as partial or full satisfaction of the purchase price for such property, the Corporation has agreed with the Underwriters that it will not, for the period ending 90 days after the Closing Date, directly or indirectly, issue, sell or offer to issue or sell or otherwise lend, transfer or dispose of any Common Shares or any securities exchangeable, convertible or exercisable into Common Shares or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Common Shares, whether any such transaction is settled by delivery of Common Shares or convertible debentures of the Corporation or other securities, in cash or otherwise, or announce an intention to do any of the foregoing without the consent of the Underwriters, such consent not to be unreasonably withheld. Pursuant to applicable policy statements of the Ontario Securities Commission, the Underwriters may not, throughout the period of distribution, bid for or purchase Debentures. The foregoing restriction is subject to exceptions, on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Debentures. These exceptions include bids or purchases permitted under the Universal Market Integrity Rules administered by the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market making activities and bids or purchases made for and on behalf of a customer where the order was not solicited during the period of distribution.

Subscriptions for Debentures will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without prior notice. The Debentures will be issued in "book-entry only" form and must be purchased or transferred through a participant in the depository service of CDS. See "*Details of the Offering*".

The Corporation has applied to list the securities distributed under this short form prospectus on the TSXV. Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSXV.

There is currently no market through which the Debentures may be sold and purchasers may not be able to resell the Debentures purchased under this short form prospectus.

The Securities issued or made subject to issuance under the Offering have not been and will not be registered under the 1933 Act or any state securities laws, and accordingly may not be offered or sold within the United States except in transactions exempt from the registration requirements of the 1933 Act and applicable state securities laws.

PRIOR SALES AND TRADING PRICE AND VOLUME

The Corporation consolidated its issued and outstanding Common Shares by articles of amendment dated April 11, 2012 on the basis of 25 existing Common Shares for one new Common Share.

The following table sets out the details of Common Shares and securities convertible into Common Shares issued by the Corporation within 12 months prior to the date of this short form prospectus.

Date of Issue	Type of Securities	Number of Securities[(1)]	Issue Price or Exercise Price per Security	Reason for Issue
September 25, 2012	Common Shares	158,440	$4.4886	Shares for debt
July 31, 2012	Common Shares	4,835,200	$4.55	Private placement
March 22, 2012	Common Shares	8,389,219	$4.25	Private placement
February 28, 2012	Units[(2)]	2,459,760	$4.25	Private placement

Notes:

(1) On a post-consolidation basis.

(2) Units were issued a price of $0.17 per unit on a pre-consolidation basis. Each unit consisted of one pre-consolidation Common Share and 0.2361 of one share purchase warrant. A total of 61,494,007 pre-consolidation Common Shares and warrants to purchase 14,518,735 pre-consolidation Common Shares, or 2,459,760 Common Shares and warrants to purchase 580,749 Common Shares on a post-consolidation basis, were issued under the private placement. Each whole warrant entitles the holder thereof to acquire one Common Share at an exercise price of $5.00 per share, on a post-consolidation basis, for a term of three years.

TRADING PRICE AND VOLUME

The outstanding Common Shares of the Corporation are listed and posted for trading on the Exchange under the symbol "CCH". The following table sets forth information relating to the monthly trading of the Common Shares on the Exchange for the 12 most recently completed full or partial months.

Period	High (Cdn.$)	Low (Cdn.$)	Volume (# of Shares)
October 1-9, 2012	4.18	4.14	669
September, 2012	4.49	4.05	33,211
August, 2012	4.75	4.25	43,010
July, 2012	5.45	4.55	34,000
June, 2012	5.68	5.05	9,423
May, 2012	5.90	5.50	1,703
April, 2012	5.75	4.75	2,311
March, 2012	6.00	4.50	9,597
February, 2012	5.00	4.25	26,824
January, 2012	5.50	4.88	5,820
December, 2011	5.75	4.50	9,387
November, 2011	8.00	5.00	13,323
October, 2011	7.25	7.25	20
September, 2011	5.00	5.00	1,480
Total			**190,778**

Note: Figures shown in the table above for dates prior to April 11, 2012 reflect share prices and volumes on a post-consolidation basis.

On October 2, 2012, the last trading day prior to the public announcement of this Offering and the filing of this short form prospectus, the closing price of the Common Shares on the TSXV was $4.10. On October 9, 2012, the last trading day prior to the date of this short form prospectus, the closing price of the Common Shares on the TSXV was $4.14.

RECENTLY COMPLETED AND PROBABLE ACQUISITIONS

Significant Acquisitions

There have been no recently completed acquisitions by the Corporation for which a Business Acquisition Report has not been filed. All Business Acquisition Reports of the Corporation may be accessed at www.sedar.com.

RISK FACTORS

An investment in the Corporation involves significant risks and must be considered speculative due to the nature of the Corporation's business. Prospective purchasers of Common Shares should carefully consider the following risk factors, as well as the information included in the AIF under the heading "*Risk Factors*" and the management's discussion and analysis accompanying the unaudited interim financial statements of the Corporation and the notes thereto for the six month period ended June 30, 2012 and audited financial statements of the Corporation and the notes thereto for the period from August 1, 2011 to December 31, 2011, and the period from March 16, 2011 to July 31, 2011 which may be accessed at www.sedar.com.

Market for Debentures

There is currently no market through which the Debentures may be sold and purchasers of Debentures may not be able to resell Debentures purchased under this Prospectus. This may affect the trading prices of the Debentures in the secondary market, the transparency and availability of trading prices, the liquidity of Debentures, and the extent of issuer regulation. There can be no assurance that an active trading market will develop for the Debentures after the Offering or, if developed, that such market will be sustained. If an active market for the Debentures fails to develop or be sustained, the prices at which the Debentures trade may be adversely affected. The trading prices of the Debentures will depend on many factors, including liquidity of the Debentures, prevailing interest rates, the markets for similar securities, the market price of the Common Shares, general economic conditions and the Corporation's financial condition, financial performance and future prospects.

The condition of the financial and credit markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations in these factors could have an adverse effect on the market price of the Debentures.

Credit Risk and Prior Ranking Indebtedness; Absence of Covenant Protection

The likelihood that purchasers of the Debentures will receive payments owing to them under the terms of the Debentures will depend on the financial health of the Corporation and its creditworthiness. In addition, the Debentures are unsecured obligations of the Corporation and are subordinate in right of payment to all the Corporation's future Senior Indebtedness. Therefore, if the Corporation becomes bankrupt, liquidates its assets, reorganizes or enters into certain other transactions, the Corporation's assets will be available to pay its obligations with respect to the Debentures only after it has paid all of its Senior Indebtedness in full. There may be insufficient assets remaining following such payments to pay amounts due on any or all of the Debentures then outstanding. The Debentures are also effectively and structurally subordinate to claims of creditors (including trade creditors) of the Corporation's subsidiaries. The Indenture does not prohibit or limit the ability of the Corporation or its subsidiaries to incur additional debt or liabilities (including Senior Indebtedness) or to make distributions on the Common Shares. The Indenture will not contain any provision specifically intended to protect holders of Debentures in the event of a future leveraged transaction involving the Corporation.

Change of Control

The Corporation will be required to offer to purchase all outstanding Debentures within 30 days following the occurrence of a Change of Control. However, it is possible that following a Change of Control, the Corporation will not have sufficient funds at that time to make the required purchase of outstanding Debentures or that restrictions contained in other indebtedness will restrict those purchases. The Corporation's failure to purchase the Debentures would constitute an Event of Default under the Indenture, which might constitute a default under the terms of the Corporation's other indebtedness, if any, at that time. See "*Details of the Offering — Change of Control*".

If a holder of Debentures converts its Debentures in connection with a Cash Change of Control that occurs, the Corporation may, in certain circumstances, be required to increase the conversion rate as described under "*Details of the Offering — Cash Change of Control*". While the increased conversion rate is designed to compensate a holder of Debentures for the lost option time value of its Debentures as a result of a Cash Change of Control in certain circumstances, the increased conversion rate amount is only an approximation of such lost value and may not adequately compensate the holder for such loss.

Redemption Prior to Maturity

The Debentures will not be redeemable before November 30, 2015. On and after November 30, 2015 and prior to the Maturity Date, the Debentures may be redeemed in whole or in part from time to time at the option of the Corporation on not more than 60 days and not less than 30 days prior notice at a price equal to their principal amount plus accrued and unpaid interest to, but excluding, the date of redemption, provided that the volume weighted average trading price of the Common Shares on the TSXV during the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of redemption is given is not less than 125% of the Conversion Price. Holders of Debentures should assume that this redemption option will be exercised if the Corporation is able to refinance at a lower interest rate or it is otherwise in the interest of the Corporation to redeem the Debentures.

Conversion Following Certain Transactions

In the case of certain transactions, each Debenture may (i) become convertible into the securities, cash or property receivable by a holder of Common Shares based on the number of Common Shares into which the Debenture was convertible immediately prior to the transaction, or (ii) become convertible into certain prescribed securities with limited liquidity. These changes could substantially lessen or eliminate the value of the conversion privilege associated with the Debentures in the future and result in the receipt of illiquid securities and thereby have a material adverse effect on the value of the Debentures.

Prevailing Yields on Similar Securities

Prevailing yields on similar securities will affect the market value of the Debentures. Assuming all other factors remain unchanged, the market value of the Debentures will decline as prevailing yields for similar securities rise, and will likely increase as prevailing yields for similar securities decline.

Possible Dilutive Effects on Holders of Common Shares

The Corporation may determine to redeem outstanding Debentures for Common Shares or to repay outstanding principal amounts and interest owing thereunder at maturity of the Debentures by issuing additional Common Shares. Accordingly, holders of Common Shares may suffer dilution.

Option to Settle Conversion in Cash or a Combination of Cash and Common Shares

The Debentures, although generally convertible into Common Shares at the Conversion Price, have a feature pursuant to which the Corporation can in certain circumstances elect to settle the conversion in cash or a combination of cash and Common Shares. Investors should be aware that the value paid pursuant to this election can be less than the principal amount of the Debentures as the calculation is based on the trading prices of the Common Shares and the number of Common Shares used to determine the cash value is based on the Conversion Price (which may be higher than the trading price). Holders should also be aware that there are different tax consequences of receiving cash pursuant to such election and receiving Common Shares pursuant to the conversion feature. See "*Certain Canadian Federal Income Tax Consequences*".

The Corporation's election to deliver cash or a combination of cash and Common Shares in respect of the conversion right as described under "*Summary – Cash Conversion Option*" and "*Details of the Offering – Cash Conversion Option*" may: (a) result in holders receiving no Common Shares upon conversion; (b) result in tax liability that would otherwise be deferred upon a conversion of Debenture until the Common Shares received on conversion were sold, and (c) delay holders' receipt of the consideration due upon conversion.

Investment Eligibility

The Corporation will endeavour to ensure that the Debentures and the Common Shares continue to be qualified investments under the Tax Act for trusts governed by RRSPs, registered education savings plans, RRIFs, deferred profit sharing plans (except, in the case of the Debentures, a deferred profit sharing plan to which the Corporation, or an employer that does not deal at arm's length with the Corporation, has made a contribution), registered disability savings plans and TFSAs, although there is no assurance that the conditions prescribed for such qualified investments will be adhered to at any particular time. The Tax Act imposes penalties for the acquisition or holding of non-qualified or prohibited investments.

Shareholder Rights

Holders of Debentures will not be entitled to any rights with respect to the Common Shares (including, without limitation, voting rights and rights to receive any dividends or other distributions on the Common Shares, other than extraordinary dividends that the board of directors designates as payable to the holders of the Debentures), but if a holder of Debentures subsequently converts its Debentures into Common Shares, such holder will be subject to all changes affecting the Common Shares. Rights with respect to the Common Shares will arise only if and when the Corporation delivers Common Shares upon conversion of a Debenture and, to a limited extent, under the conversion rate adjustments applicable to the Debentures. For example, in the event that an amendment is proposed to the Corporation's constating documents requiring shareholder approval and the record date for determining the shareholders of record entitled to vote on the amendment occurs prior to delivery of Common Shares to a holder, such holder will not be entitled to vote on the amendment, although such holder will nevertheless be subject to any changes in the powers or rights of Common Shares that result from such amendment.

Book-Entry System

Unless and until certificated Debentures are issued in exchange for book-entry interests in the Debentures, owners of the book-entry interests will not be considered owners or holders of Debentures. Instead, the depository or its nominee will be the sole holder of the Debentures. Payments of principal, interest and other amounts owing on or in respect of the Debentures in global form will be made to the paying agent, which will make payments to CDS. Thereafter, such payments will be credited to CDS participants' accounts that hold book-entry interests in the notes in global form and credited by such participants to indirect participants. Unlike holders of the Debentures themselves, owners of book-entry interests will not have the direct right to act upon the Corporation's solicitations for consents or requests for waivers or other actions from holders of the Debentures. Instead, holders of beneficial interests in the Debentures will be permitted to act only to the extent such holders have received appropriate proxies to do so from CDS or, if applicable, a participant. There is no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of beneficial interests in the Debentures to vote on any requested actions on a timely basis. See "*Details of the Offering – Book-Entry System for Debentures*".

No Increased Payments if Withholding is Required

The Indenture will not contain a requirement that the Corporation increase the amount of interest or other payments to holders of Debentures in the event that the Corporation is required to withhold amounts in respect of income or similar taxes on payments of interest or other amounts on the Debentures (including on a conversion of Debentures into Common Shares). Holders that are not residents of Canada for the purposes of the Tax Act should consult their own tax advisors regarding the tax consequences of acquiring, holding and disposing of Debentures.

General Uninsured Losses

The Corporation carries comprehensive general liability, fire, flood, extended coverage, environmental and rental loss insurance with policy specifications, limits and deductibles customarily carried for similar properties. There are, however, certain types of risks, generally of a catastrophic nature, such as wars or environmental contamination, which are either uninsurable or not insurable on an economically viable basis. Should an uninsured or under-insured loss occur, the Corporation could lose its investment in, and anticipated profits and cash flows from, its properties, and the Corporation would continue to be obliged to repay any recourse mortgage indebtedness on such properties.

Lease Rollover Risk

Lease rollover risk arises from the possibility that the Corporation may experience difficulty renewing leases as they expire or in re-leasing space vacated by tenants upon lease expiry. The Corporation tries to sign long term leases with tenants to minimize lease rollover risk. The occupancy rate of the portfolio was 97.73% as at July 19, 2012 and lease terms were between one to 25 years. The leases which will expire over the next three years represent 31.95% of total square footage. However, most of the leases expiring over the next three years have at least one renewal option for another five years.

General Business and Public Market Risks

The Corporation is subject to general business risks and to risks inherent in the commercial real estate industry, including the ownership of real property. These risks include general economic and market factors, local real estate conditions, competition, changes in government regulation, interest rates, the availability of equity and debt financing, environmental and tax related matters, availability of specialized trades people and reliance on key personnel. Any one of, or a combination of, these factors may adversely affect the financial position of the Corporation.

It is not possible to predict the price at which the Common Shares will trade and there can be no assurance that an active trading market for the Common Shares will be sustained. The Common Shares will not necessarily trade at values determined solely by reference to the value of the properties of the Corporation. Accordingly, the Common Shares may trade at a premium or discount to the value implied by the value of the Corporation’s properties. The market price for the Common Shares may be affected by changes in general market conditions, fluctuations in the markets for equity securities and numerous other factors beyond the Corporation’s control.

Real Property Ownership

All real property investments are subject to elements of risk. Such investments are affected by general economic conditions, local real estate markets, the attractiveness of the properties to tenants, supply and demand for space, and competition from other available space and various other factors. The performance of the economy in each of the areas in which the properties are located affects occupancy, market rental rates and expenses. These factors consequently can have an impact on revenues from the properties and their underlying values.

The value of real property and any improvements thereto may also depend on the credit and financial stability of the tenants. The Corporation’s financial performance would be adversely affected if its tenants were to become unable to meet their obligations under their leases. In the event of default by a tenant, delays or limitations in enforcing rights as lessor may be experienced and costs incurred in protecting the Corporation’s investment may be incurred.

Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. The terms of any subsequent lease may be less favourable to the Corporation than the existing lease.

Other factors may further adversely affect revenues from and values of the Corporation’s properties. These factors include local conditions in the areas in which properties are located, such as an oversupply of commercial real estate properties or a reduction in the demand for commercial real estate properties, the attractiveness of the properties to tenants, competition from other properties and the Corporation’s ability to provide adequate facilities, maintenance, services and amenities. Operating costs, including real estate taxes, insurance and maintenance costs, and mortgage payments, if any, do not, in general, decline when circumstances cause a reduction in income from a property. The Corporation could sustain a loss as a result of foreclosure on the property, if a property is mortgaged to secure payment of indebtedness and the Corporation was unable to meet its mortgage payments. In addition, applicable laws, including tax laws, interest rate levels and the availability of financing also affect revenues from properties and real estate values.

Acquisition & Development Strategy

The Corporation's business strategy will involve expansion through acquisitions. These activities require the Corporation to identify acquisition or investment opportunities that meet its criteria and are compatible with its growth strategy. The Corporation may not be successful in identifying industrial real estate properties that meet its acquisition criteria or in completing acquisitions or investments on satisfactory terms. Failure to identify or complete acquisitions will slow the Corporation's growth. The Corporation could also face significant competition for acquisition opportunities. Some of the Corporation's competitors have greater financial resources than the Corporation and, accordingly, have a greater ability to borrow funds to acquire properties. These competitors may also be willing and/or able to accept more risk than the Corporation can prudently undertake, including risks with respect to the geographic concentration of investments and the payment of higher prices. This competition for investments may reduce the number of suitable investment opportunities available to the Corporation and may increase acquisition costs in certain areas where the Corporation's facilities are located or in areas targeted for growth and, as a result, may adversely affect the Corporation's operating results.

In addition, even if the Corporation were successful in identifying suitable acquisitions, newly acquired properties may fail to perform as expected and management of the Corporation may underestimate the costs associated with the integration of the acquired properties. In addition, any expansions the Corporation undertakes in the future are subject to a number of risks, including, but not limited to, construction delays or cost overruns that may increase project costs, financing risks, the failure to meet anticipated occupancy or rent levels, failure to receive required zoning, land use and other governmental permits and authorizations and changes in applicable zoning and land use laws. If any of these problems occur, expansion costs for a project will increase, and there may be significant costs incurred for projects that are not completed. In deciding whether to acquire or expand a particular property, the Corporation will make certain assumptions regarding the expected future performance of that property. If the Corporation's acquisition or expansions of properties fail to perform as expected or incur significant increases in projected costs, the Corporation's rental revenues could be lower, and its operating expenses higher, than expected.

Failure to Obtain Additional Financing

The Corporation may require additional financing in order to grow and expand its operations. It is possible that such financing will not be available or, if it is available, will not be available on favourable terms. In addition, upon the expiry of the term of financing or refinancing of any particular property owned by the Corporation, refinancing may not be available in amounts required or may be available only on terms less favourable to the Corporation than existing financing. Future financing may take many forms, including debt or equity financing which could alter the debt-to-equity ratio or which could be dilutive to holders of the Common Shares.

Dilution

The number of Common Shares that the Corporation is authorized to issue is unlimited. The Corporation has the discretion to issue additional Common Shares which may have a dilutive effect on holders of such shares.

Credit Risk

The Corporation may experience loss due to failure of a tenant to pay amounts due under its lease. Also, there is a risk that the current tenants will be unable or unwilling to fulfill their non-financial lease term commitments. To mitigate this risk, the Corporation will endeavour to acquire additional properties in accordance with its acquisition strategy to diversify its investments.

Reliance on Key Personnel and Others

The Corporation’s success will depend on its key personnel and on its relationship with the Asset Manager. If the Corporation were to lose the services of or relationship with the Asset Manager, the Corporation’s ability to operate its business and execute on its business plan would be adversely affected. The acquisition strategy involving the Asset Manager is a key component of the Corporation’s business strategy.

Joint Venture Investments

Although the Corporation does not presently have any joint venture investments, it may in the future co-invest with third parties through joint ventures. In any such joint venture, the Corporation may not be in a position to exercise sole decision-making authority regarding the properties owned through joint ventures. Investments in joint ventures may, under certain circumstances, involve risks not present when a third party is not involved, including the possibility that joint venture partners might become bankrupt or fail to fund their share of required capital contributions. Joint venture partners may have business interests or goals that are inconsistent with the Corporation’s business interests or goals and may be in a position to take actions contrary to the Corporation’s policies or objectives. Such investments also have the potential risk of impasse on strategic decisions, such as a sale, because neither the Corporation nor the joint venture partner would have full control over the joint venture. Any disputes that may arise between the Corporation and its joint venture partners could result in litigation or arbitration that could increase the Corporation’s expenses and distract its officers and/or directors from focusing their time and effort on the Corporation’s business. In addition, the Corporation might in certain circumstances be liable for the actions of its joint venture partners.

Investment Concentration

The Corporation will be susceptible to adverse developments in the areas in which the Corporation’s properties are located, such as new developments, changing demographics and other factors. As a result of the concentration of the Corporation’s properties, the Corporation will be particularly susceptible to adverse market conditions in those markets where it owns property. Any adverse economic or real estate developments in these areas, or in the future in any of the other markets in which the Corporation operates, or any decrease in demand for commercial real estate resulting from the local economy or demographics could adversely affect the Corporation’s rental revenues, which could impair its ability to satisfy its debt service obligations and generate stable positive cash flow from its operations.

In addition, because the Corporation’s investments will consist solely of real estate with a particular concentration on industrial properties, it will be subject to risks inherent in investments in a single real estate investment category. Demand for commercial real estate could be adversely affected by weakness in the national, regional and local economies, changes in supply of, or demand for, similar or competing properties in an area and the excess amount of units in a particular market. To the extent that any of these conditions occur, they are likely to affect market rents for space, which could cause a decrease in the Corporation’s rental revenue from its properties at the expiry of the leases at such properties. Any such decrease could impair the Corporation’s ability to satisfy any debt service obligations and generate stable positive cash flow from its operations.

Potential Conflicts of Interest

The Corporation will be subject to various potential conflicts of interest because of the fact that its officers and directors are engaged in a wide range of business activities, including real estate property management, acquisition, development and ownership. In particular, the president, chief executive officer, chief financial officer and chairman of the board of the directors of the Corporation will face conflicts of interest as they are shareholders of the Asset Manager. In addition, the Corporation’s executive officers will devote time to their outside business interests. In some cases, the Corporation’s executive officers may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Corporation’s business and affairs and that could adversely affect the Corporation’s operations. These business interests could require significant time and attention of the Corporation’s executive officers.

Moray Tawse is co-founder and Vice President, Mortgage Investments for First National Financial Corp., an affiliate of First National LP. First National LP and the Corporation have entered into mortgage financings in connection with the acquisition of a number of the Corporation's properties. First National LP is entitled to certain fees and interest in connection with such financings. All financing transactions are approved by the board of directors of the Corporation.

The Corporation may also become involved in other transactions which conflict with the interests of its directors and the officers who may from time to time deal with persons, firms, institutions or corporations with which the Corporation may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the Corporation. In addition, from time to time, these persons may be competing with the Corporation for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under the OBCA.

Liquidity

Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity may tend to limit the Corporation's ability to vary its portfolio promptly in response to changing economic or investment conditions.

Environmental Matters

As an owner of real property the Corporation will be subject to various federal, provincial and municipal laws relating to environmental matters. Such laws provide that the Corporation could be liable for the costs of removal of certain hazardous substances and repair of certain hazardous locations. The failure to remove or remediate such substances or locations, if any, could adversely affect the Corporation's ability to sell such real estate or to borrow using such real estate as collateral and could potentially also result in claims against the Corporation. Management is not aware of any material non-compliance with environmental laws with respect to the Corporation's properties. The Corporation is also not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with its properties. However, the Corporation cannot assure holders of Debentures that any material environmental conditions do not or will not otherwise exist with respect to the properties of the Corporation.

INTERESTS OF EXPERTS

Certain legal matters relating to the Offering will be passed upon on behalf of the Corporation by Owens, Wright LLP and on behalf of the Underwriters by Blake, Cassels & Graydon LLP. At the date hereof, partners and associates of Owens, Wright LLP own beneficially, directly or indirectly, less than 1% of the outstanding Common Shares. At the date of hereof, partners and associates of Blake, Cassels & Graydon LLP own beneficially, directly or indirectly, less than 1% of the outstanding Common Shares.

Altus Group Limited was retained to provide independent estimates of the fair market value of the MME, GTA and Dartmouth Properties as described in the business acquisition reports dated October 1, 2012, May 11, 2012 and February 3, 2012, respectively. At the date of each such business acquisition report, Altus Group Limited and its employees or consultants owned beneficially, directly or indirectly, less than 1% of the outstanding Common Shares.

PROMOTERS

David Wright, Brian Spence, Richard McGraw and the Asset Manager may be considered promoters of the Corporation in that they took the initiative in founding and organizing the Corporation.

As at the date of this short form prospectus, Mr. Wright owns or controls 206,128 Common Shares, or approximately 1.19% of the issued and outstanding Common Shares. Mr. Spence owns or controls 206,132 Common Shares, or approximately 1.19% of the issued and outstanding Common Shares. Mr. McGraw owns or controls 135,294 Common Shares or approximately 0.78% of the issued and outstanding Common Shares. The

Asset Manager owns or controls 205,107 Common Shares or approximately 1.19% of the issued and outstanding Common Shares.

As principals of the Asset Manager, Messrs. Spence and Wright will indirectly receive value as a result of the compensation paid to the Asset Manager pursuant to the Asset Management Agreement between the Corporation and the Asset Manager. The Asset Manager is entitled to fees pursuant to the Asset Management Agreement at rates based on the value of properties acquired and under management. For more information please refer to the section entitled "*Description of the Business - Asset Management Agreement*" of the AIF.

Mr. McGraw is principal of Greenrock Capital Partners Inc. ("**Greenrock**"), a member of the syndicate participating in the GTA Private Placement and the March 2012 Private Placement. In addition, the Corporation entered into a consulting agreement with Greenrock pursuant to which the Corporation will pay Greenrock a cash fee.

Mr. McGraw is currently a director and chief executive officer of OutdoorPartner Media Corporation, a reporting issuer listed on the Exchange. A temporary cease trade order was issued against the company by the Ontario Securities Commission on July 8, 2011 due to the fact that it failed to file its audited financial statements for the year ended February 28, 2011, accompanying management's discussion and analysis, annual information form and related CEO and CFO certifications.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Corporation are Collins Barrow Toronto LLP, Chartered Accountants, Toronto, Ontario who advise that they are independent of the Corporation within the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

The registrar and transfer agent for the Common Shares is Equity Financial Trust Company at its principal office at 200 University Avenue, Suite 400 Toronto, Ontario, M5H 4H1.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revisions to the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

AUDITOR'S CONSENT

We have read the short form prospectus (the "**Prospectus**") of C2C Industrial Properties Inc. (the "**Corporation**") dated October 10, 2012 related to distribution of $17,500,000 aggregate principal amount of 6.75% convertible unsecured subordinated debentures. We have complied with Canadian generally accepted standards for auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned Prospectus of our report on the balance sheets C2C Industrial Properties Inc. as at December 31, 2011 and July 31, 2011, and the statements of operations and deficit and cash flows for the years then ended and our report on the combined financial statements of the Dartmouth Properties (as defined in the Prospectus), which comprise the combined statements of financial position as at December 31, 2010 and the combined statements of income and comprehensive income, changes in equity in net assets and cash flows for the year then ended. Our reports are dated ●, 2012 (except for Note ● which is as of ●) and February 1, 2012, respectively.

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Chartered Accountants, Licensed Public Accountants

Toronto, Canada
October ●, 2012

AUDITOR’S CONSENT

We have read the short form prospectus (the “**Prospectus**”) of C2C Industrial Properties Inc. (the “**Corporation**”) dated October 10, 2012 related to distribution of $17,500,000 aggregate principal amount of 6.75% convertible unsecured subordinated debentures. We have complied with Canadian generally accepted standards for auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned Prospectus of our report to the Directors of Niagara Industrial Fund GP Inc. on the combined financial statements of the Mississauga, Montreal and Edmonton Portfolio, which comprise the combined statement of financial position as at December 31, 2011 and the combined statements of income and comprehensive income, cash flows and equity in net assets for the year ended December 31, 2011. Our report is dated September 28, 2012.

We consent to the incorporation by reference in the above-mentioned Prospectus of our report to the Directors of Niagara Industrial Fund GP Inc. on the combined financial statements of the Niagara Industrial Alliance Portfolio, which comprise the combined statement of financial position as at December 31, 2011 and the combined statements of income and comprehensive income, cash flows and equity in net assets for the year ended December 31, 2011. Our report is dated May 11, 2012.

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Chartered Accountants, Licensed Public Accountants

Toronto, Canada
October ●, 2012

CERTIFICATE OF THE CORPORATION

Dated: October 10, 2012

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of the provinces of Canada, except Quebec.

(signed) "David Wright" Chief Executive Officer	(signed) "Laetitia Pacaud" Chief Financial Officer

On behalf of the board of directors

(signed) "Brian Spence" Director	(signed) "Anthony Pacaud" Director

On behalf of the promoters

(signed) "David Wright" Promoter	(signed) "Brian Spence" Promoter

STRATHALLEN CAPITAL CORP.

(signed) "David Wright"	(signed) "Richard McGraw" Promoter
(signed) "Brian Spence"	

CERTIFICATE OF THE UNDERWRITERS

Dated: October 10, 2012

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of the provinces of Canada, except Quebec.

GMP SECURITIES L.P.

(signed) “Andrew Kiguel”
Managing Director, Investment Banking

DESJARDINS SECURITIES INC.

(signed) “Mark Edwards”
Managing Director, Investment Banking

NATIONAL BANK FINANCIAL INC.

(signed) “Glen Hirsh”
Managing Director

MACQUARIE CAPITAL MARKETS CANADA LTD.

(signed) “John Bartkiw”
Managing Director

DUNDEE SECURITIES LTD.

(signed) “Aaron Unger”
Managing Director, Head of Capital Markets