

**FORM 51-102F3**  
**MATERIAL CHANGE REPORT**

**Item 1. Name and Address of Company**

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

**Item 2. Date of Material Change**

October 3, 2012

**Item 3. News Release**

A News Release was issued October 3, 2012 and disseminated through Canada Newswire. A copy of the news release is attached as Schedule “A”.

**Item 4. Summary of Material Change**

On October 3, 2012, the Company announced that it had entered into an agreement with a syndicate of underwriters co-led by GMP Securities L.P. and Desjardins Securities Inc. and including National Bank Financial Inc., Macquarie Capital Markets Canada Ltd. and Dundee Securities Corp. (collectively, the “Underwriters”), which agreed to purchase, on a bought deal basis \$17.5 million principal amount of convertible unsecured subordinated debentures (the “Convertible Debentures”) at a price of \$1,000 per debenture. The Underwriters will also have the option, exercisable in whole or in part at any time up to 30 days after the closing of the offering, to purchase up to an additional \$2.625 million aggregate principal amount of Convertible Debentures. In the event that the over-allotment option is exercised in its entirety, the aggregate gross proceeds of the offering will be \$20.125 million.

**Item 5. Full Description of Material Change**

The press release attached as Schedule “A”, issued on October 3, 2012, contains a full description of the material change.

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

Not applicable.

**Item 7. Omitted Information**

Not applicable.

**Item 8.        Executive Officer**

Chris Ross, President  
Telephone: (416) 646-7353

**Item 9.        Date of Report**

October 11, 2012

**SCHEDULE "A"**

See attached



**NOT FOR DISTRIBUTION TO U.S. NEWS WIRE SERVICES OR DISSEMINATION IN THE UNITED STATES.**

***PRESS RELEASE***

Symbol: CCH (TSX-V)

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**October 3, 2012**

***FOR IMMEDIATE DISTRIBUTION***

**C2C INDUSTRIAL PROPERTIES INC. ANNOUNCES \$17.5 MILLION BOUGHT DEAL FINANCING**

Toronto, October 3, 2012 – C2C Industrial Properties Inc. (the “Company”) is pleased to announce that it has entered into an agreement with a syndicate of underwriters co-led by GMP Securities L.P. and Desjardins Securities Inc. and including National Bank Financial Inc., Macquarie Capital Markets Canada Ltd. and Dundee Securities Corp. (collectively, the “**Underwriters**”), which have agreed to purchase, on a bought deal basis \$17.5 million principal amount of convertible unsecured subordinated debentures (the “**Convertible Debentures**”) at a price of \$1,000 per debenture. The Underwriters will also have the option, exercisable in whole or in part at any time up to 30 days after the closing of the offering, to purchase up to an additional \$2.625 million aggregate principal amount of Convertible Debentures. In the event that the over-allotment option is exercised in its entirety, the aggregate gross proceeds of the offering will be \$20.125 million.

The Convertible Debentures will mature on November 30, 2017 and will accrue interest at the rate of 6.75% per annum payable on a semi-annual basis. At the holder’s option, the convertible debentures may be converted into common shares in the capital of the Company at any time up to the maturity date. The conversion price, subject to adjustment in certain circumstances, will be \$5.55 for each common share, being the conversion rate of approximately 180.2 common shares for each \$1,000 principal amount of Convertible Debentures.

The Convertible Debentures will be direct, unsecured obligations of the Company, subordinated to other indebtedness of the Company for borrowed money and ranking equally with all other unsecured subordinated indebtedness.

The Convertible Debentures will not be redeemable before November 30, 2015. From November 30, 2015 through to the maturity date, the Company may, at its option, redeem the Convertible Debentures, in whole or in part, at par plus accrued and unpaid interest provided that the weighted average trading price of the common shares on the TSX Venture Exchange during a specified period prior to redemption is not less than 125% of the conversion price.

The Company plans to use the net proceeds from the offering to fund potential future acquisitions and for general corporate and working capital purposes.

The offering is scheduled to close on or about October 24, 2012 and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals including the approval of the TSX Venture Exchange and the securities regulatory authorities.

The Convertible Debentures will be offered by way of a short form prospectus to be filed in all of the provinces of Canada other than the Province of Quebec pursuant to National Instrument 44-101-Short Form Prospectus Distributions.

**This press release is not an offer or a solicitation of an offer of securities for sale in the United States. The Convertible Debentures have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration.**

#### **About C2C Industrial Properties Inc.**

C2C is a real estate investment corporation specializing in the acquisition, ownership and operation of industrial properties across Canada. C2C currently owns twenty-one light industrial properties totaling approximately 2.0 million square feet. More information about C2C (CCH: TSX-V) is available at [www.c2cip.com](http://www.c2cip.com)

#### **Contact Information**

C2C Industrial Properties Inc.  
Christopher Ross, President  
(416) 646-7353  
[cross@c2cip.com](mailto:cross@c2cip.com)

#### **Forward-looking statements**

*This document contains forward-looking statements relating to C2C and the industry in which it operates and its strategy, action plans and investments, which may involve estimates, forecasts and projections. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict and/or are beyond C2C's control. Consequently, readers should not place any undue reliance on such forward-looking statements. These forward-looking statements are made as of the date of this press release. C2C is under no obligation to update any forward-looking statements contained herein should material facts change due to new information, future events or other factors, unless otherwise required to do so by applicable law. All forward-looking statements attributable to C2C are expressly qualified by these cautionary statements.*

*The TSX Venture Exchange has neither approved nor disapproved the contents of this press release.*

*Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this press release.*

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