

## **US Unitholder Tax Information**

### **Per unit Schedule K-1 for US unitholders for the year ended December 31, 2019**

Since the January 3<sup>rd</sup>, 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, US unitholders are required to include their allocable share of Granite REIT’s items of income and deductions in their individual income tax returns as reported in their respective individual Schedule K-1.

Granite REIT does not have access to the beneficial ownership information for units held through the investment broker/dealer network, however, to assist US unitholders with the preparation of their US federal and state income tax returns, attached is a “per unit” Schedule K-1 that can be used by US unitholders/partners in Granite REIT for the year ended December 31, 2019. US 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, pro-rated as applicable, for the time period during which their units were held in 2019, 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.

Granite REIT also wants to clarify that, while each US unitholder will have received a Form 1099-INT for the portion of the 2019 cash distributions that is interest paid from US sources, the amounts reported on the 1099-INT form are also included in the “per unit” Schedule K-1. Accordingly, Granite REIT recommends that US unitholders only use the information calculated from the “per unit” Schedule K-1 in their US federal and state income tax returns.

As is discussed in Granite REIT’s Annual Information Form dated March 4, 2020, a unitholder’s allocable share of partnership taxable income may differ from the cash distributions received from the partnership. The difference between taxable income and cash distributions received can be an adjustment in computing a unitholder’s tax basis in their stapled units. In 2019, unitholders will be required to report more taxable income than cash distributions received. As the taxable income was in excess of the cash distributions in 2019, a unitholder can add the excess to their tax basis in their stapled units.

Granite REIT recommends that unitholders consult with their tax advisors with respect to their US federal and state tax filing obligations.

#### **COVID-19 - Direct US Unitholders**

For US unitholders who hold Granite REIT units directly with Computershare, and not an investment broker/dealer network, we are unable at this time to mail out K-1 slips as Granite REIT does not have physical access to its office. Once COVID-19 restrictions have been lifted, Granite REIT will mail out all K-1 slips to “direct” US unitholders. In the meantime, please use the attached “per unit” Schedule K-1 to assist with your tax filings.

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

**2019**

Department of the Treasury  
Internal Revenue Service

For calendar year 2019, or tax year

beginning  /  / 2019 ending  /  /

**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, ONTARIO, CANADA M5H 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 SSN or TIN (Do not use TIN of a disregarded entity. See inst.)  
PRO FORMA

**F** Name, address, city, state, and ZIP code for partner entered in E. See instructions.  
PRO FORMA SCHEDULE K-1  
LINE ITEM PER YEAR AMOUNTS PER UNIT  
REFER TO "US UNITHOLDER TAX INFORMATION"

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

**H1**  Domestic partner  Foreign partner

**H2**  If the partner is a disregarded entity (DE), enter the partner's:  
TIN \_\_\_\_\_ Name \_\_\_\_\_

**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	%	%

Check if decrease is due to sale or exchange of partnership interest

**K** Partner's share of liabilities:

	Beginning	Ending
Nonrecourse	\$	\$
Qualified nonrecourse financing	\$	\$
Recourse	\$	\$

Check this box if Item K includes liability amounts from lower tier partnerships.

**L Partner's Capital Account Analysis**

**Beginning capital account** . . . \$ \_\_\_\_\_

Capital contributed during the year . . . \$ \_\_\_\_\_

Current year net income (loss) . . . \$ \_\_\_\_\_

Other increase (decrease) (attach explanation) \$ \_\_\_\_\_

Withdrawals & distributions . . . \$ ( \_\_\_\_\_ )

**Ending capital account** . . . \$ \_\_\_\_\_

**M** Did the partner contribute property with a built-in gain or loss?  
 Yes  No If "Yes," attach statement. See instructions.

**N Partner's Share of Net Unrecognized Section 704(c) Gain or (Loss)**

Beginning . . . \$ \_\_\_\_\_

Ending . . . \$ \_\_\_\_\_

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

<b>1</b>	Ordinary business income (loss)	<b>15</b>	Credits
<b>2</b>	Net rental real estate income (loss)		
<b>3</b>	Other net rental income (loss)	<b>16</b>	Foreign transactions
		<b>A</b>	VARIOUS
<b>4a</b>	Guaranteed payments for services	<b>B</b>	2.25941
<b>4b</b>	Guaranteed payments for capital	<b>F</b>	2.95567
<b>4c</b>	Total guaranteed payments	<b>I</b>	0.25068
<b>5</b>	Interest income	<b>M</b>	0.38042
	1.58533		
<b>6a</b>	Ordinary dividends		
	0.42063		
<b>6b</b>	Qualified dividends		
	0.00936		
<b>6c</b>	Dividend equivalents	<b>17</b>	Alternative minimum tax (AMT) items
<b>7</b>	Royalties		
<b>8</b>	Net short-term capital gain (loss)		
<b>9a</b>	Net long-term capital gain (loss)	<b>18</b>	Tax-exempt income and nondeductible expenses
<b>9b</b>	Collectibles (28%) gain (loss)		
<b>9c</b>	Unrecaptured section 1250 gain		
<b>10</b>	Net section 1231 gain (loss)		
<b>11</b>	Other income (loss)	<b>19</b>	Distributions
	0.25345	<b>A</b>	2.14326
<b>12</b>	Section 179 deduction	<b>A</b>	2.25941
<b>13</b>	Other deductions	<b>H</b>	0.25068
	0.38388	<b>B</b>	0.38388
<b>W</b>		<b>Z</b>	(0.38111)
<b>14</b>	Self-employment earnings (loss)		

**21**  More than one activity for at-risk purposes\*

**22**  More than one activity for passive activity purposes\*

\*See attached statement for additional information.

**For IRS Use Only**

**\*FOOTNOTE\***  
THE FOLLOWING AMOUNT INCLUDED IN ORDINARY DIVIDENDS IN BOX 6A ORIGINATES FROM GRANITE REIT AMERICA INC. AND MAY BE TREATED AS QUALIFIED REIT DIVIDENDS. PLEASE CONSULT YOUR TAX ADVISOR.  
0.02595

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

	<i>Code</i>	<i>Report on</i>
<b>1. Ordinary business income (loss).</b> Determine whether the income (loss) is passive or nonpassive and enter on your return as follows.		
	<i>Report on</i>	
Passive loss	See the Partner's Instructions	
Passive income	Schedule E, line 28, column (h)	
Nonpassive loss	See the Partner's Instructions	
Nonpassive income	Schedule E, line 28, column (k)	
<b>2. Net rental real estate income (loss)</b>	See the Partner's Instructions	
<b>3. Other net rental income (loss)</b>		
Net income	Schedule E, line 28, column (h)	
Net loss	See the Partner's Instructions	
<b>4a. Guaranteed payment Services</b>	See the Partner's Instructions	
<b>4b. Guaranteed payment Capital</b>	See the Partner's Instructions	
<b>4c. Guaranteed payment Total</b>	See the Partner's Instructions	
<b>5. Interest income</b>	Form 1040 or 1040-SR, line 2b	
<b>6a. Ordinary dividends</b>	Form 1040 or 1040-SR, line 3b	
<b>6b. Qualified dividends</b>	Form 1040 or 1040-SR, line 3a	
<b>6c. Dividend equivalents</b>	See the Partner's Instructions	
<b>7. Royalties</b>	Schedule E, line 4	
<b>8. Net short-term capital gain (loss)</b>	Schedule D, line 5	
<b>9a. Net long-term capital gain (loss)</b>	Schedule D, line 12	
<b>9b. Collectibles (28%) gain (loss)</b>	28% Rate Gain Worksheet, line 4 (Schedule D instructions)	
<b>9c. Unrecaptured section 1250 gain</b>	See the Partner's Instructions	
<b>10. Net section 1231 gain (loss)</b>	See the Partner's Instructions	
<b>11. Other income (loss)</b>		
<i>Code</i>		
<b>A</b> Other portfolio income (loss)	See the Partner's Instructions	
<b>B</b> Involuntary conversions	See the Partner's Instructions	
<b>C</b> Sec. 1256 contracts & straddles	Form 6781, line 1	
<b>D</b> Mining exploration costs recapture	See Pub. 535	
<b>E</b> Cancellation of debt		
<b>F</b> Section 743(b) positive adjustments		
<b>G</b> Section 965(a) inclusion		
<b>H</b> Income under subpart F (other than inclusions under sections 951A and 965)	See the Partner's Instructions	
<b>I</b> Other income (loss)		
<b>12. Section 179 deduction</b>	See the Partner's Instructions	
<b>13. Other deductions</b>		
<b>A</b> Cash contributions (60%)		
<b>B</b> Cash contributions (30%)		
<b>C</b> Noncash contributions (50%)		
<b>D</b> Noncash contributions (30%)		
<b>E</b> Capital gain property to a 50% organization (30%)	See the Partner's Instructions	
<b>F</b> Capital gain property (20%)		
<b>G</b> Contributions (100%)		
<b>H</b> Investment interest expense	Form 4952, line 1	
<b>I</b> Deductions—royalty income	Schedule E, line 19	
<b>J</b> Section 59(e)(2) expenditures	See the Partner's Instructions	
<b>K</b> Excess business interest expense	See the Partner's Instructions	
<b>L</b> Deductions—portfolio (other)	Schedule A, line 16	
<b>M</b> Amounts paid for medical insurance	Schedule A, line 1, or Schedule 1 (Form 1040 or 1040-SR), line 16	
<b>N</b> Educational assistance benefits	See the Partner's Instructions	
<b>O</b> Dependent care benefits	Form 2441, line 12	
<b>P</b> Preproductive period expenses	See the Partner's Instructions	
<b>Q</b> Commercial revitalization deduction from rental real estate activities	See Form 8582 instructions	
<b>R</b> Pensions and IRAs	See the Partner's Instructions	
<b>S</b> Reforestation expense deduction	See the Partner's Instructions	
<b>T</b> through <b>U</b>	Reserved for future use	
<b>V</b> Section 743(b) negative adjustments		
<b>W</b> Other deductions	See the Partner's Instructions	
<b>X</b> Section 965(c) deduction		
<b>14. Self-employment earnings (loss)</b>		
<b>Note:</b> If you have a section 179 deduction or any partner-level deductions, see the Partner's Instructions before completing Schedule SE.		
<b>A</b> Net earnings (loss) from self-employment	Schedule SE, Section A or B	
<b>B</b> Gross farming or fishing income	See the Partner's Instructions	
<b>C</b> Gross non-farm income	See the Partner's Instructions	
<b>15. Credits</b>		
<b>A</b> Low-income housing credit (section 42(j)(5)) from pre-2008 buildings		
<b>B</b> Low-income housing credit (other) from pre-2008 buildings		
<b>C</b> Low-income housing credit (section 42(j)(5)) from post-2007 buildings	See the Partner's Instructions	
<b>D</b> Low-income housing credit (other) from post-2007 buildings		
<b>E</b> Qualified rehabilitation expenditures (rental real estate)		
<b>F</b> Other rental real estate credits		
<b>G</b> Other rental credits		
<b>H</b> Undistributed capital gains credit		Schedule 3 (Form 1040 or 1040-SR), line 13, box a
<b>I</b> Biofuel producer credit		See the Partner's Instructions
<b>J</b> Work opportunity credit		
<b>K</b> Disabled access credit		
<b>L</b> Empowerment zone employment credit		
<b>M</b> Credit for increasing research activities		See the Partner's Instructions
<b>N</b> Credit for employer social security and Medicare taxes		
<b>O</b> Backup withholding		
<b>P</b> Other credits		
<b>16. Foreign transactions</b>		
<b>A</b> Name of country or U.S. possession		
<b>B</b> Gross income from all sources		Form 1116, Part I
<b>C</b> Gross income sourced at partner level		
<i>Foreign gross income sourced at partnership level</i>		
<b>D</b> Reserved for future use		
<b>E</b> Foreign branch category		
<b>F</b> Passive category		Form 1116, Part I
<b>G</b> General category		
<b>H</b> Other		
<i>Deductions allocated and apportioned at partner level</i>		
<b>I</b> Interest expense		Form 1116, Part I
<b>J</b> Other		Form 1116, Part I
<i>Deductions allocated and apportioned at partnership level to foreign source income</i>		
<b>K</b> Reserved for future use		
<b>L</b> Foreign branch category		
<b>M</b> Passive category		Form 1116, Part I
<b>N</b> General category		
<b>O</b> Other		
<i>Other information</i>		
<b>P</b> Total foreign taxes paid		Form 1116, Part II
<b>Q</b> Total foreign taxes accrued		Form 1116, Part II
<b>R</b> Reduction in taxes available for credit		Form 1116, line 12
<b>S</b> Foreign trading gross receipts		Form 8873
<b>T</b> Extraterritorial income exclusion		Form 8873
<b>U</b> through <b>V</b>		Reserved for future use
<b>W</b> Section 965 information		
<b>X</b> Other foreign transactions		See the Partner's Instructions
<b>17. Alternative minimum tax (AMT) items</b>		
<b>A</b> Post-1986 depreciation adjustment		
<b>B</b> Adjusted gain or loss		See the Partner's Instructions and the Instructions for Form 6251
<b>C</b> Depletion (other than oil & gas)		
<b>D</b> Oil, gas, & geothermal—gross income		
<b>E</b> Oil, gas, & geothermal—deductions		
<b>F</b> Other AMT items		
<b>18. Tax-exempt income and nondeductible expenses</b>		
<b>A</b> Tax-exempt interest income		Form 1040 or 1040-SR, line 2a
<b>B</b> Other tax-exempt income		See the Partner's Instructions
<b>C</b> Nondeductible expenses		See the Partner's Instructions
<b>19. Distributions</b>		
<b>A</b> Cash and marketable securities		
<b>B</b> Distribution subject to section 737		See the Partner's Instructions
<b>C</b> Other property		
<b>20. Other information</b>		
<b>A</b> Investment income		Form 4952, line 4a
<b>B</b> Investment expenses		Form 4952, line 5
<b>C</b> Fuel tax credit information		Form 4136
<b>D</b> Qualified rehabilitation expenditures (other than rental real estate)		
<b>E</b> Basis of energy property		See the Partner's Instructions
<b>F</b> through <b>G</b>		
<b>H</b> Recapture of investment credit		See Form 4255
<b>I</b> Recapture of other credits		See the Partner's Instructions
<b>J</b> Look-back interest—completed long-term contracts		See Form 8697
<b>K</b> Look-back interest—income forecast method		See Form 8866
<b>L</b> Dispositions of property with section 179 deductions		
<b>M</b> Recapture of section 179 deduction		
<b>N</b> Interest expense for corporate partners		
<b>O</b> through <b>Y</b>		
<b>Z</b> Section 199A information		
<b>AA</b> Section 704(c) information		
<b>AB</b> Section 751 gain (loss)		See the Partner's Instructions
<b>AC</b> Section 1(h)(5) gain (loss)		
<b>AD</b> Deemed section 1250 unrecaptured gain		
<b>AE</b> Excess taxable income		
<b>AF</b> Excess business interest income		
<b>AG</b> Gross receipts for section 59A(e)		
<b>AH</b> Other information		