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GRANITE ANNOUNCES 2014 FIRST QUARTER RESULTS

May 7, 2014, Toronto, Ontario, Canada — Granite Real Estate Investment Trust and Granite REIT Inc. (TSX: GRT.UN; NYSE: GRPU) (“Granite” or the “Trust”) today announced their combined results for the three month period ended March 31, 2014.

HIGHLIGHTS

Highlights for the three month period ended March 31, 2014 are set out below:

- Revenue for the first quarter was up 18% to \$56.6 million compared to the prior year period. The increase was attributable to having a full quarter of revenue from the acquisitions completed during 2013 and favourable foreign exchange rates;
- FFO per unit was up 15% in comparison to the same quarter last year;
- Two lease extensions were completed for the Graz, Austria properties, extending the lease expiry dates from December 31, 2017 to January 31, 2024. These are Granite’s largest leases by square footage (a total of approximately 5.1 million square feet) and accounted for approximately 17% of Granite’s revenue during the year ended December 31, 2013;
- The extensions at Graz along with other new, extended and renewed leases completed since the beginning of the year have increased the weighted average lease term by square footage to 5.7 years at March 31, 2014 from 4.8 years at December 31, 2013; and
- On March 5, 2014, Granite entered into an asset purchase agreement with Magna International Inc. (“Magna”) for the sale to Magna of Granite’s portfolio of Mexican properties for a purchase price of U.S. \$105.0 million that is subject to certain closing adjustments. In addition, the asset purchase agreement contains several closing conditions, some of which involve action by government entities in Mexico. These properties are currently leased to Magna.

Granite’s results for the three month periods ended March 31, 2014 and 2013 are summarized below (all figures are in Canadian dollars):

| <i>(in thousands, except per unit figures)</i> | Three months ended March 31, | |
|---|---------------------------------|-------------|
| | 2014 | 2013 |
| Revenues | \$ 56,581 | \$ 48,124 |
| Net income | \$ 14,563 | \$ 94,394 |
| Funds from operations (“FFO”) ⁽¹⁾ | \$ 39,004 | \$ 34,006 |
| Basic and diluted FFO per stapled unit ⁽¹⁾ | \$ 0.83 | \$ 0.73 |
| Fair value of investment properties ⁽²⁾ | \$2,421,557 | \$2,007,760 |

(1) FFO and basic and diluted FFO per stapled unit are measures widely used by analysts and investors in evaluating the operating performance of real estate companies. However, FFO does not have a standardized meaning under International Financial Reporting Standards (“IFRS”) and, therefore, may not be comparable to similar measures presented by other entities. Granite determines FFO using the definition prescribed by the Real Estate Property Association of Canada (“REALPAC”). For a reconciliation of FFO to net income attributable to stapled unitholders, please refer to the section titled “Reconciliation of Funds from Operations to Net Income Attributable to Stapled Unitholders”.

(2) At period end.

GRANITE'S COMBINED FINANCIAL RESULTS

Three month period ended March 31, 2014

For the three month period ended March 31, 2014, rental revenue increased by \$8.5 million, from \$48.1 million in the first quarter of 2013 to \$56.6 million in the first quarter of 2014, primarily due to the acquisition of 12 properties in the United States and Europe throughout the 2013 year and the favourable effects of changes in foreign currency exchange rates.

Granite's net income in the first quarter of 2014 was \$14.6 million down from the \$94.4 million net income reported for the first quarter of 2013. Net income decreased primarily due to (i) the net fair value losses on investment properties of \$23.6 million compared to \$18.7 million in net fair value gains in the prior year period, (ii) a \$35.1 million decrease in deferred income tax recoveries, which includes the reversal of \$41.9 million in Canadian deferred income tax liabilities as a result of converting to a REIT on January 3, 2013, (iii) a \$5.1 million gain in the prior year period on the settlement of the Meadows holdback, (iv) \$2.4 million in additional net interest expense, (v) a \$1.8 million increase in current tax expense and (vi) a \$0.6 million increase in property operating costs, partially offset by an \$8.5 million increase in rental revenue.

FFO for the first quarter increased by \$5.0 million to \$39.0 million from \$34.0 million in the prior year period primarily due to increased rental revenue of \$8.5 million attributable to having a full quarter of revenue from the acquisitions completed during 2013 and favourable foreign exchange rates, partially offset by an increase in interest expense and other financing charges of \$2.4 million associated with funding the 2013 acquisitions, a \$0.7 million increase in current tax expense (excluding \$1.1 million of current income tax expense associated with the sale of an investment property) and a \$0.6 million increase in property operating costs.

A more detailed discussion of Granite's combined financial results for the three month periods ended March 31, 2014 and 2013 is contained in Granite's Management's Discussion and Analysis of Results of Operations and Financial Position and the unaudited condensed combined financial statements for those periods and the notes thereto, which are available through the internet on Canadian Securities Administrators' Systems for Electronic Document Analysis and Retrieval ("SEDAR") and can be accessed at www.sedar.com and on the United States Securities and Exchange Commission's (the "SEC") Electronic Data Gathering, Analysis and Retrieval System ("EDGAR") which can be accessed at www.sec.gov.

RECONCILIATION OF FUNDS FROM OPERATIONS TO NET INCOME ATTRIBUTABLE TO STAPLED UNITHOLDERS

| <i>(in thousands, except per unit information)</i> | Three months ended March 31, | |
|---|---------------------------------|------------------|
| | 2014 | 2013 |
| Net income attributable to stapled unitholders | \$14,455 | \$ 94,291 |
| Add (deduct): | | |
| Fair value losses (gains) on investment properties | 23,557 | (18,734) |
| Fair value losses (gains) on financial instruments | 38 | (495) |
| Gain on Meadows holdback | — | (5,143) |
| Acquisition transaction costs | — | 411 |
| Loss on sale of investment properties | 274 | — |
| Current income tax expense associated with the sale of an investment property | 1,099 | — |
| Deferred income taxes | (429) | (36,378) |
| Non-controlling interests relating to the above | 10 | 54 |
| FFO | \$39,004 | \$ 34,006 |
| Basic and diluted FFO per stapled unit | \$ 0.83 | \$ 0.73 |
| Basic number of stapled units outstanding | 46,962 | 46,882 |
| Diluted number of stapled units outstanding | 46,973 | 46,910 |

CONFERENCE CALL

Granite will hold a conference call on Thursday, May 8, 2014 at 8:30 a.m. Eastern time. The number to use for this call is 1-800-621-6658. Overseas callers should use +1-416-359-3126. Please call in at least 10 minutes prior to start time. The conference call will be chaired by Tom Heslip, Chief Executive Officer. For anyone unable to listen to the scheduled call, the rebroadcast numbers will be: North America — 1-800-558-5253 and Overseas — +1-416-626-4100 (enter reservation number 21713979) and will be available until Monday, May 19, 2014.

ABOUT GRANITE

Granite is a Canadian-based REIT engaged in the ownership and management of predominantly industrial, warehouse and logistics properties in North America and Europe. Granite owns approximately 32 million square feet in over 100 rental income properties. Our tenant base currently includes Magna International Inc. and its operating subsidiaries as our largest tenants, together with tenants from other industries.

For further information, please contact Tom Heslip, Chief Executive Officer, at 647-925-7539 or Michael Forsayeth, Chief Financial Officer, at 647-925-7600.

OTHER INFORMATION

Additional property statistics have been posted to our website at <http://www.granitereit.com/propertystatistics/view-property-statistics>. Copies of financial data and other publicly filed documents are available through the internet on SEDAR which can be accessed at www.sedar.com and on EDGAR which can be accessed at www.sec.gov.

FORWARD-LOOKING STATEMENTS

This press release may contain statements that, to the extent they are not recitations of historical fact, constitute “forward-looking statements” or “forward-looking information” within the meaning of applicable securities legislation, including the United States Securities Act of 1933, as amended and the United States Securities Exchange Act of 1934, as amended, and applicable Canadian securities legislation. Forward-looking statements and forward-looking information may include, among others, statements regarding the Trust’s future plans, goals, strategies, intentions, beliefs, estimates, costs, objectives, capital structure, cost of capital, tenant base, tax consequences, economic performance or expectations, or the assumptions underlying any of the foregoing. Words such as “may”, “would”, “could”, “will”, “likely”, “expect”, “anticipate”, “believe”, “intend”, “plan”, “forecast”, “project”, “estimate”, “seek” and similar expressions are used to identify forward-looking statements and forward-looking information. Forward-looking statements and forward-looking information should not be read as guarantees of future events, performance or results and will not necessarily be accurate indications of whether or the times at or by which such future performance will be achieved. Undue reliance should not be placed on such statements. There can be no assurance that the intended developments in Granite’s relationships with its tenants, the expansion and diversification of Granite’s real estate portfolio, the expected cost of development and re-development projects and the expected sources of funding and increases in leverage can be achieved in a timely manner, with the expected impact or at all. Forward-looking statements and forward-looking information are based on information available at the time and/or management’s good faith assumptions and analyses made in light of our perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances, and are subject to known and unknown risks, uncertainties and other unpredictable factors, many of which are beyond the Trust’s control, that could cause actual events or results to differ materially from such forward-looking statements and forward-looking information. Important factors that could cause such differences include, but are not limited to, the risk of changes to tax or other laws that may adversely affect Granite Real Estate Investment Trust’s mutual fund trust status under the *Income Tax Act* (Canada) or the effective tax rate in other jurisdictions in which Granite operates; economic, market and competitive conditions and other risks that may adversely affect Granite’s ability to achieve desired developments in its relationships with its tenants, expand and diversify its real estate portfolio and increase its

leverage and the risks set forth in the “Risk Factors” section in Granite’s Annual Information Form for 2013, filed on SEDAR at www.sedar.com and attached as Exhibit 1 to the Trust’s Annual Report on Form 40-F for the year ended December 31, 2013, filed with the SEC and available online on EDGAR at www.sec.gov, all of which investors are strongly advised to review. The “Risk Factors” section also contains information about the material factors or assumptions underlying such forward-looking statements and forward-looking information. Forward-looking statements and forward-looking information speak only as of the date the statements were made and unless otherwise required by applicable securities laws, the Trust expressly disclaims any intention and undertakes no obligation to update or revise any forward-looking statements and forward-looking information contained in this press release to reflect subsequent information, events or circumstances or otherwise.