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GRANITE ANNOUNCES STRONG THIRD QUARTER RESULTS AND SIGNIFICANT ACQUISITION ACTIVITY

November 6, 2013, Toronto, Ontario, Canada — Granite Real Estate Investment Trust and Granite REIT Inc. (TSX: GRT.UN; NYSE: GRP.U) (''Granite'' or the ''Trust'') today announced their combined results for the three and nine month periods ended September 30, 2013.

HIGHLIGHTS

Highlights for the three month period ended September 30, 2013, including events subsequent to the quarter, are as follows:

- FFO per unit up 26% in comparison to the same quarter last year;
- Acquired eight income-producing properties in Germany, the Netherlands and the United States at an acquisition cost totalling approximately $200 million and over 3.1 million feet of leaseable area bringing the total acquisitions for 2013 to approximately $275 million and over 4 million square feet of leaseable area;
- Entered into a purchase and sale agreement to acquire a 0.1 million square foot income-producing property in Germany for approximately euro 6.7 million with the closing expected in late November 2013;
- Issued $200 million of 4.613% Series 1 senior unsecured debentures due 2018 on October 2, 2013 which was swapped into euro 142 million denominated debt at 3.56% to facilitate the funding of the European acquisitions;
- Entered into a non-binding letter of intent to sell to Magna International Inc. (''Magna'') the Mexican property portfolio for U.S. $105 million;
- Including the recent acquisitions, since January 1, 2013, reduced Magna tenant concentration from 97% to 87% based on annualized lease payments[(1)];
- Since January 1, 2013, completed 15 lease renewals or extensions totalling 3.3 million square feet for a weighted average lease term of 6.1 years; and
- Commenced construction of a new 0.6 million square foot multipurpose distribution facility in Shepherdsville, Kentucky.

Granite's results for the three and nine month periods ended September 30, 2013 and 2012 are summarized below (all figures are in Canadian dollars):

	Three months ended September 30,		Nine months ended September 30,	
(in thousands, except per unit/share figures)	**2013**	**2012**	**2013**	**2012**
Revenues	**$50,969**	$44,685	**$ 148,569**	$ 135,800
Net income	**9,869**	65,837	**147,657**	135,339
Funds from operations (''FFO'')[(2)]	**36,551**	29,129	**101,815**	87,784
Comparable FFO[(3)]	**36,551**	29,129	**106,035**	87,784
Per stapled unit or common share amounts:				
Basic and diluted net income	**$ 0.21**	$ 1.41	**$ 3.15**	$ 2.89
Basic and diluted FFO[(2)]	**$ 0.78**	$ 0.62	**$ 2.17**	$ 1.87
Basic and diluted comparable FFO[(3)]	**$ 0.78**	$ 0.62	**$ 2.26**	$ 1.87
Fair value of investment properties[(4)]			**$2,120,178**	$1,944,504

(1) Annualized lease payments does not have a standardized meaning under International Financial Reporting Standards (''IFRS'') and may not be comparable to similar measures reported by other entities. Granite considers annualized lease payments to be a useful indicator of rental revenue (excluding tenant recoveries) anticipated in the upcoming year.

(2) FFO and basic and diluted FFO per stapled unit or common share 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 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 or common shareholders, please refer to the section titled ''*Reconciliation of Funds from Operations to Net Income Attributable to Stapled Unitholders or Common Shareholders*''.

(3) Comparable FFO and basic and diluted comparable FFO per stapled unit or common share excludes $4.2 million of current tax expense associated with net withholding taxes paid in the second quarter of 2013 largely related to the repatriation of prior years' earnings from foreign jurisdictions primarily associated with certain planned internal reorganizations undertaken post real estate investment trust (''REIT'') conversion. These withholding taxes were accounted for as a deferred tax expense in prior years, the vast majority of which pertained to periods prior to 2012, and therefore the impact to the current tax expense was offset by the reversal of the prior year deferred tax accrual resulting in no impact to total tax expense. As the net $4.2 million withholding tax payment is a result of a significant repatriation that is not expected to recur at a similar level of magnitude, it has been added to FFO to arrive at a comparable FFO amount to prior periods. For a reconciliation of FFO to comparable FFO, please refer to the section titled ''*Reconciliation of Funds from Operations to Net Income Attributable to Stapled Unitholders or Common Shareholders*''.

(4) At period end.

GRANITE'S COMBINED FINANCIAL RESULTS

Three month period ended September 30, 2013

For the three month period ended September 30, 2013, rental revenue increased by $6.3 million from $44.7 million in the third quarter of 2012 to $51 million in the third quarter of 2013 primarily due to contractual rent adjustments resulting from Consumer Price Index based increases largely in Austria and Canada, the acquisition of four properties in the United States throughout the year and the favourable effects of changes in foreign currency exchange rates.

Granite's net income in the third quarter of 2013 was $9.9 million and decreased from the $65.8 million reported for the third quarter of 2012. Net income decreased primarily due to (i) a $25.1 million fair value loss on investment properties primarily resulting from the reduction in fair value of the Mexican property portfolio and unfavourable changes in leasing assumptions compared with a $50.4 million fair value gain in the prior year period primarily from discount and terminal capitalization rate compression in Canada, Austria and Germany and (ii) $5.7 million in acquisition transaction costs partially offset by (i) a $19.3 million decrease in income tax expense and (ii) a $6.3 million increase in rental revenue.

FFO for the third quarter increased $7.4 million to $36.5 million from $29.1 million in the prior year period primarily due to increased rental revenue of $6.3 million, lower general and administrative expenses of $2 million and lower current tax expense of $1.3 million partially offset by increased property operating costs of $0.7 million as well as higher net interest expense and other financing costs of $0.9 million.

Nine month period ended September 30, 2013

For the nine month period ended September 30, 2013, rental revenue increased by $12.8 million from $135.8 million in the nine months ended September 30, 2012 to $148.6 million in the current year period primarily due to the reasons noted above.

Granite's net income for the nine month period ended September 30, 2013 was $147.7 million compared to $135.3 million for the same period in 2012. Net income increased by $12.4 million primarily due to (i) a decrease in deferred income taxes of $69.1 million 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; (ii) an increase in rental revenue of $12.8 million and (iii) a $5.1 million gain on settlement of the Meadows holdback. These increases were largely offset by (i) a $70.3 million decrease in fair value gains on investment properties and (ii) $6.5 million in acquisition transaction costs incurred during the nine month period ended September 30, 2013.

Comparable FFO for the nine months ended September 30, 2013 of $106 million, which excludes the current tax expense of $4.2 million associated with the net withholding taxes paid in the second quarter, increased $18.2 million from $87.8 million in the prior year period primarily due to increased rental revenue of $12.8 million, a reduction in general and administrative expense of $1.4 million and lower current income tax expense of $7.3 million, largely attributable to the REIT conversion, partially offset by a $0.7 million increase in property operating costs and a $2.1 million increase in net interest expense and other financing costs.

A more detailed discussion of Granite's combined financial results for the three and nine month periods ended September 30, 2013 and 2012 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 OR COMMON SHAREHOLDERS

	Three months ended September 30,		Nine months ended September 30,	
(in thousands, except per unit/share information)	**2013**	**2012**	**2013**	**2012**
Net income attributable to stapled unitholders or common shareholders	**$ 9,791**	$ 65,824	**$147,630**	$135,290
Add (deduct):				
Fair value losses (gains) on investment properties	**25,065**	(50,443)	**(4,596)**	(74,908)
Fair value (gains) losses on financial instruments	**(4)**	(225)	**144**	(226)
Gain on Meadows holdback	**—**	—	**(5,143)**	—
Acquisition transaction costs	**5,702**	—	**6,495**	—
Loss on sale of investment property	**—**	21	**328**	21
Deferred income taxes	**(3,997)**	13,964	**(42,831)**	27,622
Non-controlling interests relating to the above	**(6)**	(12)	**(212)**	(15)
FFO	**$ 36,551**	$ 29,129	**$101,815**	$ 87,784
Add: Net withholding tax payment	**—**	—	**4,220**	—
Comparable FFO	**$ 36,551**	$ 29,129	**$106,035**	$ 87,784
Basic and diluted FFO per stapled unit or common share	**$ 0.78**	$ 0.62	**$ 2.17**	$ 1.87
Basic and diluted comparable FFO per stapled unit or common share	**$ 0.78**	$ 0.62	**$ 2.26**	$ 1.87
Basic number of stapled units or common shares outstanding	**46,942**	46,824	**46,919**	46,863
Diluted number of stapled units or common shares outstanding	**46,948**	46,846	**46,938**	46,883

CHANGES IN FINANCIAL REPORTING

The Trust adopted IFRS as its basis of reporting effective for the first quarter of 2013. The Trust's reporting under the IFRS accounting framework has had a significant impact on the combined financial statements. IFRS is premised on a conceptual framework similar to United States generally accepted accounting principles; however, significant differences exist in certain areas of recognition, measurement and disclosure. While adoption of IFRS has not had an impact on the Trust's reported net cash flows, there have been material impacts on the combined balance sheets and statements of income, which are discussed further in the Trust's Management's Discussion and Analysis of Results of Operations and Financial Position and the unaudited interim financial statements for the three and nine month periods ended September 30, 2013 and 2012. In particular, Granite's balance sheets reflect the revaluation of all of its investment properties to fair value.

CONFERENCE CALL

Granite will hold a conference call on Thursday, November 7, 2013 at 8:30 a.m. Eastern time. The number to use for this call is 1-800-741-3792. Overseas callers should use +1-416-981-9035. 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 21681193) and will be available until Monday, November 18, 2013.

ABOUT GRANITE

Granite is a Canadian-based REIT engaged in the ownership and management of predominantly industrial 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. In particular, Granite cautions that there can be no assurance that the anticipated reduction in cash income taxes payable following the REIT conversion will be realized. 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 the REIT; the ability to realize the anticipated reduction in cash income taxes payable following the REIT conversion and the risks set forth in the ''Risk Factors'' section in Granite's Annual Information Form for 2012, 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, 2012, 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.