

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1 – Name and Address of Company

Subversive Real Estate Acquisition REIT LP (“**Subversive REIT**”)
135 Grand Street, 2nd Floor
New York, New York
10013

Item 2 – Date of Material Change

October 6, 2020

Item 3 – News Release

A news release was issued by Subversive REIT on October 6, 2020 through the newswire services of Cision and filed on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”). A copy of the press release is available on SEDAR at www.sedar.com.

Item 4 – Summary of Material Change

On October 6, 2020, Subversive REIT announced it has entered into binding agreements to acquire approximately US\$97.4 million of real properties, comprised of 10 properties (comprising approximately 690,000 square feet of gross leasable area), and to acquire or originate five first lien mortgages (secured by properties comprising approximately 810,000 square feet of gross leasable area or 860,000 square feet of gross leasable area following the expenditure of year one funding commitments) for approximately US\$85.4 million, for a portfolio value of approximately US\$182.8 million (the “**Initial Portfolio**”). The acquisition of the Initial Portfolio will be Subversive REIT’s qualifying transaction (the “**Qualifying Transaction**”). The REIT LP has also entered into binding agreements to acquire two additional real properties totaling 40,000 square feet, for an aggregate purchase price of US\$17.9 million, which are expected to close in the fourth quarter of 2020. Following these two acquisitions, the REIT LP’s portfolio will be comprised of 12 properties (approximately 730,000 square feet of gross leasable area) and five first lien mortgages (secured by properties comprising approximately 810,000 square feet of gross leasable area or 860,000 square feet of gross leasable area following the expenditure of year one funding commitments) and will have an aggregate value of approximately US\$200.7 million.

In connection with the announcement of the Qualifying Transaction, Subversive REIT also announced a private placement of subscription receipts (the “**Subscription Receipts**”). On closing of the Qualifying Transaction, the Subscription Receipts shall convert into US\$40.0 million aggregate principal amount of 6% senior secured convertible debentures (the “**Debentures**”) at a price of (a) US\$1,000 per Debenture and 137,500 limited partnership units of the REIT LP (“**Debenture Units**”) or (b) US\$950 per Debenture, as specified by the holder. The REIT LP has also granted the agents, being Canaccord Genuity Corp. and Compass Point Research & Trading, LLC, a non-transferable option to purchase Subscription Receipts

convertible into up to an additional US\$25.0 million Debentures and up to an additional 125,000 Debenture Units.

Subversive REIT has filed a preliminary long form non-offering prospectus with the Canadian securities regulatory authorities in each of the provinces and territories of Canada (other than Quebec) (the “**Preliminary Prospectus**”) containing disclosure regarding Subversive REIT, assuming completion of the Qualifying Transaction. The REIT LP expects to file a final long form non-offering prospectus (together with the Preliminary Prospectus, the “**Prospectus**”), no later than October 15, 2020. The Prospectus will be available on SEDAR once filed.

Item 5 – Full Description of Material Change

For a full description of the material change, please see Schedule “A” attached hereto.

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

Not applicable.

Item 7 – Omitted Information

None.

Item 8 – Executive Officer

The following executive officer of Subversive REIT is knowledgeable about the material change and this report:

Richard Acosta
Chief Executive Officer of Subversive Real Estate
Acquisition (GP) Inc., general partner of Subversive REIT
(646) 770-3469

Item 9 – Date of Report

October 14, 2020

SCHEDULE “A”

(see attached)

**NOT FOR DISTRIBUTION TO U.S. NEWSWIRE OR DISSEMINATION IN THE
UNITED STATES**

**SUBVERSIVE REAL ESTATE ACQUISITION REIT LP ANNOUNCES
US\$182.8 MILLION QUALIFYING TRANSACTION TO BECOME PUBLICLY
TRADED INTERNALLY MANAGED CANNABIS REIT**

- **US\$182.8 Million Qualifying Transaction composed of 15 cannabis industrial and retail properties in nine states, including California, Ohio, Florida, Nevada, Washington, Arizona, Maryland, Michigan and Pennsylvania**
- **Additional US\$17.9 million of post-close transactions under binding terms to close shortly after Qualifying Transaction, increasing portfolio size to approximately US\$200.7million**
- **Private Placement of US\$40 million aggregate principal amount of convertible debentures expected to be accretive to 2021 AFFO and agents' option to purchase up to an additional US\$25 million convertible debentures**
- **Under no redemption scenario, cash of more than US\$120 million expected to be available for execution of three existing purchase options and its future pipeline, estimated to be approximately \$500 million**
- **Targeted 7.5% initial annualized cash distribution yield, paid monthly**
- **The platform combines deep industry and real estate knowledge with longstanding experience and top-tier operator relationships in the high growth cannabis industry, which is expected to reach US\$30 billion in US retail sales by 2023**
- **Post-close, positioned to offer compelling combination of growth and income potential as the second publicly traded cannabis REIT**
- **First instance of the popular SPAC vehicle converting into a public REIT**

Toronto, Ontario – October 7, 2020 – Subversive Real Estate Acquisition REIT LP (NEO: SVX.U, SVX.RT.U, OTCBB: SBVRF) (the “REIT LP”) today announced it has entered into binding agreements (the “Agreements”) to acquire real properties in the amount of approximately US\$97.4 million and originate or acquire US\$85.4 million of first lien mortgages (collectively, the “Initial Portfolio”), to become a leading real estate capital provider for prominent cannabis operators that own or are seeking industrial and retail real estate in high growth markets in the United States. The acquisition of the Initial Portfolio will be the REIT LP’s qualifying transaction (the “Qualifying Transaction”) and is the first instance of the popular SPAC vehicle converting into a public REIT.

The REIT LP also announced a private placement (the “Private Placement”) of subscription receipts (the “Subscription Receipts”). On Closing, the Subscription Receipts shall convert into US\$40.0 million aggregate principal amount of 6% senior secured convertible debentures (the “Debentures”) at a price of (a) US\$1,000 per Debenture and 137,500 limited partnership units of the REIT LP (“Debenture Units”) or (b) US\$950 per Debenture, as specified by the holder (each, as applicable, the “Offering Price”). The REIT LP has also granted Canaccord Genuity Corp. (“Canaccord Genuity”) and Compass Point Research & Trading, LLC (“Compass Point”, and together with Canaccord Genuity, the “Agents”) a 30-day non-transferable option to purchase Subscription Receipts convertible into up to an additional US\$25.0 million Debentures and up to an additional 125,000 Debenture Units.

“We are thrilled to announce our Qualifying Transaction that delivers on what this experienced cannabis real estate team set out to create, which is a diverse initial portfolio consisting of high quality, mission-critical industrial and retail assets operated by leading U.S. cannabis operators”, stated Michael Auerbach, Executive Chairman of the REIT LP and Founder of Subversive Capital, the REIT LP’s lead sponsor. “Subversive REIT LP’s platform combines disciplined real estate underwriting with deep operator and industry knowledge to meet the needs of the high growth cannabis industry.”

Mr. Auerbach continued, “With a robust pipeline including asset purchase options, we are very pleased to be entering the public market via our SPAC transaction, which should allow us greater access to capital to continue to grow our business and deploy capital into a capital-starved industry. We believe that our strong portfolio and platform positions the REIT LP to provide an attractive level of distributions as well as a substantial growth opportunity over time.”

“The cannabis industry continues to grow at an incredible rate, COVID-19 notwithstanding, driving demand for well-located cannabis industrial and retail assets,” said the REIT LP’s CEO Richard Acosta. “Our compelling thesis regarding the value of strategic cannabis real estate assets was validated by our ability to raise and deploy capital with some of the strongest and most well-known operators in the space. We are excited to be providing much-needed growth capital to operators across the supply chain, while providing investors an exciting investment opportunity that combines meaningful growth and income potential as the second publicly traded cannabis REIT.”

Following closing of the Qualifying Transaction (the “Closing”), the REIT LP will be internally managed by the REIT LP’s General Partner, Subversive Real Estate Acquisition REIT (GP) Inc. (the “General Partner”). On Closing, the General Partner’s management team and board of directors is expected to be comprised of: Michael Auerbach (Executive Chairman and director), Richard Acosta (Chief Executive Officer and director), Michael Miller (Chief Financial Officer), Eric Clarke (Chief Operating Officer), Leland Hensch (director), Scott Baker (director), Omar Mangalji (director), Octavio Boccalandro (director), Anne Sullivan (director) and Craig Hatkoff (director). The REIT LP expects that Anne Sullivan and Leland Hensch will resign from the board of directors shortly after Closing. The Board will conduct a search for their replacements at such time.

The sponsors of the REIT LP are Subversive Real Estate Acquisition Sponsor Corp., Inception Altanova Sponsor, LLC and CG Investments Inc. IV (collectively, the “Sponsors”).

The REIT LP’s currently issued and outstanding restricted voting units (“Restricted Voting Units”) and rights (“Rights”) are listed and posted for trading on the Neo Exchange Inc. (the “Exchange”).

The completion of the Qualifying Transaction is conditional upon, among other things, approval by the Exchange. The Exchange has conditionally approved the continued listing of the limited partnership units of the REIT LP (the “Limited Partnership Units”), including the Limited Partnership Units issuable in connection with the Qualifying Transaction (including, for greater certainty, upon the redemption of certain units (the “Exchangeable Units”) of a subsidiary of the REIT LP that are economically equivalent to the Limited Partnership Units),

the Debenture Units and Limited Partnership Units underlying the Debentures, and the Rights and the Debentures. Continued listing of the Limited Partnership Units and the Rights and the listing of the Debentures is subject to the REIT LP fulfilling all of the requirements of the Exchange. It is expected that the Limited Partnership Units, Rights and Debentures would trade under the symbols “SVX.U”, “SVX.RT.U” and “SVX.DB.U”, respectively.

Summary of the Qualifying Transaction

The REIT LP entered into the Agreements on October 6, 2020 to acquire approximately US\$97.4 million of real properties, comprised of 10 properties (comprising approximately 690,000 square feet of gross leasable area), and to acquire or originate five first lien mortgages (secured by properties comprising approximately 810,000 square feet of gross leasable area or 860,000 square feet of gross leasable area following the expenditure of year one funding commitments) for US\$85.4 million, for a portfolio value of approximately US\$182.8 million (the “Initial Portfolio”). The REIT LP has also entered into binding agreements to acquire two additional real properties totaling 40,000 square feet, for an aggregate purchase price of US\$17.9 million, which are expected to close in the fourth quarter of 2020. Following these two acquisitions, the REIT LP’s portfolio will be comprised of 12 properties (approximately 730,000 square feet of gross leasable area) and five first lien mortgages (secured by properties comprising approximately 810,000 square feet of gross leasable area or 860,000 square feet of gross leasable area following the expenditure of year one funding commitments) and will have an aggregate value of approximately US\$200.7 million.

The Initial Portfolio, through property acquisitions and first lien mortgages, currently consists of industrial (89.1%), retail (10.2%) and hybrid of industrial/retail (0.7%) properties. With the two additional properties, the REIT LP’s portfolio will consist of industrial (81.2%), retail (11.0%) and hybrid of industrial/retail (7.8%) properties. The geographic and square footage breakdown of the acquired properties (including the properties to be acquired after Closing) and those securing the mortgages is as follows:

- California – 8 assets across Los Angeles, North Hollywood, Desert Hot Springs, Coachella, Greenfield, and San Francisco (total of 432,000 square feet) (including the two additional assets expected to be acquired following the Closing)
- Florida – two assets across Alachua and Jacksonville (total of 296,000 square feet)
- Nevada – one asset in North Las Vegas (455,000 square feet)
- Arizona – one asset in Mesa (9,000 square feet)
- Maryland – one asset in Lutherville-Timonium (6,000 square feet)
- Michigan – one asset in Lansing (65,000 square feet)
- Ohio – one asset in Columbus (7,000 square feet)
- Pennsylvania – one asset in Johnstown (3,000 square feet)

- Washington – one asset in Tacoma (319,000 square feet)

Upon completion of the Qualifying Transaction: (a) the class of Restricted Voting Units will be automatically renamed as the Limited Partnership Units, (b) holders of Rights will be entitled to receive, for no additional consideration, one Limited Partnership Unit for every eight Rights held, subject to adjustment under the terms of the applicable rights agreement, (c) the REIT LP shall be authorized to issue two classes of securities: Limited Partnership Units and proportionate voting units, (d) the remaining proceeds of the REIT LP's initial public offering will be released from escrow, and (e) the Debentures and Debenture Units will be issued to subscribers in connection with the Private Placement.

In connection with the Private Placement, and subject to the extent that the Agents' option is exercised, on Closing the Sponsor will relinquish up to 2,112,500 Limited Partnership Units. In addition, pursuant to an agreement to be entered into on Closing, the founders of the REIT LP will (a) not be entitled to distributions on 506,125 Limited Partnership Units until the earlier of 12 months from Closing or the date on which unitholders achieve a 20% total unitholder return, (b) not be entitled to distributions on and relinquish (i) 1,000,000 Limited Partnership Units unless a 20% total unitholder return is reached within 18 months of Closing, (ii) 1,000,000 Limited Partnership Units unless a 50% total unitholder return is reached within 36 months of Closing, and (iii) 1,000,000 Limited Partnership Units unless a 100% total unitholder return is reached within 60 months of Closing.

Summary of the Private Placement

The REIT LP has also announced that it has entered into the Private Placement. On Closing, the Subscription Receipts will convert into US\$40.0 million aggregate principal amount of 6% Debentures at the Offering Price. The Offering Price will be funded on conversion by the subscribers of the Subscription Receipts. The REIT LP has also granted the Agents, a 30-day non-transferable option to purchase Subscription Receipts convertible into and up to an additional US\$25.0 million Debentures and up to an additional 125,000 Debenture Units. The Subscription Receipts were issued pursuant to an agency agreement dated October 6, 2020 between the REIT LP and the Agents. Compass Point is registered as a broker dealer in the United States, and is not registered to sell securities in any Canadian jurisdiction. Accordingly, Compass Point only distributed Subscription Receipts in the U.S. pursuant to exemptions from registration requirements in the U.S. and other jurisdictions where such sales were permissible. The Agents are entitled to a cash commission equal to 4.0% of the aggregate gross proceeds from the Private Placement. The Offering Price and the other terms of the Private Placement were determined by an arm's length negotiation between the REIT LP and the Agents. The Debentures and the Debenture Units are expected to be qualified under the Final Prospectus (as defined below).

The Debentures, when issued, will be convertible at the option of the holder into Limited Partnership Units of the REIT LP at US\$11.50 per unit, representing a conversion rate of approximately 86.9 units for each US\$1,000 principal amount of Debentures, subject to adjustment in accordance with a trust indenture to be entered into on or before Closing that will govern the Debentures. The Debentures will bear interest at a rate of 6.00% per annum payable semi-annually on March 31 and September 30 until maturity on the fourth anniversary of the Closing, with interest payments commencing on March 31, 2021.

The Debentures may not be redeemed by the REIT LP prior to the third anniversary of Closing. On and after the third anniversary of Closing and prior to the Maturity Date, the Debentures may be redeemed by the REIT LP for their principal amount thereof plus accrued and unpaid interest on not more than 60 days' and not less than 30 days' prior written notice. In addition, the REIT LP will also be required to make a redemption offer to holders of the Debentures at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest thereon, in the event of a change of control and certain asset disposition transactions, as further described in the indenture.

The REIT LP intends to use the net proceeds from the Private Placement to fund the Qualifying Transaction and future acquisitions, as well as general purposes.

The Debentures and Debenture Units have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, (the "1933 Act") and may not be offered, sold or delivered, directly or indirectly, in the United States, or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the 1933 Act), except pursuant to an exemption from the registration requirements of the 1933 Act. This press release does not constitute an offer to sell or a solicitation of an offer to buy any Units in the United States or to, or for the account or benefit of, U.S. persons.

Timing and Additional Information

It is anticipated that the Qualifying Transaction will be completed by the end of October 2020.

Canaccord Genuity Corp. and Compass Point Research & Trading, LLC are acting as financial advisors to the REIT LP and as the Agents on the Private Placement.

Goodmans LLP, Paul Hastings LLP and VGC LLP are legal counsel to the REIT LP, Blake, Cassels & Graydon LLP is legal counsel to the Agents.

Pursuant to the First Amended and Restated Limited Partnership Agreement of the REIT LP, holders of Restricted Voting Units have the right to redeem all or a portion of their Restricted Voting Units in connection with the Qualifying Transaction. The deadline for electing to redeem is October 29, 2020. Subject to applicable law, effective immediately prior to the Closing, all Restricted Voting Units validly deposited for redemption shall be redeemed for an estimated price per Restricted Voting Unit of US\$10.04, payable in cash. Upon payment of such cash consideration, the holders of the Restricted Voting Units so redeemed will have no further rights in respect of the Restricted Voting Units.

The REIT LP expects to file its final long form non-offering prospectus (the "**Final Prospectus**") on SEDAR no later than October 15, 2020, and to mail it to holders of Restricted Voting Units shortly thereafter, but no later than 14 days prior to the redemption election deadline. If the Final Prospectus is not filed by October 15, 2020, the redemption election deadline may be required to be extended. The REIT LP will provide notice of any such extension via news release. The REIT LP will issue a news release upon the filing of the Final Prospectus.

In the event that any of the acquisitions comprising the Qualifying Transaction cannot be completed for any reason, the REIT LP may decide to proceed with its acquisition of the others assets comprising the Initial Portfolio in whole or in part. In the event that all applicable regulatory requirements are not met or waived, the REIT LP will not proceed with the Qualifying Transaction.

Further details are set out in the Agreements, which will each be filed on SEDAR shortly. The REIT LP will also file on SEDAR and with the Canadian securities regulatory authorities in each of the provinces and territories of Canada (other than Quebec) the Final Prospectus containing disclosure regarding the Qualifying Transaction and the Private Placement. The Final Prospectus will be available on SEDAR and www.subversivecapital.com/reit.

About Subversive Real Estate Acquisition REIT LP

Subversive Real Estate Acquisition REIT LP is a limited partnership established under the *Limited Partnerships Act* (Ontario) formed for the purpose of effecting, directly or indirectly, an acquisition of one or more businesses or assets, by way of a merger, amalgamation, arrangement, equity exchange, asset acquisition, equity purchase, reorganization, or any other similar business combination involving the REIT LP that will qualify as its qualifying transaction for the purposes of the rules of the Exchange. The REIT LP is a special purpose acquisition corporation for the purposes of the rules of the Exchange. The REIT LP's Restricted Voting Units and Rights are listed on the Exchange under the symbols "SVX.U" and "SVX.RT.U", respectively.

Additional information is located at www.subversivecapital.com/reit.

Caution Regarding Forward-Looking Statements

Certain statements contained in this news release constitute "forward-looking information" for the purpose of applicable Canadian securities legislation ("**forward-looking statements**"). These statements reflect the General Partner's management's expectations with respect to future events, the REIT LP's financial performance and business prospects. Forward-looking statements include, but are not limited to, statements concerning the REIT LP's ability to complete the Qualifying Transaction and Private Placement; the use of proceeds from the Private Placement; the REIT LP's ability to acquire the additional two properties; the REIT LP's ability to pay interest on, and to repay the principal amount of, the Debentures; the continued listing of the Limited Partnership Units (including the Limited Partnership Units issuable upon redemption of the Exchangeable Units; the Debenture Units; and the Limited Partnership Units underlying the Debentures) and Rights and the listing of the Debentures, and the expected timing and potential success of such listings; the expected benefits of the Qualifying Transaction to, and resulting treatment of, investors in, and unitholders of, the REIT LP, including holders of Limited Partnership Units, Rights and Debentures; the anticipated effects of the Qualifying Transaction; the REIT LP's financial performance following the Qualifying Transaction; the growth of the cannabis industry and growth of the REIT LP; and the management of the REIT LP. All statements other than statements of historical fact are forward-looking statements. The use of the words "anticipate", "believe", "continue", "could", "estimate", "expect", "intends", "may", "might", "plan", "possible", "potential", "predict", "project", "should", "would", and similar expressions may identify forward-looking statements,

but the absence of these words does not mean that a statement is not a forward-looking statement. These statements involve known and unknown risks, uncertainties, and other factors that may cause actual results or events to differ materially from those anticipated or implied in such forward-looking statements. No assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this news release should not be unduly relied upon. Unless otherwise indicated, these statements speak only as of the date of this prospectus.

Such forward-looking statements are qualified in their entirety by the inherent risks, uncertainties and changes in circumstances surrounding future expectations which are difficult to predict and many of which are beyond the control of the REIT LP, including with respect to the Qualifying Transaction.

Forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonable by management of the REIT LP as of the date of this news release, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The REIT LP's estimates, beliefs and assumptions, which may prove to be incorrect, include various assumptions, including, but not limited to, the anticipated receipt of any required regulatory approvals and consents (including the final approval of the Exchange); the expectation that each counterparty will comply with the terms and conditions of the applicable Definitive Agreement; the expectation that no event, change or other circumstance will occur that could give rise to the termination of one or more of the Definitive Agreements; the REIT LP's future growth potential, results of operations, future prospects and opportunities, demographic and industry trends, no change in legislative or regulatory matters, future levels of indebtedness, the tax laws as currently in effect, the continuing availability of capital and current economic conditions.

When relying on forward-looking statements to make decisions, the REIT LP cautions readers not to place undue reliance on these statements, as forward-looking statements involve significant risks and uncertainties. Forward-looking statements should not be read as guarantees of future performance or results and will not necessarily be accurate indications of whether or not the times at or by which such performance or results will be achieved. A number of factors could cause actual results to differ, possibly materially, from the results discussed in the forward-looking statements, including, but not limited to the factors that will be discussed under "Risk Factors" in the REIT LP's final non-offering prospectus once available on SEDAR.

Although management has attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known that management believes are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information.

All forward-looking statements included in and incorporated into this news release are qualified by these cautionary statements. Unless otherwise indicated, the forward-looking statements contained herein are made as of the date of this news release, and except as required by applicable law, the REIT LP nor its Sponsors do not undertake any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

FOR FURTHER INFORMATION PLEASE CONTACT:

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