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US Unitholder Tax Information

Per unit Schedule K-1 for US unitholders for the year ended December 31, 2014

Since the January 3rd, 2013 real estate investment trust conversion where shareholders of Granite Real Estate Inc. became unitholders of the stapled units of Granite Real Estate Investment Trust (“Granite REIT”) and Granite REIT Inc., Granite REIT is considered to be a US partnership for US federal income tax purposes. As a result, each US unitholder should be including their allocable share of Granite REIT’s items of income and deductions in their respective individual income tax return as provided in a Schedule K-1.

As Granite REIT does not have the beneficial ownership information for units held through the broker/dealer network, to assist US unitholders in the preparation of their US federal and state income tax return, attached is a “per unit” Schedule K-1 that can be used by each US unitholder/partner in Granite REIT for the year ended December 31, 2014. Unitholders can use this “per unit” Schedule K-1 and apply the “per unit” share of income and expenses multiplied by their actual number of units for the prorated period the units were held in 2014 to determine their allocable share of Granite REIT’s items of income and deductions to be included in their US federal and state income tax returns, as applicable.

Granite REIT also wants to clarify that each US unitholder should have received a 1099-INT for the portion of the 2014 cash distributions that is interest paid from US sources. However, the amounts reported on the 1099-INT are included in the Schedule K-1 and accordingly Granite REIT suggests that US unitholders only use the information calculated from the per unit Schedule K-1 to compute your 2014 taxable income from your investment in Granite REIT.

As is the case of any entity considered to be a partnership for US purposes, your allocable share of partnership net income may differ from the distributions received from the partnership. Likewise, the amount of income reported on the 2014 1099-INT and any amount of income reported on a future 1099-INT may differ from the amount of cash distributed in the year.

We suggest that you consult your tax advisor to determine whether you have any US federal or state tax filing or paying obligations.

PRO FORMA SCHEDULE K-1 LINE ITEM PER YEAR AMOUNTS PER UNIT PLEASE REFER TO "US UNITHOLDER TAX INFORMATION"

651113

OMB No. 1545-0123

Final K-1 Amended K-1

**Schedule K-1
(Form 1065)**

2014

Department of the Treasury
Internal Revenue Service

For calendar year 2014, or tax
year beginning _____, 2014
ending _____, 20_____

**Partner's Share of Income, Deductions,
Credits, etc.**

▶ See back of form and separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number
98-6068269

B Partnership's name, address, city, state, and ZIP code
**GRANITE REAL ESTATE INVESTMENT TRUST
77 KING STREET WEST, SUITE 4010
TORONTO CA M5K 1H1**

C IRS Center where partnership filed return

D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number
PRO FORMA

F Partner's name, address, city, state, and ZIP code
**PRO FORMA SCHEDULE K-1
LINE ITEM PER YEAR AMOUNTS PER UNIT
PLEASE REFER TO "US UNITHOLDER TAX INFORMATION"**

G General partner or LLC member-manager Limited partner or other LLC member

H Domestic partner Foreign partner

I1 What type of entity is this partner? _____

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here

J Partner's share of profit, loss, and capital (see instructions):

	Beginning		Ending
Profit	%		%
Loss	%		%
Capital	%		%

K Partner's share of liabilities at year end:

Nonrecourse \$ _____

Qualified nonrecourse financing . . . \$ _____

Recourse \$ _____

L Partner's capital account analysis:

Beginning capital account \$ _____

Capital contributed during the year . . . \$ _____

Current year increase (decrease) . . . \$ _____

Withdrawals & distributions \$ (_____)

Ending capital account \$ _____

Tax basis GAAP Section 704(b) book

Other (explain)

M Did the partner contribute property with a built-in gain or loss?
 Yes No
If "Yes," attach statement (see instructions)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss)	15	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
		A	VARIOUS
4	Guaranteed payments	B	2.2612
5	Interest income	D	1.8394
	0.7343		
6a	Ordinary dividends	G	0.9104
	1.3544		
6b	Qualified dividends	I	0.3040
	0.6546		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
	F 0.1726		
12	Section 179 deduction	19	Distributions
		A	1.9964
13	Other deductions	20	Other information
	A 0.0004		
	H 0.9104	A	2.2612
	K 0.3737	B	0.3737
14	Self-employment earnings (loss)		

*See attached statement for additional information.

For IRS Use Only

This list identifies the codes used on Schedule K-1 for all partners and provides summarized reporting information for partners who file Form 1040. For detailed reporting and filing information, see the separate Partner's Instructions for Schedule K-1 and the instructions for your income tax return.

Code	Report on
1. Ordinary business income (loss). Determine whether the income (loss) is passive or nonpassive and enter on your return as follows.	
Passive loss	See the Partner's Instructions
Passive income	Schedule E, line 28, column (g)
Nonpassive loss	Schedule E, line 28, column (h)
Nonpassive income	Schedule E, line 28, column (j)
2. Net rental real estate income (loss)	See the Partner's Instructions
3. Other net rental income (loss)	See the Partner's Instructions
Net income	Schedule E, line 28, column (g)
Net loss	See the Partner's Instructions
4. Guaranteed payments	Schedule E, line 28, column (j)
5. Interest income	Form 1040, line 8a
6a. Ordinary dividends	Form 1040, line 9a
6b. Qualified dividends	Form 1040, line 9b
7. Royalties	Schedule E, line 4
8. Net short-term capital gain (loss)	Schedule D, line 5
9a. Net long-term capital gain (loss)	Schedule D, line 12
9b. Collectibles (28%) gain (loss)	28% Rate Gain Worksheet, line 4 (Schedule D instructions)
9c. Unrecaptured section 1250 gain	See the Partner's Instructions
10. Net section 1231 gain (loss)	See the Partner's Instructions
11. Other income (loss)	See the Partner's Instructions
<i>Code</i>	
A Other portfolio income (loss)	See the Partner's Instructions
B Involuntary conversions	See the Partner's Instructions
C Sec. 1256 contracts & straddles	Form 6781, line 1
D Mining exploration costs recapture	See Pub. 535
E Cancellation of debt	Form 1040, line 21 or Form 982
F Other income (loss)	See the Partner's Instructions
12. Section 179 deduction	See the Partner's Instructions
13. Other deductions	See the Partner's Instructions
A Cash contributions (50%)	See the Partner's Instructions
B Cash contributions (30%)	
C Noncash contributions (50%)	
D Noncash contributions (30%)	
E Capital gain property to a 50% organization (30%)	
F Capital gain property (20%)	Form 4952, line 1
G Contributions (100%)	
H Investment interest expense	
I Deductions—royalty income	
J Section 59(e)(2) expenditures	
K Deductions—portfolio (2% floor)	
L Deductions—portfolio (other)	
M Amounts paid for medical insurance	
N Educational assistance benefits	
O Dependent care benefits	
P Preproductive period expenses	Form 2441, line 12
Q Commercial revitalization deduction from rental real estate activities	See the Partner's Instructions
R Pensions and IRAs	See Form 8582 instructions
S Reforestation expense deduction	See the Partner's Instructions
T Domestic production activities information	See Form 8903 instructions
U Qualified production activities income	Form 8903, line 7b
V Employer's Form W-2 wages	Form 8903, line 17
W Other deductions	See the Partner's Instructions
14. Self-employment earnings (loss)	See the Partner's Instructions
Note. If you have a section 179 deduction or any partner-level deductions, see the Partner's Instructions before completing Schedule SE.	
A Net earnings (loss) from self-employment	Schedule SE, Section A or B
B Gross farming or fishing income	See the Partner's Instructions
C Gross non-farm income	See the Partner's Instructions
15. Credits	See the Partner's Instructions
A Low-income housing credit (section 42(j)(5)) from pre-2008 buildings	See the Partner's Instructions
B Low-income housing credit (other) from pre-2008 buildings	
C Low-income housing credit (section 42(j)(5)) from post-2007 buildings	
D Low-income housing credit (other) from post-2007 buildings	
E Qualified rehabilitation expenditures (rental real estate)	
F Other rental real estate credits	
G Other rental credits	
H Undistributed capital gains credit	
I Biofuel producer credit	
J Work opportunity credit	
K Disabled access credit	Form 1040, line 73; check box a
	See the Partner's Instructions
L Empowerment zone employment credit	See the Partner's Instructions
M Credit for increasing research activities	
N Credit for employer social security and Medicare taxes	
O Backup withholding	
P Other credits	
16. Foreign transactions	
A Name of country or U.S. possession	Form 1116, Part I
B Gross income from all sources	
C Gross income sourced at partner level	
<i>Foreign gross income sourced at partnership level</i>	
D Passive category	Form 1116, Part I
E General category	
F Other	
<i>Deductions allocated and apportioned at partner level</i>	
G Interest expense	Form 1116, Part I
H Other	Form 1116, Part I
<i>Deductions allocated and apportioned at partnership level to foreign source income</i>	
I Passive category	Form 1116, Part I
J General category	
K Other	
<i>Other information</i>	
L Total foreign taxes paid	Form 1116, Part II
M Total foreign taxes accrued	Form 1116, Part II
N Reduction in taxes available for credit	Form 1116, line 12
O Foreign trading gross receipts	Form 8873
P Extraterritorial income exclusion	Form 8873
Q Other foreign transactions	See the Partner's Instructions
17. Alternative minimum tax (AMT) items	
A Post-1986 depreciation adjustment	See the Partner's Instructions and the Instructions for Form 6251
B Adjusted gain or loss	
C Depletion (other than oil & gas)	
D Oil, gas, & geothermal—gross income	
E Oil, gas, & geothermal—deductions	
F Other AMT items	
18. Tax-exempt income and nondeductible expenses	
A Tax-exempt interest income	Form 1040, line 8b
B Other tax-exempt income	See the Partner's Instructions
C Nondeductible expenses	See the Partner's Instructions
19. Distributions	
A Cash and marketable securities	See the Partner's Instructions
B Distribution subject to section 737	
C Other property	
20. Other information	
A Investment income	Form 4952, line 4a
B Investment expenses	Form 4952, line 5
C Fuel tax credit information	Form 4136
D Qualified rehabilitation expenditures (other than rental real estate)	See the Partner's Instructions
E Basis of energy property	See the Partner's Instructions
F Recapture of low-income housing credit (section 42(j)(5))	Form 8611, line 8
G Recapture of low-income housing credit (other)	Form 8611, line 8
H Recapture of investment credit	See Form 4255
I Recapture of other credits	See the Partner's Instructions
J Look-back interest—completed long-term contracts	See Form 8697
K Look-back interest—income forecast method	See Form 8866
L Dispositions of property with section 179 deductions	See the Partner's Instructions
M Recapture of section 179 deduction	
N Interest expense for corporate partners	
O Section 453(l)(3) information	
P Section 453A(c) information	
Q Section 1260(b) information	
R Interest allocable to production expenditures	
S CCF nonqualified withdrawals	
T Depletion information—oil and gas	
U Reserved	
V Unrelated business taxable income	
W Precontribution gain (loss)	
X Section 108(l) information	
Y Net investment income	
Z Other information	