GRANITE REIT

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GRANITE ANNOUNCES 2014 THIRD QUARTER RESULTS

November 5, 2014, 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, 2014.

HIGHLIGHTS

Highlights for the three month period ended September 30, 2014 are set out below:

- Revenue from continuing operations for the third quarter was up 8% to $51.3 million compared to the prior year period. The increase was primarily attributable to the acquisitions completed during the latter half of 2013 and the effect of favourable foreign exchange rates relative to last year;
- Despite having sold the Mexican properties at the end of June 2014, comparable FFO per unit(2) was $0.82, up 6% in comparison to the same quarter last year largely driven by foreign exchange gains;
- On July 3, 2014, Granite issued at par $250 million of 3.788% Series 2 senior debentures due July 5, 2021 and concurrently entered into a cross currency interest rate swap to exchange the 3.788% Canadian dollar interest payments to euro denominated payments at 2.68%; and
- On August 5, 2014, Granite redeemed all of the outstanding debentures due December 2016 having a face value of $265 million. As a result of the early redemption, Granite incurred a redemption premium and other costs totaling $28.6 million in the quarter. In addition, Granite incurred net incremental interest expense of $1.4 million during the required redemption notice period.

Granite's results for the three and nine month periods ended September 30, 2014 and 2013 are summarized below (all figures are in Canadian dollars):

	Three months ended September 30,		Nine months ended September 30,	
(in thousands, except per unit figures)	**2014**	**2013**	**2014**	**2013**
Revenues	**$ 51,301**	$ 47,565	**$ 156,394**	$ 138,662
Net income from continuing operations	**3,713**	19,324	**42,304**	147,301
Net income (loss) from discontinued operations	**—**	(9,455)	**6,757**	356
Net income	**$ 3,713**	$ 9,869	**$ 49,061**	$ 147,657
Funds from operations (''FFO'')(1)	**$ 10,133**	$ 36,551	**$ 89,007**	$ 101,815
Comparable funds from operations(2)	**$ 38,713**	$ 36,551	**$ 117,587**	$ 106,035
Basic and diluted FFO per stapled unit(1)	**$ 0.22**	$ 0.78	**$ 1.89**	$ 2.17
Basic and diluted comparable FFO per stapled unit(2)	**$ 0.82**	$ 0.78	**$ 2.50**	$ 2.26
Fair value of investment properties(3)			**$2,237,214**	$2,120,178

Readers are cautioned that certain terms used in this press release such as FFO, comparable FFO and any related per unit amounts used by management to measure, compare and explain the operating results and financial performance of the Trust do not have standardized meanings prescribed under International Financial Reporting Standards (''IFRS'') and, therefore, should not be construed as alternatives to net income, cash flow from operating activities or revenue, as appropriate, calculated in accordance with IFRS. Additionally, because these terms do not have a standardized meaning prescribed by IFRS they may not be comparable to similarly titled measures presented by other publicly traded entities.

(1) FFO is defined as net income attributable to stapled unitholders prior to fair value gains (losses), gains (losses) on sale of investment properties, acquisition transaction costs, deferred income taxes and certain other non-cash items, adjusted for non-controlling interests in such items. The Trust's determination of FFO follows the definition prescribed by the Real Estate

Property Association of Canada (''REALPAC'') and is a widely used measure by analysts and investors in evaluating the performance of real estate entities. Granite considers FFO to be a meaningful supplemental measure that can be used to determine the Trust's ability to service debt, finance capital expenditures and provide distributions to stapled unitholders. FFO is reconciled to net income, which is the most directly comparable IFRS measure (see ''*Reconciliation of Funds from Operations to Net Income Attributable to Stapled Unitholders*''). FFO does not represent or approximate cash generated from operating activities determined in accordance with IFRS and is not reconciled to cash flow from operating activities as the calculation of FFO does not consider changes in working capital items or adjust for certain other non-cash items that are included in the determination of cash flow from operating activities in accordance with IFRS.

(2) Comparable FFO for the three and nine month periods ended September 30, 2014 excludes $28.6 million of early redemption costs associated with the unsecured debentures originally issued in December 2004 and which were due on December 22, 2016 (the ''2016 Debentures''). As the redemption of the remaining unsecured debentures is not expected to be of a recurring nature, the costs have been added to FFO to arrive at a comparable FFO amount for current and prior periods. Comparable FFO for the nine month period ended September 30, 2013 excludes $4.2 million of current income tax expense associated with withholding taxes paid in the second quarter of 2013 related to the repatriation of prior years' earnings from foreign jurisdictions primarily associated with certain planned internal reorganizations undertaken post the REIT conversion. As the $4.2 million withholding tax payment is a result of a significant earnings 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 for current and prior periods. In the future, other large unusual items that are not expected to be of a recurring nature may also be considered when determining comparable FFO and will be explicitly described and quantified. 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*''.

(3) At period end.

GRANITE'S COMBINED FINANCIAL RESULTS

On June 26, 2014, Granite disposed of its portfolio of Mexican properties. As the Mexican properties represented a significant geographical area of operations, the Trust has presented the income and expenses associated with the Mexican portfolio as discontinued operations on a retroactive basis to prior reporting periods. Discontinued operations are reported separately from income and expenses from continuing operations in the condensed combined financial statements.

Three month period ended September 30, 2014

For the three month period ended September 30, 2014, rental revenue from continuing operations increased by $3.7 million to $51.3 million from $47.6 million in the third quarter of 2013, primarily due to the acquisition of eight properties in Europe and one in the United States during the latter half of 2013 and the effect of favourable foreign exchange rates. For the third quarter of 2013, there was $3.4 million of revenue from discontinued operations.

Granite's net income from continuing operations in the third quarter of 2014 was $3.7 million, down from the $19.3 million of net income from continuing operations reported for the third quarter of 2013. Net income from continuing operations decreased primarily due to (i) $28.6 million of early redemption costs associated with the 2016 Debentures, (ii) $2.3 million increase in income tax expense, primarily deferred tax related and (iii) $1.0 million in additional net interest expense, partially offset by (iv) a $5.7 million decrease in acquisition transaction costs, (v) a $4.7 million reduction in net fair value losses on investment properties, (vi) a $3.7 million increase in rental revenue and tenant recoveries and (vii) a $2.3 million increase in net foreign exchange gains. There was no net income from discontinued operations in the third quarter of 2014.

Comparable FFO for the third quarter of 2014 was $38.7 million and derived solely from continuing operations. Comparable FFO for the third quarter of 2013 was $36.6 million and comprises $33.9 million from continuing operations and $2.7 million from discontinued operations. With the revenue from Granite's acquisition activities more than offsetting the revenue from discontinued operations, the increase in comparable FFO of $2.1 million to $38.7 million from $36.6 million in the prior year period was primarily due to continuing operations where increased foreign exchange gains of $2.3 million were partially offset by an increase in interest expense and other financing charges of $1.0 million.

Nine month period ended September 30, 2014

For the nine month period ended September 30, 2014, rental revenue from continuing operations increased by $17.7 million, from $138.7 million in the nine month period ended September 30, 2013 to $156.4 million in the nine month period ended September 30, 2014, primarily due to the acquisition of 12 properties in Europe and the United States during 2013 and the favourable effects of changes in foreign currency exchange rates, in particular, the euro. With the sale of the Mexican properties at the end of June 2014, rental income from discontinued operations for the nine months ended September 30, 2014 was $7.1 million and compares with $9.9 million for the same period last year.

Granite's net income from continuing operations in the nine month period ended September 30, 2014 was $42.3 million and compares with $147.3 million reported for the nine month period ended September 30, 2013. Net income from continuing operations decreased primarily due to (i) net fair value losses on investment properties of $33.8 million compared to $13.7 million in net fair value gains in the prior year period, (ii) a $42.2 million increase in income tax expense due largely to the reversal of $41.9 million in Canadian deferred income tax liabilities in the prior year period as a result of converting to a REIT on January 3, 2013, (iii) the $28.6 million of early redemption costs associated with the 2016 Debentures, (iv) $5.6 million in additional net interest expense and (v) a decrease in the $5.1 million gain in the prior year period on the settlement of the Meadows holdback, partially offset by (vi) a $17.7 million increase in rental revenue and tenant recoveries and (vii) decreased acquisition transaction costs of $6.5 million.

Granite's net income from discontinued operations for the nine month period ended September 30, 2014 was $6.8 million compared to $0.4 million in the comparable prior year period. Net income from discontinued operations in the nine month period ended September 30, 2014 includes a $5.1 million loss on disposal which was comprised of a $4.6 million closing adjustment and $0.5 million in selling costs related to the disposition that was more than offset by the reclassification of net foreign currency translation gains of $5.7 million previously accounted for in other comprehensive income.

Comparable FFO for the nine month period ended September 30, 2014 was $117.6 million and comprises $111.7 million from continuing operations and $5.9 million from discontinued operations. Comparable FFO for the nine month period ended September 30, 2013 was $106.0 million and comprises $97.8 million from continuing operations and $8.2 million from discontinued operations. The increase in comparable FFO of $11.6 million to $117.6 million from $106.0 million in the prior year period was primarily due to continuing operations where increased rental revenue of $17.7 million was partially offset by an increase in interest expense and other financing charges of $5.6 million.

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

	Three months ended September 30,		Nine months ended September 30,	
(in thousands, except per unit information)	**2014**	**2013**	**2014**	**2013**
Net income attributable to stapled unitholders	**$ 3,636**	$ 9,791	**$ 48,759**	$147,630
Add (deduct):				
Fair value losses (gains) on investment properties	**4,704**	9,436	**33,827**	(13,716)
Fair value losses (gains) on financial instruments	**124**	(4)	**(215)**	144
Gain on Meadows holdback	**—**	—	**—**	(5,143)
Acquisition transaction costs	**—**	5,702	**—**	6,495
Loss on sale of investment properties	**80**	—	**262**	328
Current income tax expense associated with the sale of an investment property	**—**	—	**1,099**	—
Deferred income taxes	**1,580**	(569)	**6,070**	(41,515)
Non-controlling interests relating to the above	**9**	(6)	**53**	(212)
Discontinued operations relating to the above	**—**	12,201	**(848)**	7,804
FFO	**10,133**	36,551	**89,007**	101,815
Early redemption costs of unsecured debentures	**28,580**	—	**28,580**	—
Withholding tax payment	**—**	—	**—**	4,220
Comparable FFO	**$38,713**	$36,551	**$117,587**	$106,035
Basic and diluted FFO per stapled unit	**$ 0.22**	$ 0.78	**$ 1.89**	$ 2.17
Basic and diluted comparable FFO per stapled unit	**$ 0.82**	$ 0.78	**$ 2.50**	$ 2.26
Basic number of stapled units outstanding	**47,014**	46,942	**46,988**	46,919
Diluted number of stapled units outstanding	**47,083**	46,948	**47,055**	46,938

CONFERENCE CALL

Granite will hold a conference call on Thursday, November 6, 2014 at 8:30 a.m. Eastern time. The number to use for this call is 1-800-747-0365. Overseas callers should use +1-416-981-9011. 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 21736162) and will be available until Monday, November 17, 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 30 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.