UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 40-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13(a) OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended December 31, 2022

GRANITE REAL ESTATE INVESTMENT TRUST

(Commission File Number: 001-35771)
(Exact name of Registrant as specified in its charter)

Province of Ontario, Canada
(Province or other jurisdiction of incorporation or organization)

GRANITE REIT INC.
(Commission File Number: 001-35772) (Exact name of Registrant as specified in its charter)

Province of British Columbia, Canada
(Province or other jurisdiction of incorporation or organization)

77 King Street West, Suite 4010, P.O. Box 159
Toronto-Dominion Centre
Toronto,
Ontario M5K
1H1
(647) 925-7500
(Address and telephone number of Registrant's principal executive offices)

6500	**N/A**
(Primary Standard Industrial Classification Code Number (if applicable))	**(I.R.S. Employer identification Number (if applicable))**

CT Corporation System 28 Liberty St.
New York, NY 10005 (212) 894-8940

(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Stapled Units, each consisting of one unit of Granite Real Estate Investment Trust and one common share of Granite REIT Inc.	GRP.U	The New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

For annual reports, indicate by check mark the information filed with this Form:

☒ **Annual information form** ☒ **Audited annual financial statements**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 63,707,902 Stapled Units outstanding as of December 31, 2022.

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the Registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act.

Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the Registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Auditor Name: Deloitte LLP Auditor Location: Toronto, ON, Canada Auditor Firm ID: 1208

EXPLANATORY NOTE

This annual report on Form 40-F is filed by Granite Real Estate Investment Trust ("Granite REIT") and Granite REIT Inc. ("Granite GP", together with Granite REIT, the "Registrants" and each a "Registrant"). The Annual Information Form, Management's Discussion and Analysis of Operations and Financial Position and audited financial statements filed as Exhibits to this annual report relate to the combined operations and activities of the Registrants. For more information regarding the Registrants and the Stapled Units, see "Description of the Stapled Units" below.

DESCRIPTION OF THE STAPLED UNITS

On January 3, 2013, Granite Real Estate Inc. ("Granite Co.") completed its conversion from a corporate structure to a stapled unit Real Estate Investment Trust structure. The conversion was implemented pursuant to a plan of arrangement under the *Business Corporations Act* (Québec) (the "2013 Arrangement"). Under the 2013 Arrangement, all of the common shares of Granite Co. were exchanged, on a one-for-one basis, for stapled units (the "Stapled Units"), each of which consists of one unit of Granite REIT and one common share of Granite GP. The Registrants, through Granite REIT Holdings Limited Partnership and its subsidiaries, continue to carry on the business previously conducted by Granite Co. and its subsidiaries. For more information regarding the Stapled Units and the 2013 Arrangement, see the Annual Information Form dated March 8, 2023, filed as Exhibit 1 to this annual report on Form 40-F.

CONTROLS AND PROCEDURES

The conclusions below on controls and procedures and the conclusions below on internal control over financial reporting are for each individual registrant, Granite Real Estate Investment Trust and Granite REIT Inc.

A. *Disclosure controls and procedures*. The President and Chief Executive Officer and Chief Financial Officer of the Registrants have evaluated the effectiveness of each Registrant's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this annual report (the "Evaluation Date"). They have concluded that, as of the Evaluation Date, each Registrant's disclosure controls and procedures were effective to ensure that information required to be disclosed by such Registrant in the reports that it files or submits under the Act is (i) recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's (the "SEC") rules and forms and (ii) accumulated and communicated to the Registrant's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

B. *Management's report on internal control over financial reporting*. The Registrants' management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, for the Registrants.

The Registrants' internal control over financial reporting is a process designed by, or under the supervision of, the Registrants' principal executive and principal financial officers, or persons performing similar functions, and effected by the Registrant's board of directors, board of trustees, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Registrants' assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that the Registrants' receipts and expenditures are being made only in accordance with authorizations of its management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Registrants' assets that could have a material effect on the financial statements.

Under the supervision and with the participation of the Registrants' President and Chief Executive Officer and Chief Financial Officer, management conducted an evaluation of the effectiveness of each Registrant's internal control over financial reporting, as of the Evaluation Date, based on the framework set forth in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on its evaluation under this framework, management concluded that each Registrant's internal control over financial reporting was effective as of the Evaluation Date.

Deloitte LLP, an independent registered public accounting firm, who audited and reported on the combined financial statements for the year ended December 31, 2022, which are filed as Exhibit 2 to this annual report, has also issued an attestation report under standards of the Public Company Accounting Oversight Board (United States) on the Registrants' internal control over financial reporting as of the Evaluation Date. The required attestation report is appended to the audited combined financial statements for the year ended December 31, 2022, filed as Exhibit 2 to this annual report.

C. *Changes in internal control over financial reporting*. As of the Evaluation Date, there were no changes in the Registrants' internal control over financial reporting that occurred during the period covered by this annual report that have materially affected, or that are reasonably likely to materially affect, the Registrants' internal control over financial reporting.

D. *Limitations on the effectiveness of controls and procedures*. The Registrants' management, including the President and Chief Executive Officer and the Chief Financial Officer, do not expect that the Registrants' controls and procedures will prevent all potential error and fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

AUDIT COMMITTEE AND AUDIT COMMITTEE FINANCIAL EXPERT

Each Registrant has a separately designated standing audit committee ("Audit Committee") established in accordance with section 3(a)(58)(A) of the Exchange Act. The members of the Audit Committee for each Registrant are Messrs. Gerald Miller, Remco Daal, Al Mawani and Ms. Emily Pang.

Each Registrant's Board of Trustees or Board of Directors, as applicable, has determined that it has four audit committee financial experts (as such term is defined in Form 40-F) serving on its Audit Committee. Each Registrant's Board of Trustees or Board of Directors, as applicable, has determined that each of Mr. Miller, Mr. Daal, Mr. Mawani and Ms. Pang is an audit committee financial expert and is independent, as that term is defined by the New York Stock Exchange's corporate governance standards applicable to the Registrants. The SEC has indicated that the designation of a person as an audit committee financial expert does not impose on such person any duties, obligations or liability that are greater than those imposed on such person as a member of the Audit Committee and the Board of Directors or the Board of Trustees, as applicable, in the absence of such designation or identification and does not affect the duties, obligations or liability of any other member of the Audit Committee or the Board of Directors or the Board of Trustees, as applicable.

AUDIT COMMITTEE PRE-APPROVAL POLICIES AND PROCEDURES

Please refer to the section entitled "Audit Committee" in the Annual Information Form of Granite Real Estate Investment Trust, included as an Exhibit to this annual report, for details on policies relating to the pre-approval of all audit services and permitted non-audit services provided to the Registrants by Deloitte LLP. For the year ended December 31, 2022, none of the Registrants' audit-related fees made use of the *de minimis* exception to the pre-approval provisions contained in paragraph (c)(7)(i) of Rule 2-01 of Regulation S-X.

CODE OF ETHICS

The Registrants have adopted a "code of ethics" (as that term is defined in Form 40-F), entitled the "Code of Conduct and Ethics," that applies to employees, including officers, as well as trustees and directors. A copy of the Code of Conduct and Ethics has been posted to the website of the Registrants (www.granitereit.com). The information on the Registrants' website shall not be deemed to be incorporated by reference in this annual report.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

Please refer to the section entitled "Audit Committee — Audit Fees" in the Annual Information Form of Granite Real Estate Investment Trust, included as an Exhibit to this annual report, for details on the fees billed to the Registrants by Deloitte LLP and its affiliates for professional services rendered in each of the fiscal years ended December 31, 2022 and December 31, 2021.

OFF-BALANCE SHEET ARRANGEMENTS

Please refer to the section entitled "Commitments, Contractual Obligations, Contingencies and Off-Balance Sheet Arrangements" in the Management's Discussion and Analysis of Operations and Financial Position for the year ended December 31, 2022, included as Exhibit 3 to this annual report.

CORPORATE GOVERNANCE

Please refer to the Registrants' website (www.granitereit.com) for information on the Registrants' compliance with the corporate governance standards of the New York Stock Exchange and compliance with the corporate governance rules of the Canadian securities regulators. The information on the Registrants' website shall not be deemed to be incorporated by reference in this annual report.

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

A. Undertaking

Each Registrant hereby undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the SEC staff and to furnish promptly, when requested to do so by the SEC staff, information relating to the securities in relation to which the obligation to file an annual report on Form 40-F arises, or to transactions in said securities.

B. Consent to Service of Process

Each Registrant has previously filed with the SEC a Form F-X in connection with this annual report on Form 40-F.

EXHIBIT INDEX

1.	Annual Information Form dated as of March 8, 2023.
2.	Audited combined financial statements for the years ended December 31, 2022 and 2021, together with the auditors' report of the independent registered public accounting firm thereon and the effectiveness of the Registrants' internal control over financial reporting.
3.	Management's Discussion and Analysis of Operations and Financial Position for the three-month period and year ended December 31,2022.
4.	Consent of Deloitte LLP.
99.1	Certificate of the President and Chief Executive Officer of the Registrants pursuant to 18 U.S.C. Section 1350, as enacted pursuant to Section 906 of Sarbanes-Oxley Act of 2002.
99.2	Certificate of the President and Chief Executive Officer of the Registrants required by Rule 13a-14(a) or Rule 15d-14(a), pursuant to Section 302 of Sarbanes-Oxley Act of 2002.
99.3	Certificate of the Chief Financial Officer of the Registrants required pursuant to 18 U.S.C. Section 1350, as enacted pursuant to Section 906 of Sarbanes-Oxley Act of 2002.
99.4	Certificate of the Chief Financial Officer of the Registrants by Rule 13a-14(a) or Rule 15d- 14(a), pursuant to Section 302 of Sarbanes-Oxley Act of 2002.
101	Interactive Data Files (formatted as Inline XBRL).
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

SIGNATURES

Pursuant to the requirements of the Exchange Act, each Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

Date: March 8, 2023

GRANITE REAL ESTATE INVESTMENT TRUST

By: /s/ TERESA NETO

Name: Teresa Neto

Title: Chief Financial Officer

Date: March 8, 2023

GRANITE REIT INC.

By: /s/ TERESA NETO

Name: Teresa Neto

Title: Chief Financial Officer

GRANITE
REIT

Granite Real Estate Investment Trust

Annual Information Form
March 8, 2023

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GENERAL MATTERS

This Annual Information Form contains information about both Granite Real Estate Investment Trust and Granite REIT Inc. The trust units of Granite REIT ("REIT Units") and the common shares of Granite GP ("GP Shares") trade as stapled units (''Stapled Units''), each consisting of one REIT Unit and one GP Share. The Stapled Units are listed on the TSX under the symbol ''GRT.UN'' and on the NYSE under the symbol ''GRP.U''.

Date of Information

Information in this AIF is dated as of December 31, 2022, unless otherwise indicated.

Note Regarding Financial Information

Financial information of Granite REIT and Granite GP is presented on a combined basis as permitted under exemptions granted by applicable Canadian securities regulatory authorities. Accordingly, throughout this Annual Information Form, unless otherwise specified or the context otherwise indicates, ''Granite'' refers to the combined Granite REIT and Granite GP and their subsidiaries.

Except as otherwise noted, financial data included in this Annual Information Form has been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. This Annual Information Form should be read in conjunction with the combined financial statements and appended notes, and management's discussion and analysis, each of which appear in Granite's annual report for 2022 and are available on SEDAR at www.sedar.com. Granite refers to Canadian dollars as ''dollars'' or ''$'', United States dollars as "US$" or ''USD'' and Euros as ''EUR' or "€". Granite publishes its financial statements in Canadian dollars.

Non-IFRS Measures and Non-IFRS Ratios

In addition to using financial measures determined in accordance with IFRS, Granite also uses certain non-IFRS measures and non-IFRS ratios in managing its business to measure financial and operating performance as well as for capital allocation decisions and valuation purposes. Granite believes that providing these measures on a supplemental basis to the IFRS results is helpful to investors in assessing the overall performance of Granite's business. These non-IFRS measures and non-IFRS ratios include the total debt and net debt and the net leverage ratio.

Total debt is a non-IFRS performance measure calculated as the sum of all current and non-current debt, the net mark to market fair value of cross-currency interest rate swaps and lease obligations as per the combined financial statements. Net debt subtracts cash and cash equivalents from total debt. Granite believes that it is useful to include the cross-currency interest rate swaps and lease obligations for the purposes of monitoring Granite's debt levels.

The net leverage ratio is a non-IFRS ratio that Granite believes is useful in evaluating Granite's degree of financial leverage, borrowing capacity and the relative strength of its balance sheet. Readers are cautioned that total debt, net debt and net leverage ratio do not have a standardized meaning prescribed under IFRS and, therefore, should not be construed as an alternative to net income, cash provided by operating activities or any other measure 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 reporting issuers. The net leverage ratio is calculated as the carrying value of total debt less cash and cash equivalents, divided by the fair value of investment properties (excluding assets held for sale).

Total debt, net debt and net leverage ratio are calculated from the audited combined financial statements as at and for the year ended December 31, 2022 as follows:

As at December 31, 2022			**(in millions)**
Unsecured debt, net		**$**	**2,983.6**
Derivatives, net[1]			**(138.4)**
Lease obligations			**33.7**
Secured debt			**51.4**
Total debt		**$**	**2,930.3**
Less: cash and cash equivalents			**135.1**
Net debt	[A]	**$**	**2,795.2**
Investment properties	[B]	**$**	**8,839.6**
Net leverage ratio	[A]/[B]		**32 %**

(1) Balance is net of the derivative assets and derivative liabilities.

FORWARD-LOOKING STATEMENTS

This Annual Information Form and the documents incorporated by reference herein 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, 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 Granite'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 ''outlook'', ''may'', ''would'', ''could'', ''should'', ''will'', ''likely'', ''expect'', ''anticipate'', ''believe'', ''intend'', ''plan'', ''forecast'', ''objective'', ''strategy'', ''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 also be no assurance that Granite's expectations regarding various matters, including the following, will be realized in a timely manner with the expected impact or at all, Granite's ability to deliver cash flow stability and growth and create long-term value for REIT Unitholders and GP Shareholders; Granite's ability to implement its ESG+R program and related targets and goals; the expansion, and diversification of Granite's real estate portfolio, including acquisitions of properties in new markets; the reduction in Granite's exposure to Magna and the special purpose properties; Granite's ability to strategically redeploy the proceeds from recently sold properties and financing initiatives; Granite's ability to find and integrate satisfactory acquisition, joint venture and development opportunities and to strategically deploy the proceeds from recently sold properties and financing initiatives; Granite's sale from time to time of Stapled Units under its ATM Program; Granite's ability to accelerate growth and execute its short and long-term business strategies; Granite's ability to renew land leases upon their expiration; Granite's ability to optimize its balance sheet; Granite's ability to increase its leverage ratio; and the expected amount of any distributions and distribution increase, including any expected increases 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 Granite's perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. Forward-looking statements and forward-looking information are subject to known and unknown risks, uncertainties and other unpredictable factors, many of which are beyond Granite'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 and treaties that may adversely affect Granite REIT's mutual fund trust status under the Tax Act or the effective tax rate in other jurisdictions in which Granite operates; the risks related to Russia's 2022 invasion of Ukraine that may adversely impact Granite's operations and financial performance; economic, market and competitive conditions and other risks that may adversely affect Granite's ability to expand and diversify its real estate portfolio, dispose of any non-core assets on satisfactory terms and pay the expected amount of any distributions; and, the risks set forth in this Annual Information Form in the ''Risk Factors'' section, 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, Granite expressly disclaims any intention and undertakes no obligation to update or revise any forward-looking statements or forward-looking information contained in this Annual Information Form to reflect subsequent information, events or circumstances or otherwise.

GLOSSARY OF TERMS

"0.522% Swap" means the cross-currency interest rate swap entered into by Granite LP to exchange the US$185 million principal and related variable rate interest payments from the 2024 Term Loan to EUR 168.2 million principal and Euro-denominated interest payments at a 0.522% interest rate.

"0.536% Swap" means the cross-currency interest rate swap entered into by Granite LP to exchange the $350 million portion of principal related 2.194% interest payments from the 2028 Debentures to EUR 242.1 million principal and Euro-denominated interest payments at a 0.536% interest rate.

"1.045% Swap" means the cross-currency interest rate swap entered into by Granite LP to exchange the $500 million principal and related 2.378% interest payments from the 2030 Debentures to EUR 319.4 million principal and Euro-denominated interest payments at a 1.045% interest rate.

"1.355% Swap" means the cross-currency interest rate swap entered into by Granite LP to exchange the $300 million principal and related variable rate interest payments from the 2026 Term Loan to EUR 205.5 million principal and Euro-denominated interest payments at a 1.355% interest rate.

"2.096% Swap" means the cross-currency interest rate swap entered into by Granite LP to exchange the $500 million principal and related 2.194% interest payments from the 2028 Debentures to US$397.0 million principal and U.S.-denominated interest payments at a 2.096% interest rate. As at February 3, 2022, the 2.096% Swap was reduced to $150 million principal outstanding, exchanging US$119.1 million principal and USD denominated interest payments at a 2.096% interest rate.

"2.43% Swap" means the cross-currency interest rate swap entered into by Granite LP to exchange the $400 million principal and related 3.873% interest payments from the 2023 Debentures to EUR 281.1 million principal and Euro-denominated interest payments at a 2.43% interest rate.

"2.964% Swap" means the cross-currency interest rate swap entered into by Granite LP to exchange the $500 million principal and related 3.062% interest payments from the 2027 Debentures to US $370.3 million principal and USD-denominated interest payments at a 2.964% interest rate.

"5.016% Swap" means the float to fixed interest rate swap entered into by Granite LP to exchange the floating SOFR portion of the interest payments from the 2025 Term Loan to fixed interest payments resulting in an all-in fixed interest rate of 5.016%.

"2011 Arrangement" means the completion of a court-approved plan of arrangement of Granite Co. under the *Business Corporations Act* (Ontario), which eliminated Granite Co.'s dual class share capital structure through which Mr. Frank Stronach and his family had previously controlled Granite Co.

"2013 Arrangement" means the completion of Granite Co.'s conversion from a corporate structure to a stapled unit real estate investment trust structure pursuant to a plan of arrangement under the B*usiness Corporations Act* (Québec) on January 3, 2013.

“2016 Indenture” means, together, the trust indenture and supplemental indenture providing for, among other things, the creation and issue of the 2023 Debentures.

“2020 First Indenture” means, together, the trust indenture and supplemental indenture providing for, among other things, the creation and issue of the 2027 Debentures.

“2020 Second Indenture” means, together, the trust indenture and supplemental indenture providing for, among other things, the creation and issue of the 2030 Debentures.

“2021 Indenture” means, together, the trust indenture and supplemental indenture providing for, among other things, the creation and issue of the 2028 Debentures.

“2023 Debentures” means the $400 million aggregate principal amount of 3.873% Series 3 senior debentures due November 30, 2023 issued by Granite LP.

“2024 Term Loan” means the senior unsecured non-revolving term facility in the amount of US$185 million entered into by Granite LP on December 19, 2018, as extended on October 21, 2019.

“2025 Term Loan” means the senior unsecured non-revolving term facility in the amount of US$400 million entered into by Granite LP on September 15, 2022.

“2026 Term Loan” means the senior unsecured non-revolving term facility in the amount of $300 million entered into by Granite LP on December 12, 2018, as extended on November 27, 2019.

“2027 Debentures” means the $500 million aggregate principal amount of 3.062% Series 4 senior debentures due June 4, 2027 issued by Granite LP.

“2028 Debentures” means the $500 million aggregate principal amount of 2.194% Series 6 senior debentures due August 30, 2028 issued by Granite LP.

“2030 Debentures” means the $500 million aggregate principal amount of 2.378% Series 5 senior debentures due December 18, 2030 issued by Granite LP.

"Advanced Notice Provisions" has the meaning set out under the heading "Declaration of Trust and Description of REIT Units — Meetings of the REIT Unitholders — Advanced Notice Provisions".

"Agreement with Initiating Shareholders" means the agreement regarding the Arrangement Agreement dated January 31, 2011 amongst Granite Co., the Stronach Shareholder, The Stronach Trust and the Initiating Shareholders .

“AIF” or “Annual Information Form” means this annual information form.

“annualized revenue” means contractual base rent for the month subsequent to the quarterly reporting period multiplied by 12 months. Annualized revenue excludes revenue from properties classified as assets held for sale.

“Arrangement Agreement” means the arrangement agreement dated January 31, 2011 between MI Developments Inc., the Stronach Shareholder and The Stronach Trust (including the schedules thereto).

"ATM Program" means the at-the-market equity program established by Granite on November 3, 2021 pursuant to which Granite may issue up to $250 million of Stapled Units from treasury.

“Audit Committee” means the audit committee of Granite REIT or the audit committee of Granite GP, as the context requires.

“BCBCA” means the *Business Corporations Act* (British Columbia).

"BREEAM" means Building Research Establishment's Environmental Assessment Method.

“CDOR” means Canadian Dollar Offered Rate.

"CDP" means the Carbon Disclosure Project.

"Complainant" has the meaning set out under the heading "Declaration of Trust and Description of REIT Units – REIT Unitholder Remedies – Oppression Remedy".

"CORRA" means the Canadian Overnight Repo Rate Average.

“Credit Facility” means Granite’s unsecured revolving credit facility in the amount of $1 billion with a five-year term commencing on March 31, 2021.

“DBRS” means DBRS Limited.

“Debentures” means, collectively, the 2023 Debentures, the 2027 Debentures, the 2028 Debentures, the 2030 Debentures and any other debentures subsequently issued under the 2016 Indenture, the 2020 First Indenture, the 2020 Second Indenture and the 2021 Indenture.

“Declaration of Trust” means Granite REIT’s amended and restated declaration of trust dated June 9, 2022.

"DGNB" means the German Sustainable Building Council.

“Directors” means the Board of Directors of Granite GP.

“Disclosable Interest” has the meaning set out under the heading “Declaration of Trust and Description of REIT Units – Conflict of Interest Provisions”.

“Equity Distribution Agreement” means the equity distribution agreement dated November 3, 2021 among Granite REIT, Granite GP, BMO Nesbitt Burns Inc., Scotia Capital Inc. and TD Securities Inc. in connection with Granite’s ATM program.

"ESG" means Environmental, Social and Governance.

“ESG+R” means Environmental, Social, Governance and Resilience.

“Event of Uncoupling” has the meaning set out under the heading “Risk Factors – Risks Related to Stapled Units – Uncoupling of Stapled Units – Significant Matters”.

“Exempt Plans” has the meaning set out under the heading “Risk Factors – Risks Relating to the Stapled Units – Redemptions of Stapled Units”.

"EURIBOR" means the Euro Interbank Offered Rate.

“FDAP” has the meaning set out under the heading “Risk Factors – Risk Relating to Taxation – United States – Potential Uncertainty as to the Availability of Treaty Benefits to Distributions from Granite America”.

“FIRPTA” means the United States Foreign Investment in Real Property Tax Act of 1980.

“Forbearance Agreement” means the forbearance agreement entered into by Granite Co. prior to the implementation of the 2011 Arrangement.

“GLA” means gross leasable area.

“GP Redemption Right” has the meaning set out under the heading “Declaration of Trust and Description of REIT Units – REIT Unit Redemption Rights”.

“GP Share” has the meaning set out under the heading "General Matters".

"GP Shareholder" means a holder of a GP Share or GP Shares.

“Granite America” means Granite REIT America Inc.

“Granite Co.” means, for periods prior to January 3, 2013, Granite’s predecessor Granite Real Estate Inc.

“Granite GP” means Granite REIT Inc.

“Granite LP” means Granite REIT Holdings Limited Partnership.

“Granite REIT” or the “Trust” means Granite Real Estate Investment Trust.

“Green Bond Framework” means the Green Bond Framework which complies with the Green Bond Principles developed by the ICMA as of June 2018 and as described in Granite’s Green Bond Framework dated April 2020, which is available on Granite’s website.

"Green Globes" means the online assessment protocol, rating system, and guidance for green building design, operation and management.

“GRESB” means Global Real Estate Sustainability Benchmark.

“GRI” means Global Reporting Initiative.

"ICMA" means the International Capital Markets Association.

“IFRS” means the International Financial Reporting Standards as issued by the International Accounting Standards Board.

"IREM" means Institute of Real Estate Management.

"LEED" means Leadership in Energy and Environmental Design.

“leverage” or “leverage ratio”, unless otherwise indicated, refers to the carrying value of total debt divided by the total fair value of investment properties and “net leverage ratio” subtracts cash and cash equivalents from total debt.

“LIBOR” means London Interbank Offered Rate.

“Magna”, unless otherwise indicated, refers to Magna International Inc., its operating divisions and subsidiaries and its other controlled entities.
“Moody’s” means Moody’s Investor Service.

“NCIB” means normal course issuer bid.

"Nominating Unitholder" has the meaning set out under the heading "Declaration of Trust and Description of REIT Units – Meetings of the REIT Unitholders – Nomination of Trustees".

“Non-Residents” are to persons who are not residents of Canada for the purposes of the Tax Act.

“Non-Resident Beneficiaries” means Non-Residents or partnerships that are not Canadian partnerships within the meaning of the Tax Act.

"Notice Date" has the meaning set out under the heading "Declaration of Trust and Description of REIT Units – Meetings of the REIT Unitholders – Advance Notice Provisions".

“NYSE” means the New York Stock Exchange.

“PFIC” means a passive foreign investment company for U.S. federal income tax purposes.

"Proposal" has the meaning set out under the heading "Declaration of Trust and Description of REIT Units – Meetings of the REIT Unitholders – REIT Unitholder Proposals".

"Qualified Unitholder" has the meaning set out under the heading "Declaration of Trust and Description of REIT Units – Meetings of the REIT Unitholders – REIT Unitholder Proposals".

“qualifying income exception” has the meaning set out under the heading “Risk Factors – Risk Relating to Taxation – United States – Granite REIT’s Status as a Partnership”.

“REIT Exception” has the meaning set out under the heading “Risk Factors – Risk Relating to Taxation – Canada – Real Estate Investment Trust Status”.

"REIT Unit" has the meaning set out under the heading "General Matters".

“REIT Unitholder” means a holder of a REIT Unit or REIT Units.

“Resident Canadian” means a resident in Canada for purposes of the Tax Act.

"SASB" means Sustainability Accounting Standards Board.

“SEC” means the United States Securities and Exchange Commission.

“SF” means square feet.

“SIFT” has the meaning set out under the heading “Investment Guidelines and Operating Policies of Granite – REIT Investment Guidelines”.

"SOFR” means Secured Overnight Financing Rate.

“Stapled Units” has the meaning set out under the heading “General Matters”.

“Stronach Shareholder” means 445327 Ontario Limited.

“Support Agreement” means the support agreement dated as of January 3, 2013 entered into by Granite REIT and Granite GP, as amended and restated on December 20, 2017.

“Sustainability Plan” means Granite’s Sustainability Plan, which is available on Granite’s website.

“Tax Act” means the *Income Tax Act* (Canada).

"TCFD" means Task Force on Climate-related Financial Disclosures.

”Transfer Agreement” means the transfer agreement between Granite Co., the Stronach Shareholder and The Stronach Trust, entered into immediately prior to the implementation of the 2011 Arrangement.

“Trustees” means the board of trustees of Granite REIT.

"TSX" means the Toronto Stock Exchange.

“Unit Redemption Assets” has the meaning set out under the heading “Declaration of Trust and Description of REIT Units – REIT Unit Redemption Right”.

“Unit Redemption Date” has the meaning set out under the heading “Declaration of Trust and Description of REIT Units – REIT Unit Redemption Right”.

“Unit Redemption Price” has the meaning set out under the heading “Declaration of Trust and Description of REIT Units – REIT Unit Redemption Right”.

"WALT" means weighted average lease term.

CORPORATE STRUCTURE

Granite REIT

Granite REIT is an unincorporated, open-ended, limited purpose trust established under and governed by the laws of the Province of Ontario pursuant to the Declaration of Trust. Although it is intended that Granite REIT qualify as a ''mutual fund trust'' pursuant to the Tax Act, Granite REIT is not a mutual fund under applicable securities laws. The principal office and centre of administration of Granite REIT is located at 77 King Street West, Suite 4010, P.O. Box 159, Toronto-Dominion Centre, Toronto, Ontario, M5K 1H1.

Granite GP

Granite GP was incorporated on September 28, 2012 pursuant to the BCBCA. On January 4, 2013, the articles of Granite GP were altered to remove a class of non-voting shares that had been used for certain steps of the 2013 Arrangement. The head office of Granite GP is located at 77 King Street West, Suite 4010, P.O. Box 159, Toronto-Dominion Centre, Toronto, Ontario, M5K 1H1 and the registered office of Granite GP is Suite 2600, Three Bentall Centre, 595 Burrard Street P.O. Box 49314, Vancouver, British Columbia, V7X 1L3.

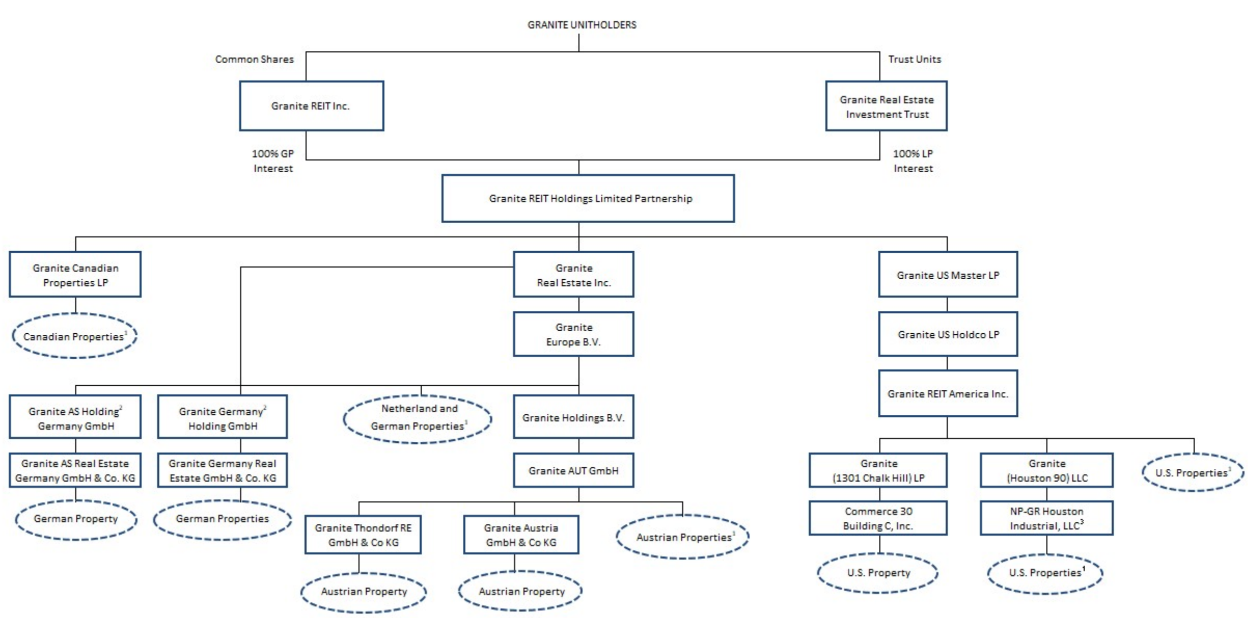
Granite LP

Granite's business is carried on directly and indirectly by Granite LP, all of the partnership units of which are owned by Granite REIT and Granite GP.

Organizational Structure and Subsidiaries

The following is a simplified illustration of Granite's organizational structure as at December 31, 2022:

Organizational Structure and Subsidiaries



(1) Ownership of the properties is held directly or indirectly through wholly owned special purpose entities.
(2) Granite Europe B.V. and Granite Real Estate Inc. own 99.74%. The remaining 0.26% is owned by a third party shareholder.
(3) Granite (Houston 90) LLC owns 95.27%. The remaining 4.73% is owned by a third party shareholder.

Granite LP's material subsidiaries as at December 31, 2022 and their respective jurisdictions of incorporation or formation are listed below. Parent/subsidiary relationships are identified by indentation. The percentages of the votes attaching to all voting securities beneficially owned by Granite LP or over which Granite exercises control or direction, directly or indirectly, are also indicated. Granite LP's percentage voting interest is equivalent to Granite's economic interest in each subsidiary listed below. The voting securities of each subsidiary are held in the form of common shares or, in the case of limited partnerships and their foreign equivalents, share quotas or partnership interests.

List of Material Subsidiaries

	Ownership of Voting Securities	Jurisdiction of Incorporation or Formation
Granite Canadian Properties LP	100 %	Ontario
Granite US Master LP	100%	Delaware
Granite US Holdco LP	100%	Delaware
Granite REIT America Inc.	100%	Delaware
Granite (1301 Chalk Hill) LP	100%	Delaware
Commerce 30 Building C, Inc.	100%	Delaware
Granite (Houston 90) LP	100%	Delaware
NP-GR Houston Industrial, LLC	95.27%	Delaware
Granite Real Estate Inc.	100%	Quebec
Granite Europe B.V.	100%	Netherlands
Granite Holdings B.V.	100%	Netherlands
Granite AUT GmbH	100%	Austria
Granite Thondorf RE GmbH & Co KG	100%	Austria
Granite Austria GmbH & Co KG	100%	Austria
Granite Germany Holding GmbH	99.74%	Germany
Granite Germany Real Estate GmbH & Co KG	99.74%	Germany
Granite AS Holding Germany GmbH	99.74%	Germany
Granite AS Real Estate Germany GmbH & Co. KG	99.79%	Germany

GENERAL DEVELOPMENT OF THE BUSINESS

The following is a summary of the general development of Granite over the past three years:

2020

Acquisitions

During the year ended December 31, 2020, Granite acquired 24 income-producing modern industrial properties in Canada, the United States and Netherlands, a property under development in Netherlands (subsequently completed) and a parcel of development land in the United States. Property acquisitions consisted of the following:

Acquisitions (in millions, except as noted) Property Address	Location	Sq ft[(1)]	Weighted Average Lease Term, in years by sq ft[(1)]	Date Acquired	Property Purchase Price[(2)]	Stabilized Yield[(1)]
Property under development:						
Aquamarijnweg 2 [(3)]	Bleiswijk, Netherlands	0.2	10.0	March 13, 2020	**$35.6**	4.2 %
Income-producing properties:						
Oude Graaf 15	Weert, Netherlands	0.2	10.0	May 1, 2020	**31.9**	4.9 %
De Kroonstraat 1 [(4)]	Tilburg, Netherlands	0.5	10.0	July 1, 2020	**71.7**	4.3 %
Francis Baconstraat 4	Ede, Netherlands	0.1	15.1	July 1, 2020	**21.4**	5.8 %
5600-5630 Timberlea [(5)]	Mississauga, ON	0.1	5.6	September 28, 2020	**19.5**	4.1 %
8995 Airport Road	Brampton, ON	0.1	4.9	September 1, 2020	**22.2**	5.1 %
555 Beck Crescent	Ajax, ON	0.1	10.0	September 30, 2020	**15.4**	4.6 %
8500 Tatum Road [(6)]	Palmetto, GA	1.0	14.0	November 12, 2020	**105.2**	4.4 %
Industrieweg 15	Voorschoten, Netherlands	0.4	5.8	November 20, 2020	**24.6**	5.9 %
Zuidelijke Havenweg 2	Hengelo, Netherlands	0.3	15.0	December 4, 2020	**46.2**	4.2 %
Beurtvaartweg 2-4, Sprengenweg 1-2	Nijmegen, Netherlands	0.3	10.0	December 18, 2020	**39.1**	6.0 %
12 Tradeport Road	Hanover Township, PA	1.4	20.2	December 22, 2020	**174.7**	5.1 %
250 Tradeport Road	Nanticoke, PA	0.6	5.9	December 22, 2020	**79.8**	5.1 %
Midwest portfolio (five properties):						
6201 Green Pointe Drive South	Groveport, OH	0.5	1.4			
8779 Le Saint Drive	Hamilton, OH	0.3	2.5			
8754 Trade Port Drive	West Chester, OH	0.5	5.4			
445 Airtech Parkway	Indianapolis, IN	0.6	3.5	June 18, 2020	**177.6**	5.4 %
5415 Centerpoint Parkway	Obetz, OH	0.5	9.5	July 8, 2020	**45.1**	5.4 %
Memphis portfolio (three properties):						
4460 East Holmes Road	Memphis, TN	0.4	7.1			
4995 Citation Drive	Memphis, TN	0.4	2.8			
8650 Commerce Drive	Southaven, MS	0.7	7.3	June 18, 2020	**111.6**	5.8 %
Development land:						
5005 Parker Henderson Road	Fort Worth, TX	N/A	N/A	June 8, 2020	**8.9**	N/A
		9.2			**$1,030.5**	**5.1 %**

(1) As at the date of acquisition except as noted in notes 3 and 4 below.

(2) Purchase price does not include transaction costs associated with property acquisitions.

(3) Acquired as a property under development in March 2020; however, the development was completed and the tenant occupied the property as at September 1, 2020. The SF, weighted average lease term and yield is based on the asset as-complete.

(4) The purchase price excludes construction costs and holdbacks of $12.4 million (€8.1million) related to a 0.1 million SF expansion that was underway at the date of acquisition and completed and occupied by the tenant during the fourth quarter of 2020. The square footage and yield for this property represents the as-complete value.

(5) Represents a complex of four properties located at 5600, 5610, 5620 and 5630 Timberlea Boulevard, Mississauga, Ontario.

(6) Granite acquired the leasehold interest in this property which resulted in the recognition of a right-of-use asset, including transaction costs of $105,373. Granite will acquire freehold title to the property on December 1, 2029.

Dispositions

During the year ended December 31, 2020, Granite disposed of three properties for total proceeds of $31.3 million. The three properties were tenanted by Magna, thereby reducing Granite's overall exposure to Magna to 27% of total GLA and 36% of total annualized revenue as at December 31, 2020.

Dispositions *(in millions, except as noted)* Property Address	Location	Sq ft	Date Disposed	Sale Price[1]	Annualized Revenue
Disposed during the year ended December 31, 2020:					
201 Patillo Road	Tecumseh, ON	0.3	September 14, 2020	**$17.0**	**$1.3**
2032 First Street Louth	St. Catharines, ON	0.1	September 14, 2020	**6.5**	**0.5**
11 Santiago Russinyol Street	Barcelona, Spain	0.1	October 23, 2020	**7.8**	**0.6**
		0.5		**$31.3**	**$2.4**

[1]Sale price does not include transaction costs associated with disposition.

Other

On May 19, 2020, Granite announced the renewal of its NCIB and its intention to purchase for cancellation purposes up to an aggregate of 5,344,576 of its issued and outstanding Stapled Units, from time to time, if the Stapled Units are trading at a price that Granite believes is materially below intrinsic value. The NCIB was for a 12 month period beginning on May 21, 2020 and concluded on May 20, 2021.

On May 28, 2020, Granite announced its Green Bond Framework and Sustainalytics' second party opinion confirming alignment with the ICMA's Green Bond Principles.

On June 2, 2020, Granite completed a bought deal equity offering of 4,255,000 Stapled Units at a price of $68.00 per Stapled Unit for total gross proceeds of $289,340,000.

On June 4, 2020, Granite issued the 2027 Debentures as green bonds under Granite's Green Bond Framework. Granite also entered into a cross-currency interest rate swap to exchange the Canadian dollar denominated principal and interest payments of the 2027 Debentures for USD-denominated payments, resulting in an effective fixed interest rate of 2.964% for the seven-year term.

On June 4, 2020, at the annual general meetings of Granite GP and Granite REIT, 95.45% votes were received for Granite's non-binding advisory resolution on its approach to executive compensation.

On June 19, 2020, Granite published an ESG overview providing an update on Granite's sustainability initiatives including a summary of Granite's progress to date against the principles outlined in its Sustainability Plan.

On November 4, 2020, Granite announced that it had increased its targeted annualized distribution to $3.00 from $2.90 per Stapled Unit, to be effective upon the distribution payable in January 2021.

On November 24, 2020, Granite completed a bought deal equity offering of 3,841,000 Stapled Units at a price of $75.00 per Stapled Unit for total gross proceeds of $288,075,000.

On December 18, 2020, Granite issued the 2030 Debentures. Granite also entered into a cross currency interest rate swap to exchange the Canadian dollar denominated principal and interest payments of the 2030 Debentures for Euro-denominated payments, resulting in an effective fixed interest rate of 1.045% for the ten-year term.

2021

Acquisitions

During the year ended December 31, 2021, Granite acquired 16 income-producing modern industrial properties in Canada, the United States and Netherlands, four properties under development in the United States, and a parcel of development land in Canada. Property acquisitions consisted of the following:

Acquisitions *(in millions, except as noted)* Property Address	Location	Sq ft[1]	Weighted Average Lease Term, in years by sq ft[1]	Date Acquired	Property Purchase Price[2]	Stabilized Yield[1]
Income-producing properties:						
3090 Highway 42[3]	Locust Grove, GA	1.0	7.6[4]	March 12, 2021	$85.1	5.0 %
3801 Rock Creek Blvd.	Joliet, IL	0.3	5.9	June 25, 2021	30.2	4.6 %
3900 Rock Creek Blvd.	Joliet, IL	0.3	4.1	June 25, 2021	34.7	5.2 %
1695-1701 Crossroads Dr.	Joliet, IL	0.5	2.9	June 25, 2021	50.7	4.6 %
US Portfolio (4 properties):						
1243 Gregory Dr.	Antioch, IL					
60 Logistics Blvd.	Richwood, KY					
8740 South Crossroads Dr.	Olive Branch, MS					
12577 State Line Rd.	Olive Branch, MS	2.4	3.2	September 3, 2021	243.7	4.7 %
1600 Rock Creek Blvd.	Joliet, IL	0.1	4.4	September 7, 2021	20.7	4.9 %
Sophialaan 5	Utrecht, NL	0.2	1.2	September 17, 2021	42.1	2.3 %
100 Ronson Dr.	Toronto, ON	0.1	1.0	December 13, 2021	18.4	2.8 %
110 Ronson Dr.	Toronto, ON	0.1	1.0	December 13, 2021	16.2	2.8 %
115 Sinclair Blvd.	Brantford, ON	0.4	15.0	December 17, 2021	66.0	5.1 %
Hazeldonk 6520-6524	Breda, NL	0.6	5.7	December 17, 2021	87.9	3.6 %
Hazeldonk 6526-6530	Breda, NL	0.3	5.7	December 17, 2021	54.7	3.7 %
5400 E 500 S	Whitestown, IN	0.6	10.9	December 22, 2021	87.5	3.9 %
Properties under development:						
2120 Logistics Way	Murfreesboro, TN	N/A	N/A	June 30, 2021	17.3	5.3 %
Highway 109 (3 properties)	Lebanon, TN	N/A	N/A	September 8, 2021	6.5	5.3 %
Development land:						
375/395 Hardy Rd.	Brantford, ON	N/A	N/A	August 16, 2021	62.2	N/A
		6.9			**$923.9**	**5.1%**

(1) As at the date of acquisition except as noted in notes 3 and 4 below.

(2) Purchase price does not include transaction costs associated with property acquisitions.

(3) To provide for a real estate tax abatement, Granite acquired a leasehold interest in this property which resulted in the recognition of a right-of-use asset, including transaction costs of $85.5 million. Granite will acquire freehold title to the property on December 1, 2028.

(4) Weighted average lease term applicable to the occupied space.

Dispositions

During the year ended December 31, 2021, Granite disposed of three properties for total proceeds of $36.8 million.

Dispositions *(in millions, except as noted)* Property Address	Location	Sq ft	Date Disposed	Sale Price[(1)]	Annualized Revenue [(2)]
Disposed during the year ended December 31, 2021:					
Hedera Rd., Ravensbank Business Park	Redditch, United Kingdom	0.1	January 28, 2021	$10.6	$0.8
Puchberger Straße 267	Weikersdorf, Austria	0.2	June 30, 2021	13.2	0.7
Götzendorfer Straße 3-5	Ebergassing, Austria	0.4	November 30, 2021	13.0	1.2
		0.7		**$36.8**	**$2.7**

[(1)]Sale price does not include transaction costs associated with disposition.

[(2)] As at the date of disposition. The property in Weikersdorf, Austria was 53% occupied on the disposition date.

Other

Effective January 1, 2021, Granite appointed Michael A. Ramparas to Executive Vice President, Global Real Estate and Head of Investments.

On January 4, 2021, Granite LP redeemed in full the outstanding $250.0 million aggregate principal amount of the 3.788% Series 2 senior debentures due July 5, 2021 issued by Granite LP for a total redemption price of $254.0 million. In conjunction with the redemption, Granite LP terminated the corresponding cross-currency interest rate swap on January 4, 2021 and the related net mark to market liability of $17.7 million was settled.

On January 28, 2021, Granite disposed of one property located in Redditch, United Kingdom for gross proceeds of $10.6 million (£6.0 million).

On March 4, 2021, Granite announced the release of its first Green Bond Use of Proceeds Report for the period ending December 31, 2021 with respect to the allocation of net proceeds of Granite's 3.062% $500.0 million Series 4 Senior Debentures due 2027.

On March 22, 2021, DBRS Morningstar updated Granite LP's issuer rating and senior unsecured debentures rating to BBB (high) from BBB, both with stable trends.

On March 31, 2021, Granite announced that it had amended its existing unsecured revolving credit facility agreement to extend the maturity date for a new five-year term to March 31, 2026 and had increased the credit facility limit from $500.0 million to $1.0 billion.

On May 19, 2021, Granite announced the renewal of its NCIB and its intention to purchase for cancellation purposes up to an aggregate of 6,154,057 of its issued and outstanding Stapled Units, from time to time, if Granite's Stapled Units are trading at a price that Granite believes is materially below intrinsic value. The NCIB was for a 12-month period beginning on May 21, 2021 and concluded on May 20, 2022.

On June 9, 2021, Granite completed a bought deal equity offering of 3,979,000 Stapled Units at a price of $79.50 per Stapled Unit for total gross proceeds of $316,330,500.

On June 10, 2021, at the annual general meetings of Granite GP and Granite REIT, 97.80% votes were received for Granite's non-binding advisory resolution on its approach to executive compensation.

On August 4, 2021, Granite announced that the Board had appointed Ms. Emily Pang to serve as a Trustee of Granite REIT and a Director of Granite GP.

On August 4, 2021, Granite released its 2020 ESG+R report, which highlights Granite's ESG+R program implementation and updates from the 2020 calendar year.

On August 30, 2021, Granite issued the 2028 Debentures. Granite also entered into the 2.096% Swap, a cross-currency interest rate swap to exchange the Canadian dollar denominated principal and interest payments of the 2028 Debentures for USD-denominated payments, resulting in an effective fixed interest rate of 2.096% for the seven-year term. The 2028 Debentures are Granite's second green bond issuance pursuant to its Green Bond Framework.

On October 4, 2021, Granite filed and obtained a receipt for new base shelf prospectuses for both equity and debt securities (the "Shelf Prospectuses"). The Shelf Prospectuses are valid for a 25-month period, during which time Granite may offer and issue, from time to time, stapled units, stapled convertible debentures, stapled subscription receipts, stapled warrants, units or any combination thereof, having an aggregate offering price of up to $1.5 billion or debt securities having an aggregate offering price of up to $1.75 billion.

On November 3, 2021, Granite announced that it had increased its targeted annualized distribution to $3.10 from $3.00 per Stapled Unit, to be effective upon the December 2021 distribution, payable in January 2022.

On November 3, 2021, Granite announced that it completed its first annual GRESB Real Estate Assessment in 2020 and completed its second submission in June 2021. GRESB's 2021 results were published on October 1, 2021 and Granite's score significantly improved by 76% to 65 points, as a result of which Granite placed third and became the sole Canadian entity in the North American Industrial Listed sector comprised of seven reporting entities. In addition, Granite ranked 1st out of 10 in the North America Industrial GRESB public disclosure group which evaluates the level of ESG disclosure by listed property companies and REITs.

On November 3, 2021, Granite announced that it had established its ATM Program and entered into the Equity Distribution Agreement pursuant to which Granite may issue up to $250 million of Stapled Units from treasury to the public from time to time, at Granite's discretion, at the prevailing market price when issued on the TSX or any other existing trading market for the Stapled Units in Canada. The ATM Program will be effective until November 1, 2023, unless previously terminated.

2022

Acquisitions

During the year-ended December 31, 2022, Granite acquired eight income-producing industrial properties in Germany, the United States, Canada and Netherlands, one property under development in the United States and one parcel of development land in Canada. Property acquisitions consisted of the following:

Acquisitions *(in millions, except as noted)* Property Address	Location	Sq ft[1]	Weighted Average Lease Term, in years by sq ft[1][3]	Date Acquired	Property Purchase Price[2]	Stabilized Yield[1]
Income-producing properties:						
Georg-Beatzel Straße 15	Wiesbaden, GER	0.2	8.3	February 3, 2022	$ 62.0	3.4 %
Raiffeisenstraße 28-32	Korbach, GER	0.5	8.2	February 3, 2022	60.3	3.7 %
In der Langen Else 4	Erfurt, GER	0.1	1.9	February 3, 2022	17.6	4.1 %
10566 Gateway Pt.	Clayton, USA	0.9	9.8	April 14, 2022	121.3	4.2 %
2128 Gateway Pt.	Clayton, USA	0.4	10.3	April 14, 2022	57.9	4.4 %
102 Parkshore Dr.	Brampton, CAN	0.1	7.0	May 24, 2022	20.9	4.5 %
195 Steinway Blvd.	Etobicoke, CAN	0.1	15.0	May 26, 2022	17.7	5.0 %
Swaardvenstraat 75	Tilburg, NED	0.5	10.0	July 1, 2022	102.1	3.2 %
Property under development:						
905 Belle Ln.	Bolingbrook, USA	0.2	N/A	May 5, 2022	14.5	3.9 %
Development land:						
161 Markel Dr.	Brant County, CAN	N/A	N/A	August 19, 2022	6.4	N/A
		3.0			**$ 480.7**	**3.8 %**

(1) As at the date of acquisition except as noted in note 3 below.
(2) Purchase price does not include transaction costs associated with property acquisitions.
(3) Weighted average lease term applicable to the occupied space.

Dispositions

During the year ended December 31, 2022, Granite disposed of two income-producing properties and a parcel of land located in Poland and the Czech Republic for total proceeds of $66.0 million.

Dispositions *(in millions, except as noted)* Property Address	Location	Sq ft	Date Disposed	Sale Price[(1)]	Annualized Revenue[(2)]
Disposed during the year ended December 31, 2022:					
10 Topolowa	Mirków, Poland	0.3	February 18, 2022	$34.5	$ 1.6
378 10 Hospodářský Park, České Velenice [(3)]	Třeboň, Czech Republic	0.3	June 9, 2022	31.5	2.6
		0.6		**$66.0**	**$ 4.2**

(1) Sale price does not include transaction costs associated with disposition.

(2) As at the date of disposition.

(3) In conjunction with the disposal of the income producing property, the associated carrying value of the non-controlling interest of $1.4 million was derecognized on June 9, 2022.

Other

Effective January 1, 2022, Granite appointed Lawrence Clarfield to Executive Vice President, General Counsel and Corporate Secretary.

On February 3, 2022, Granite terminated $350.0 million of a total $500.0 million principal of the 2.096% Swap which exchanged Canadian dollar denominated principal and interest payments of Granite's 2028 Debentures for US dollar denominated payments at a fixed interest rate of 2.096%.

Simultaneously, Granite entered into the 0.536% Swap, a new $350.0 million cross-currency interest rate swap maturing August 30, 2028 to exchange the Canadian dollar denominated principal and interest payments of the 2028 Debentures for Euro denominated payments at a fixed interest rate of 0.536%. The restructuring of a portion of Granite's hedge relating to the 2028 Debentures will result in annual interest expense savings of approximately $5.5 million or approximately $0.083 on a per unit basis. Upon termination, Granite paid $6.6 million to settle the mark-to-market liability relating to the $350.0 million principal portion of the 2.096% Swap.

From April 1, 2022 to April 29, 2022, Granite issued 120,300 Stapled Units under its ATM Program, at an average Stapled Unit price of $98.84 for gross proceeds of $11.9 million, and incurred issuance costs of $0.3 million, for net proceeds of $11.6 million.

On May 19, 2022, Granite announced the renewal of its NCIB and its intention to purchase for cancellation purposes up to an aggregate of 6,566,292 of its issued and outstanding Stapled Units, from time to time, if the Stapled Units are trading at a price that Granite believes is materially below intrinsic value. The NCIB is for a 12-month period beginning on May 24, 2022 and will conclude on the earlier of the date on which purchases under the bid have been completed and May 23, 2023. For the year ended December 31, 2022, Granite repurchased 2,165,600 Stapled Units through the NCIB.

On June 9, 2022, at the annual general meetings of Granite GP and Granite REIT, 96.54% votes in favour were received for Granite's non-binding advisory resolution on its approach to executive compensation, 99.95% votes in favour were received for Granite's ordinary resolution approving certain amendments to the Declaration of Trust, 99.82% votes in favour were received for Granite's special resolution approving certain amendments to the Declaration of Trust, 98.77% votes in favour were received for Granite's ordinary resolution approving the Non-Employee Directors' Deferred Share Unit Plan of Granite GP, and 29.01% votes in favour were received for Granite's special resolution approving certain amendments to the articles of Granite GP.

On August 10, 2022, Granite announced that it released its 2021 ESG+R Report, which follows the GRI framework with TCFD and SASB disclosures.

On November 9, 2022, Granite announced that it had increased its targeted annualized distribution to $3.20 from $3.10 per Stapled Unit, to be effective upon the December 2022 distribution, payable in January 2023.

2023 to date

Other

On February 1, 2023, Granite announced that the leases at its properties in Graz, Austria comprising approximately 5.0 million SF, had been contractually extended for ten years to January 31, 2034.

On March 3, 2023, Granite amended its existing unsecured credit facility agreement to extend the maturity date for a new five-year term to March 31, 2028.

BUSINESS OVERVIEW

Granite is a Canadian-based real estate investment trust engaged in the acquisition, development, ownership and management of logistics, warehouse and industrial properties in North America and Europe. As at March 8, 2023, excluding assets held for sale, Granite owns 140 investment properties in five countries having approximately 59.4 million SF of gross leasable area.

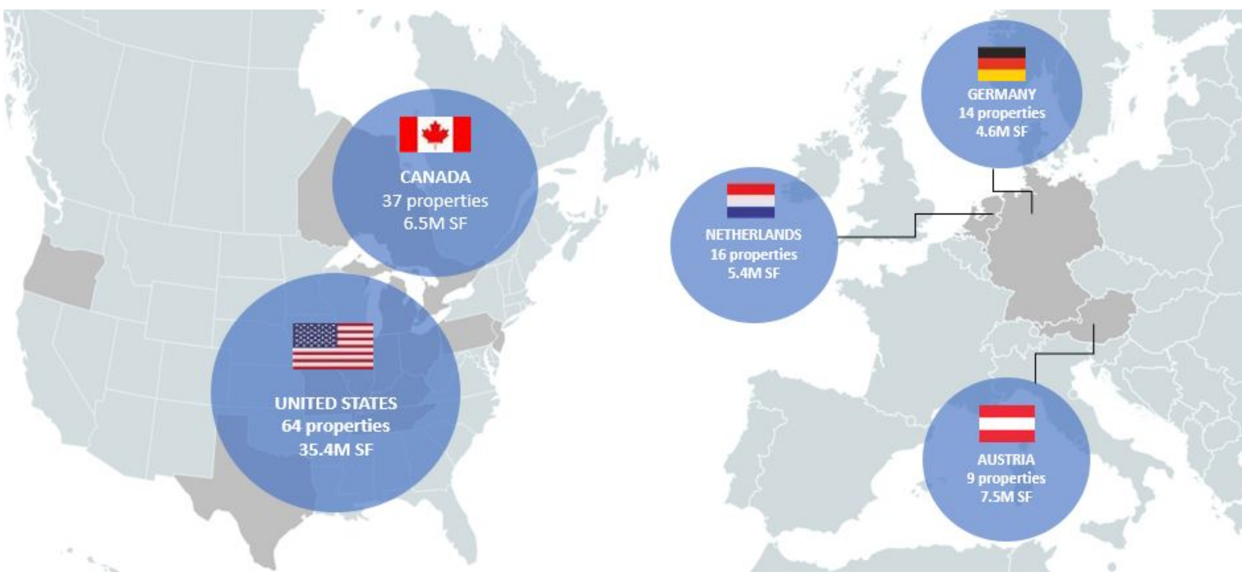
Granite provides REIT Unitholders and GP Shareholders with stable cash flow growth generated by revenue it derives from the ownership of and investment in income-producing real estate properties. It strives to maximize long term unit value through the execution of its long-term strategy of building an institutional quality and globally diversified industrial real estate business. Underpinning this strategy, Granite seeks to grow and diversify its asset base through acquisitions, development, re-development and dispositions; to drive organic growth through leasing execution and asset management; maintain a conservative balance sheet; and to reduce its exposure to its largest tenant, Magna, and the special purpose properties.

Granite has positioned itself financially to execute on its strategic plan including to capitalize on acquisition and development opportunities within its targeted geographic footprint as well as benefit from a net leverage ratio of 32% and as of March 8, 2023, liquidity of approximately $1.1 billion. Granite believes this favourable liquidity position and continued conservative leverage will facilitate Granite's near-term objectives to drive net asset value growth through development and opportunistic acquisitions and execute on its long-term strategy of building an institutional quality and globally diversified industrial real estate business.

Investment Properties

Granite's investment properties consist of income-producing properties, properties under development and land held for development as set out in the audited combined financial statements as at December 31, 2022. Granite's investment properties by geographic location, property count and square footage as at March 8, 2023 are summarized below:

Investment Properties Summary
Five countries/140 properties/59.4 million SF



(1) Excludes assets held for sale as at December 31, 2022.

Income-Producing Properties

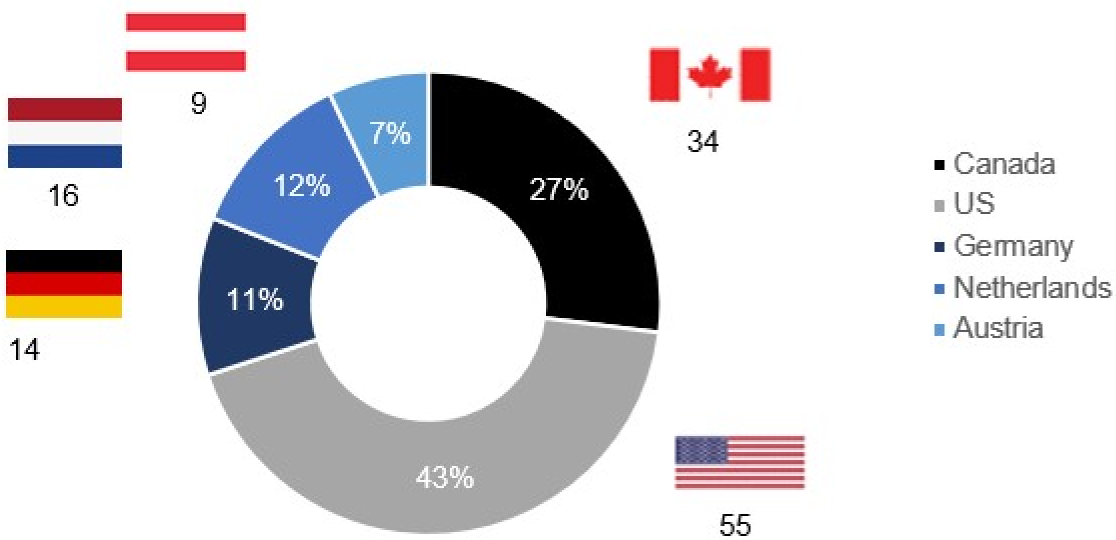
Geographic Breakdown

As at December 31, 2022, Granite's income-producing properties were located in five countries: Canada, the United States, Netherlands, Austria and Germany. Lease payments are primarily denominated in three currencies: the Canadian dollar, the United States dollar and the Euro. Unless the context requires otherwise, references to income-producing properties do not include the properties currently classified by Granite as assets held for sale (two properties), properties under development (eight properties), and land held for development (four properties) as set out in the audited combined financial statements as at December 31, 2022. The following charts show the geographic breakdown of Granite's income-producing properties by number and approximate square footage as at December 31, 2022.

The following charts show the geographic breakdown of Granite's income-producing properties by number and approximate square footage as at December 31, 2022:

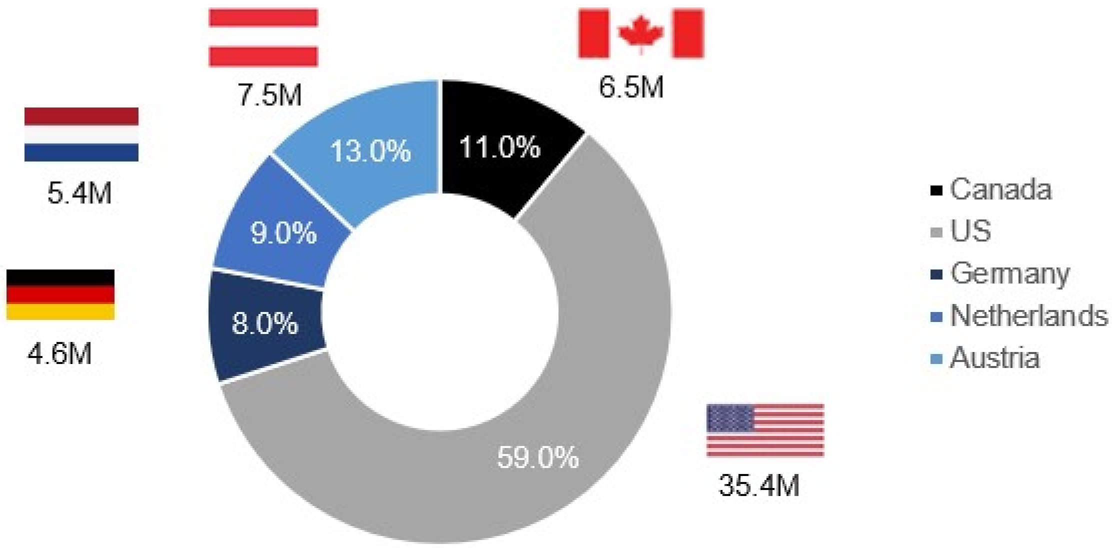
Geographic Breakdown

Number of Income-Producing Properties(1)



(1) The chart does not include properties under development (eight properties), land held for development (four properties) or assets held for sale (two income-producing properties) in the combined financial statements as at December 31, 2022.

Square Feet[1]



(1) The chart does not include properties under development (eight properties), land held for development (four properties) or assets held for sale (two income-producing properties) in the combined financial statements as at December 31, 2022.

The following table shows the geographic breakdown of Granite's income-producing properties by fair value as at December 31, 2022:

Real Estate Assets[1]			
Location		**Income-Producing Property Portfolio Fair Value (in millions)**	**Income-Producing Property Portfolio Fair Value**
North America			
Canada	$	1,833.3	21.6 %
United States		4,489.9	52.9 %
Europe			
Austria		760.0	9.0 %
Germany		588.8	6.9 %
Netherlands		814.1	9.6 %
Total	**$**	**8,486.1**	**100.0 %**

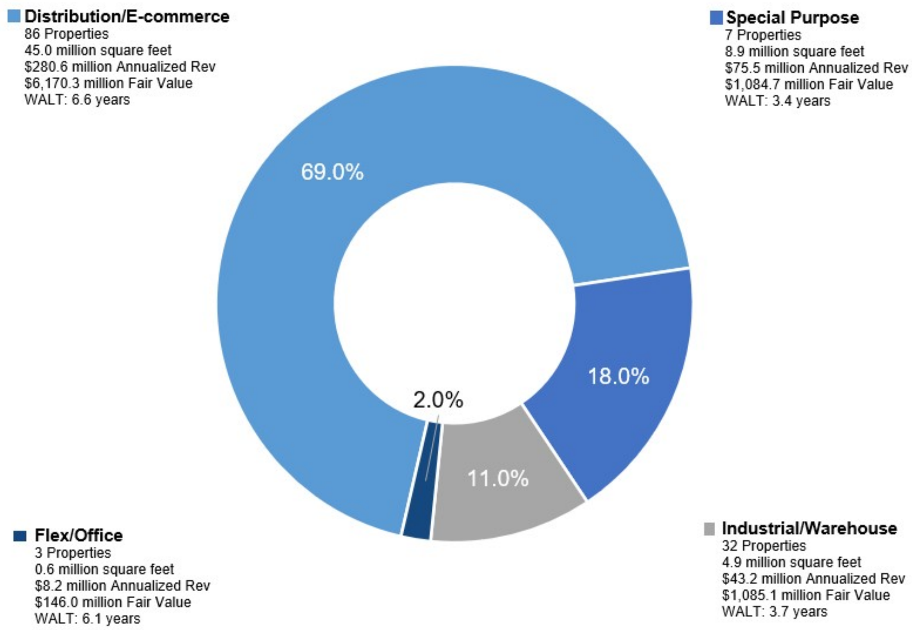
(1) Excludes assets held for sale.

Property Types

Substantially all of Granite's income-producing properties are for industrial use and can be categorized as (i) distribution/e-commerce, (ii) industrial/warehouse, (iii) flex/office, or (iv) special purpose properties designed and built with specialized features and leased primarily to Magna.

The chart below illustrates the proportion of Granite's annualized revenue from income-producing properties that are distribution/e-commerce, industrial/warehouse, flex/office or special purpose properties as at December 31, 2022.

Annualized Revenue[1] by Property Type



(1) The chart does not include properties under development (eight properties), land held for development (four properties) or assets held for sale (two income-producing properties) in the combined financial statements as at December 31, 2022.

Tenant Overview

In addition to Magna, at December 31, 2022, Granite had 125 other tenants from various industries that in aggregate comprised 74% of Granite's annualized revenue. Each of these tenants accounted for less than 5% of Granite's annualized revenue as at December 31, 2022.

Granite's top 10 tenants by annualized revenue at December 31, 2022 are summarized in the table below:

Top 10 Tenants Summary

Tenant	Annualized Revenue %	GLA %	WALT (years)	Credit Rating[1][2]
Magna	26 %	20 %	3.7	A-
Amazon	4 %	4 %	16.2	AA
Mars Petcare US	3 %	4 %	7.6	NR
True Value Company	2 %	2 %	18.2	NR
ADESA	2 %	– %	6.6	CCC+
Ceva Logistics US Inc.	2 %	2 %	2.0	BB+
Restoration Hardware	2 %	2 %	5.3	Ba3
Light Mobility Solutions GmbH	2 %	1 %	0.9	NR
Samsung Electronics America	2 %	1 %	3.8	AA-
Spreetail FTP	2 %	2 %	3.8	NR
Top 10 Tenants	**47 %**	**38 %**	**5.9**	

(1) Credit rating is quoted on the Standard & Poor's rating scale or equivalent where publicly available. NR refers to Not Rated.

(2) The credit rating indicated may, in some instances, apply to an affiliated company of Granite's tenant which may not be the guarantor of the lease.

As at December 31, 2022, Magna, a diversified global automotive supplier, was the tenant at 27 of Granite's income-producing properties and lease payments under those leases represented approximately 26% of Granite's annualized revenue. See "— Magna, Granite's Largest Tenant".

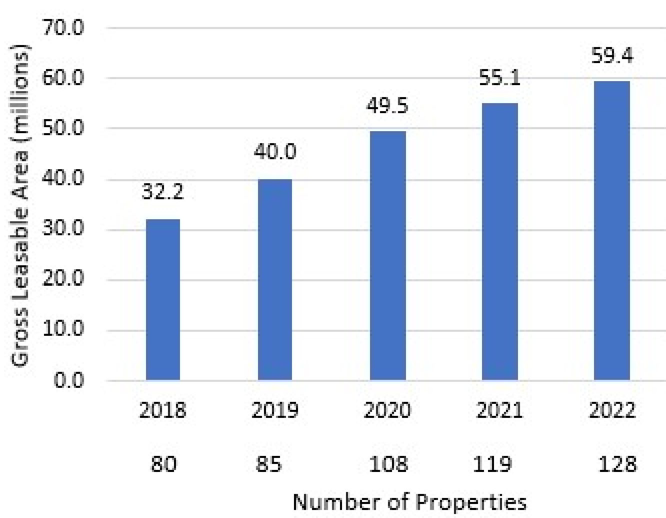
Granite believes that its existing portfolio of Magna-tenanted properties provides a level of stability for its business. Six of Granite's seven special purpose properties are occupied exclusively by Magna in Canada and Austria. Magna has invested significant capital in these active production facilities making it expensive to relocate. The special purpose attributes of these properties may make it more difficult to lease to future tenants should Magna vacate (see "Risk Factors"), but with a weighted average remaining lease term of 3.7 years as at December 31, 2022 (extended to 8.9 years following the lease extensions at Granite's properties in Graz, Austria on February 1, 2023), they also present the opportunity for a stable and, relative to distribution/ e-commerce, industrial/warehouse or flex/office properties, enhanced rental income stream. See "— Magna, Granite's Largest Tenant". On balance, the risk profile of the special purpose properties is substantially similar to that of Granite's distribution/ e-commerce, industrial/ warehouse and flex/office properties.

Profile of Granite's Real Estate Portfolio

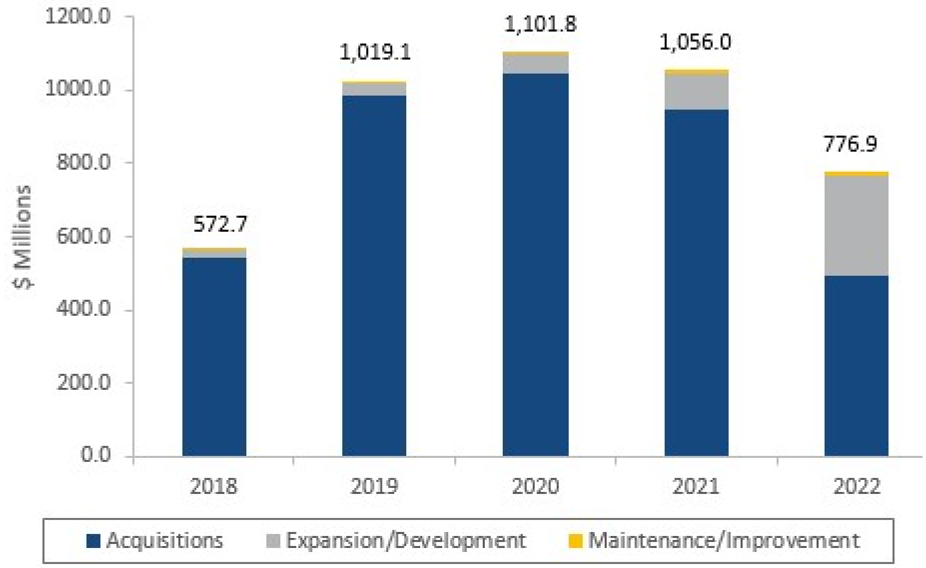
Granite's Income-Producing Real Estate Portfolio

The following chart shows the total leasable area (net of dispositions) and number of properties within Granite's income-producing property portfolio in each of the last five years:

Total Leasable Area and Number of Properties



The chart below shows Granite's historical capital expenditures for its real estate portfolio, including (i) acquisitions; (ii) expansion/development, and (iii) maintenance/improvements in each of the last five years:



Schedule of Lease Expiries

The weighted average remaining term to expiry based on leased area for income-producing properties was as follows as at December 31 in each of the last five years:

December 31, 2022 – 5.9 years;
December 31, 2021 – 5.8 years;
December 31, 2020 – 6.3 years;
December 31, 2019 – 6.5 years; and
December 31, 2018 – 6.0 years.

Lease Expiration

As at December 31, 2022, Granite's portfolio had a weighted average lease term by square footage of 5.9 years (December 31, 2021 - 5.8 years) with lease expiries by GLA (in thousands of SF) and any lease renewals committed adjusted accordingly, lease count and annualized revenue (calculated as the contractual base rent for the month subsequent to the quarterly reporting period multiplied by 12 months, in millions) as set out in the table below:

Lease Maturity Summary

				Vacancies	2023		2024		2025		2026		2027		2028		2029 and Beyond	
Country	Total GLA	Total Lease Count	Total Annualized Revenue $	Sq Ft	Sq Ft	Annualized Revenue $	Sq Ft	Annualized Revenue $	Sq Ft	Annualized Revenue $	Sq Ft	Annualized Revenue $	Sq Ft	Annualized Revenue $	Sq Ft	Annualized Revenue $	Sq Ft	Annualized Revenue $
Canada	6,544	33	62.5	72	380	2.5	569	5.5	1,450	11.3	573	5.9	529	6.4	79	1.2	2,892	29.7
Canada-committed	–	–	–	–	(289)	(1.8)	–	–	–	–	–	–	–	–	289	1.8	–	–
Canada - net	**6,544**	**33**	**62.5**	**72**	**91**	**0.7**	**569**	**5.5**	**1,450**	**11.3**	**573**	**5.9**	**529**	**6.4**	**368**	**3.0**	**2,892**	**29.7**
United States	35,400	77	210.1	90	6,442	33.0	3,475	20.2	1,895	11.1	3,611	25.2	1,708	8.1	3,911	19.4	14,268	93.1
United States-committed (1)	–	–	–	–	(4,613)	(22.9)	–	–	945	4.2	76	0.5	86	0.6	2,232	11.1	1,274	6.5
United States - net	**35,400**	**77**	**210.1**	**90**	**1,829**	**10.1**	**3,475**	**20.2**	**2,840**	**15.3**	**3,687**	**25.7**	**1,794**	**8.7**	**6,143**	**30.5**	**15,542**	**99.6**
Austria	7,472	9	60.7	–	125	1.3	5,349	37.1	–	–	389	3.0	802	10.3	807	9.0	–	–
Austria-committed	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Austria-net	**7,472**	**9**	**60.7**	**–**	**125**	1.3	**5,349**	**37.1**	**–**	**–**	**389**	**3.0**	**802**	**10.3**	**807**	**9.0**	**–**	**–**
Germany	4,640	15	34.7	–	2,308	16.7	308	2.3	195	1.7	303	1.8	290	2.1	339	2.5	897	7.6
Germany-committed (1)	–	–	–	–	(1,390)	(9.3)	–	–	–	–	717	4.3	–	–	335	2.5	338	2.5
Germany-net	**4,640**	**15**	**34.7**	**–**	**918**	**7.4**	**308**	**2.3**	**195**	**1.7**	**1,020**	**6.1**	**290**	**2.1**	**674**	**5.0**	**1,235**	**10.1**
Netherlands	5,367	32	39.6	48	411	3.9	52	0.7	629	5.1	354	1.7	1,125	7.6	–	–	2,748	20.6
Netherlands - committed	–	–	–	–	(314)	(2.8)	–	–	–	–	–	–	–	–	314	2.8	–	–
Netherlands - net	**5,367**	**32**	**39.6**	**48**	**97**	**1.1**	**52**	**0.7**	**629**	**5.1**	**354**	**1.7**	**1,125**	**7.6**	**314**	**2.8**	**2,748**	**20.6**
Total	59,423	166	407.6	210	9,666	57.4	9,753	65.8	4,169	29.2	5,230	37.6	4,454	34.5	5,136	32.1	20,805	151.0
Total-committed (1)	–	–	–	–	(6,606)	(36.8)	–	–	945	4.2	793	4.8	86	0.6	3,170	18.2	1,612	9.0
As at December 31, 2022	**59,423**	**166**	**407.6**	**210**	**3,060**	**20.6**	**9,753**	**65.8**	**5,114**	**33.4**	**6,023**	**42.4**	**4,540**	**35.1**	**8,306**	**50.3**	**22,417**	**160.0**
% of portfolio as at December 31, 2022:																		
*** by sq ft (in %)**	**100.0**			**0.4**	**5.1**		**16.4**		**8.6**		**10.1**		**7.6**		**14.0**		**37.8**	
*** by Annualized Revenue (in %)**			**100.0**			**5.1**		**16.1**		**8.2**		**10.4**		**8.6**		**12.3**		**39.3**

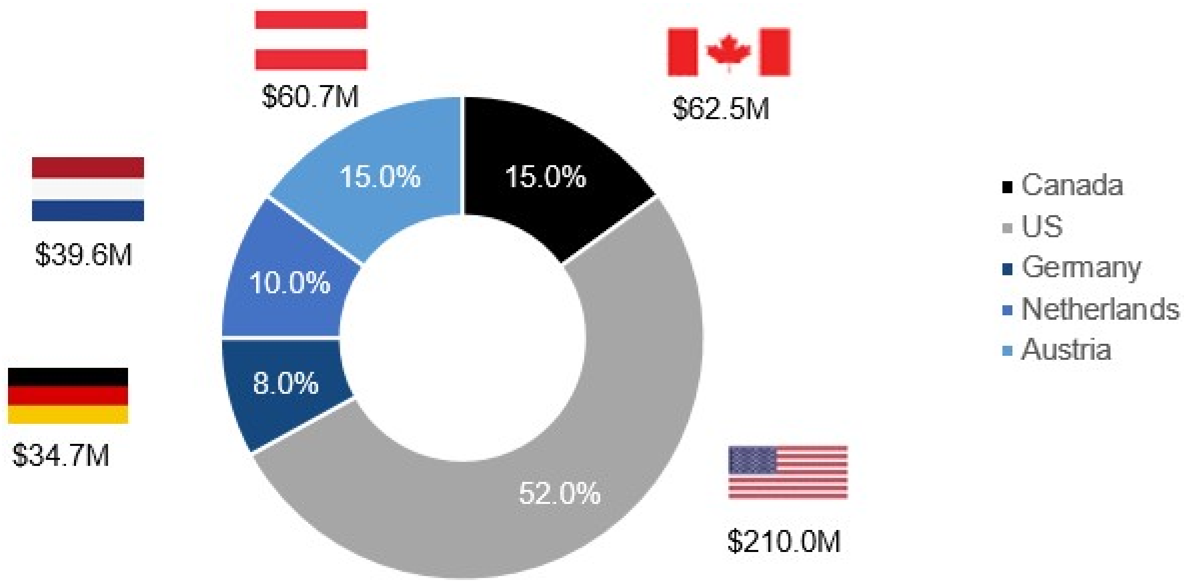
(1) Committed vacancies represent leases signed during the current period but not occupied until after period end.

Principal Markets in which Granite Operates

Geographic Diversification

The following chart shows a breakdown of Granite's $407.5 million of annualized revenue by country from income-producing properties as at December 31, 2022:

Income-Producing Property Portfolio Breakdown of Annualized Revenue by Country at December 31, 2022 (in millions of dollars)



The chart below shows the breakdown of Granite's income-producing property portfolio by country, property type, fair value and number of properties as at December 31, 2022:

Income-Producing Property Portfolio Breakdown by Country, Property Type, Fair Value & Number of Properties as at December 31, 2022 (in millions of dollars)[1]

	Modern Distribution		Industrial/ Warehouse		Flex/Office		Special purpose properties		Total	
Country	Fair Value	#	Fair Value	#	Fair Value	#	Fair Value	#	Fair Value	#
Canada	$ 529.2	8	$ 845.3	22	$ 83.6	2	$ 375.2	2	$ 1,833.3	34
United States	4,410.6	53	16.8	1	62.5	1	–	–	4,489.9	55
Austria	–	–	95.3	5	–	–	664.7	4	760.0	9
Germany	452.4	10	91.5	3	–	–	44.9	1	588.8	14
Netherlands	778.0	15	36.1	1	–	–	–	–	814.1	16
Total	**$6,170.2**	**86**	**$1,085.0**	**32**	**$146.1**	**3**	**$1,084.8**	**7**	**$ 8,486.1**	**128**

(1) Excludes assets held for sale.

The table below is a listing of Granite's income-producing property portfolio by country as at December 31, 2022:

List of Income-Producing Properties by Region[1]			
Property Address	Location	Property Type	Sq ft
365 Market Dr.	Milton, ON, CAN	Distribution/E-Commerce	195,944
600 Tesma Way	Concord, ON, CAN	Distribution/E-Commerce	144,862
2020 Logistics Dr.	Mississauga, ON, CAN	Distribution/E-Commerce	773,318
2095 Logistics Dr.	Mississauga, ON, CAN	Distribution/E-Commerce	232,552
8995 Airport Rd	Brampton, ON, CAN	Distribution/E-Commerce	125,650
115 Sinclair Blvd.	Brantford, ON, CAN	Distribution/E-Commerce	397,080
195 Steinway Blvd.	Etobicoke, ON, CAN	Distribution/E-Commerce	68,612
102 Parkshore Dr.	Brampton, ON, CAN	Distribution/E-Commerce	54,350
2550 Steeles Avenue E.	Brampton, ON, CAN	Flex/Office	253,410
1000 Tesma Way	Concord, ON, CAN	Flex/Office	48,951
225 Claireville Dr.	Etobicoke, ON, CAN	Industrial/Warehouse	214,180
190 Claireville Dr.	Etobicoke, ON, CAN	Industrial/Warehouse	–
210 Citation Dr.	Concord, ON, CAN	Industrial/Warehouse	245,962
201 Confederation Pkwy	Concord, ON, CAN	Industrial/Warehouse	214,667
401 Caldari Rd.	Concord, ON, CAN	Industrial/Warehouse	200,834
140 Staffern Dr.	Concord, ON, CAN	Industrial/Warehouse	173,445
251 Aviva Park Dr.	Concord, ON, CAN	Industrial/Warehouse	275,552
67 Green Lane	Markham, ON, CAN	Industrial/Warehouse	90,879
90 Snidercroft Rd	Concord, ON, CAN	Industrial/Warehouse	115,805
20 Pullman Crt.	Scarborough, ON, CAN	Industrial/Warehouse	41,163
2000 Langstaff Rd.	Concord, ON, CAN	Industrial/Warehouse	115,030
141 Staffern Dr.	Concord, ON, CAN	Industrial/Warehouse	143,363
430 Cochrane Dr.	Concord, ON, CAN	Industrial/Warehouse	98,893
800 Tesma Way	Concord, ON, CAN	Industrial/Warehouse	190,686
1755 Argentia Rd.	Mississauga, ON, CAN	Industrial/Warehouse	253,000
555 Beck Cres.	Ajax, ON, CAN	Industrial/Warehouse	99,600
5600 Timberlea Blvd.	Mississauga, ON, CAN	Industrial/Warehouse	22,786
5610 Timberlea Blvd.	Mississauga, ON, CAN	Industrial/Warehouse	43,323
5620 Timberlea Blvd.	Mississauga, ON, CAN	Industrial/Warehouse	23,525
5630 Timberlea Blvd.	Mississauga, ON, CAN	Industrial/Warehouse	29,722
100 Ronson Dr.	Etobicoke, ON, CAN	Industrial/Warehouse	71,654
110 Ronson Dr.	Etobicoke, ON, CAN	Industrial/Warehouse	69,500
331 Market Dr.	Milton, ON, CAN	Special Purpose Property	928,617
400 Chisholm Dr.	Milton, ON, CAN	Special Purpose Property	586,402
Total Canada			**6,543,317**
Elin-Süd-Straße 14	Weiz, AT	Industrial/Warehouse	88,178
Neudorf 164	Neudorf bei Ilz, AT	Industrial/Warehouse	300,560
Frank-Stronach-Straße 3	Albersdorf, AT	Industrial/Warehouse	125,421
Elin-Süd-Straße 16	Weiz, AT	Industrial/Warehouse	152,395
Elin-Süd-Straße 18	Weiz, AT	Industrial/Warehouse	239,906
Frank-Stronach-Straße 1	Albersdorf, AT	Special Purpose Property	806,675
Industriestraße 35	Lannach, AT	Special Purpose Property	802,029
Liebenauer Hauptstraße 317	Graz, AT	Special Purpose Property	3,850,075

List of Income-Producing Properties by Region[1]			
Property Address	Location	Property Type	Sq ft
Walter-P.-Chrysler-Platz 1	Graz, AT	Special Purpose Property	1,106,594
Total Austria			**7,471,833**
Im Ghai 36	Altbach, GER	Distribution/E-Commerce	292,654
Belgrader Straße 2-4	Straubing, GER	Distribution/E-Commerce	218,701
Heisenbergstraße 2	Peine, GER	Distribution/E-Commerce	303,391
Opmünder Weg 80	Soest, GER	Distribution/E-Commerce	308,310
Max-Herz-Straße 5	Neumarkt in der Oberpfalz, GER	Distribution/E-Commerce	194,827
Max-Eyth-straße 2	Empfingen, GER	Distribution/E-Commerce	116,218
Joseph-Meyer-Straße 3	Erfurt, GER	Distribution/E-Commerce	717,133
Georg-Beatzel Strasse 15	Wiesbaden, GER	Distribution/E-Commerce	209,390
Raiffeisenstrasse 28-32	Korbach, GER	Distribution/E-Commerce	505,042
In der Langen Else 4	Erfurt, GER	Distribution/E-Commerce	121,481
Unterm Hünenstein 4	Heilbad Heiligenstadt, GER	Industrial/Warehouse	289,904
Peiner Straße 151-155	Saltzgitter, GER	Industrial/Warehouse	338,180
Stettiner Straße 7	Straubing, GER	Industrial/Warehouse	228,281
Jakob-Wolf-Straße 12	Obertshausen, GER	Special Purpose Property	796,431
Total Germany			**4,639,943**
Blankenweg 22	Bergen op Zoom, NL	Distribution/E-Commerce	629,538
Hertog Karelweg 22	Haaften, NL	Distribution/E-Commerce	499,876
Nieuwesluisweg 250	Botlek Rotterdam, NL	Distribution/E-Commerce	313,789
Heirweg 3	Born, NL	Distribution/E-Commerce	259,378
Aquamarijnweg 1	Bleiswijk, NL	Distribution/E-Commerce	238,598
Oude Graaf 15	Weert, NL	Distribution/E-Commerce	241,489
De Kroonstraat 1	Tilburg, NL	Distribution/E-Commerce	494,780
Francis Baconstraat 4	Ede, NL	Distribution/E-Commerce	125,098
Industrieweg 15	Voorschoten, NL	Distribution/E-Commerce	355,140
Zuidelijke Havenweg 2	Hengelo, NL	Distribution/E-Commerce	307,923
Beurtvaartweg 2-4	Nijmegen, NL	Distribution/E-Commerce	148,219
Sprengenweg 1-2	Nijmegen, NL	Distribution/E-Commerce	195,903
Swaardvenstraat 75	Tilburg, NL	Distribution/E-Commerce	496,399
Hazeldonk 6520-6524	Breda, NL	Distribution/E-Commerce	577,774
Hazeldonk 6526-6530	Breda, NL	Distribution/E-Commerce	287,644
Sophialaan 5	Utrecht, NL	Industrial/Warehouse	196,474
Total Netherlands			**5,368,022**
2100 Center Square Rd.	Logan Township, NJ, USA	Distribution/E-Commerce	365,760
101 Clyde Alexander Ln.	Pooler, GA, USA	Distribution/E-Commerce	347,280
41 Martha Dr.	Bethel, PA, USA	Distribution/E-Commerce	750,000
972 Conestoga Pkwy.	Shepherdsville, KY, USA	Distribution/E-Commerce	631,336
18201 NE Portal Way	Portland, OR, USA	Distribution/E-Commerce	264,984
8741 Jacquemin Dr.	West Chester, OH, USA	Distribution/E-Commerce	601,065
501 Airtech Pkwy.	Plainfield, IN, USA	Distribution/E-Commerce	500,000
1451 Allpoints Court	Plainfield, IN, USA	Distribution/E-Commerce	533,520
1201 Allpoints Court	Plainfield, IN, USA	Distribution/E-Commerce	510,965
535 Gateway Blvd.	Monroe, OH, USA	Distribution/E-Commerce	651,515
601/673 Gateway Blvd.	Monroe, OH, USA	Distribution/E-Commerce	649,312
8735 South Crossroad Dr.	Olive Branch, MS, USA	Distribution/E-Commerce	869,892

List of Income-Producing Properties by Region[1]			
Property Address	Location	Property Type	Sq ft
3870 South Ronald Reagan Pkwy.	Plainfield, IN USA	Distribution/E-Commerce	597,025
15 Commerce Pkwy.	West Jefferson, OH, USA	Distribution/E-Commerce	1,305,000
10 Enterprise Pkwy.	West Jefferson, OH, USA	Distribution/E-Commerce	843,098
100 Enterprise Pkwy.	West Jefferson, OH, USA	Distribution/E-Commerce	1,223,780
115 Enterprise Pkwy.	West Jefferson, OH, USA	Distribution/E-Commerce	743,600
181 Antrim Commons Dr.	Greencastle, PA, USA	Distribution/E-Commerce	432,000
120 Velocity Way	Shepherdsville, KY, USA	Distribution/E-Commerce	721,050
3501 N Lancaster Hutchins Rd.	Lancaster, TX, USA	Distribution/E-Commerce	196,366
201 Sunridge Blvd.	Wilmer, TX, USA	Distribution/E-Commerce	822,550
1901 Beggrow St.	Columbus, OH, USA	Distribution/E-Commerce	802,390
1222 Commerce Pkwy.	Horn Lake, MS, USA	Distribution/E-Commerce	300,145
831 North Graham Rd.	Greenwood, IN, USA	Distribution/E-Commerce	496,416
100 Clyde Alexander Lane	Pooler, GA, USA	Distribution/E-Commerce	689,400
1301 Chalk Hill Rd.	Dallas,TX, USA	Distribution/E-Commerce	2,300,173
330 E. Stateline Rd.	Southaven, MS, USA	Distribution/E-Commerce	910,000
440 E. Stateline Rd.	Southaven, MS, USA	Distribution/E-Commerce	754,000
5000 Village Creek Rd.	Fort Worth, TX, USA	Distribution/E-Commerce	605,489
4460 East Holmes Rd.	Memphis, TN, USA	Distribution/E-Commerce	449,600
4995 Citation Dr.	Memphis, TN, USA	Distribution/E-Commerce	366,800
8650 Commerce Dr.	Southaven, MS, USA	Distribution/E-Commerce	740,844
445 Airtech Pkwy.	Plainfield, IN, USA	Distribution/E-Commerce	622,440
6201 Green Pointe Dr.	Groveport, OH, USA	Distribution/E-Commerce	484,216
8754 Trade Port Dr.	West Chester, OH, USA	Distribution/E-Commerce	479,512
8779 LeSaint Dr.	Hamilton, OH, USA	Distribution/E-Commerce	345,600
5415 Centerpoint Pkwy.	Obetz, OH, USA	Distribution/E-Commerce	478,053
8500 Tatum Rd.	Palmetto, GA, USA	Distribution/E-Commerce	982,777
3090 Hwy 42	Locust Grove, GA, USA	Distribution/E-Commerce	1,011,907
12 Tradeport Rd.	Nanticoke, PA, USA	Distribution/E-Commerce	1,391,228
250 Tradeport Rd.	Nanticoke, PA, USA	Distribution/E-Commerce	611,000
3801 Rock Creek Blvd.	Joliet, IL, USA	Distribution/E-Commerce	309,840
3900 Rock Creek Blvd.	Joliet, IL, USA	Distribution/E-Commerce	324,014
1695-1701 Crossroads Dr.	Joliet, IL, USA	Distribution/E-Commerce	459,070
2120 Logistics Way	Murfreesboro, TN, USA	Distribution/E-Commerce	844,480
60 Logistics Blvd.	Richwood, KY, USA	Distribution/E-Commerce	678,363
1243 Gregory Dr.	Antioch, IL, USA	Distribution/E-Commerce	454,276
1600 Rock Creek Blvd.	Joliet, IL, USA	Distribution/E-Commerce	137,544
8740 South Crossroads Dr.	Olive Branch, TN, USA	Distribution/E-Commerce	861,252
12577 Stateline Rd.	Olive Branch, TN, USA	Distribution/E-Commerce	408,197
65 Commerce	Whitestown, IN, USA	Distribution/E-Commerce	632,798
10566 Gateway Pt.	Clayton, IN, USA	Distribution/E-Commerce	911,552
2128 Gateway Pt.	Clayton, IN, USA	Distribution/E-Commerce	443,077
39600 Lewis Dr.	Novi, MI, USA	Flex/Office	307,125
1000/1100 Integram Dr.	Pacific, MO, USA	Industrial/E-Commerce	246,327
Total USA			**35,400,003**
Total Portfolio			**59,423,118**

(1) Excludes assets held for sale.

Land Held for Development

As of December 31, 2022, Granite's land held for development includes: (i) the remaining 101.0 acres of land in Houston, Texas held for the future development of up to a 1.3 million SF multi-phased business park, capable of accommodating buildings ranging from 0.3 million to 1.3 million SF; (ii) 12.9 acres of development land in West Jefferson, Ohio; (iii) the remaining 70.0 acre parcel of land in Brantford, Ontario, for the development of a multi-phased business park, comprising a total of approximately 1.3 million SF of modern distribution and logistics space; 10.1 acres of land in Brant County, Ontario for the development of a 0.2 million SF modern distribution facility.

Properties Under Development

As at December 31, 2022, the attributes of Granite's properties under development and expansion projects were as follows:

Development and Expansion Projects

	Land acreage (in acres)	Expected sq ft of construction (in millions)	Target/ actual start date of construction	Target completion date	Actual construction costs as at December 31, 2022	Expected total construction cost[1]
As at December 31, 2022						
Properties under development						
Houston, TX (Phase I and II)	89.3	1.4	Q4 2019	Q1 2023	$132.3	$146.4
Highway 109, Lebanon, TN	38.8	0.5	Q3 2021	Q1 2023	55.4	71.4
4 Bowery Rd., Brantford, ON	22.3	0.4	Q2 2022	Q1 2024	5.7	69.1
905 Belle Ln., Bolingbrook, IL	12.9	0.2	Q2 2022	Q2 2023	24.6	37.5
Expansion projects						
555 Beck Cres., Ajax, ON	7.6	0.1	Q1 2023	Q1 2024	0.7	8.5
5400 E 500 S, Whitestown, IN	59.3	0.3	Q1 2022	Q1 2023	33.1	42.4
	230.2	**2.9**			**$251.8**	**$375.3**

(1) Construction cost excludes cost of land.

Development, Expansion and Improvement Projects

Capital expenditures can include development expenditures or expansions as well as maintenance or improvement capital expenditures. Development or expansion capital expenditures are discretionary in nature (until such time as Granite has committed to a construction contract or lease) and are incurred to generate new revenue streams and/or increase the productivity of a property as well as drive net asset value creation. As at December 31, 2022, Granite had four active development projects in Canada and the U.S. and two expansion projects in Canada and the U.S., expected to cost approximately $375 million (excluding the cost of land) and deliver approximately 2.9 million SF of incremental GLA between Q1 2023 and Q1 2024. Maintenance or improvement capital expenditures relate to sustaining the existing earnings capacity of a property. During 2022, there were $9.7 million in maintenance or improvement capital expenditures made by Granite related to minor improvement projects at various properties.

For most development or construction projects, Granite uses its in-house experience or where appropriate, partners with local developers through development management agreements or joint venture arrangements to construct and manage specific elements of a project to maximize returns and minimize construction costs. On the remainder of its projects, Granite outsources design and construction. Depending on the nature and location of the project, Granite either manages construction with regular on-site supervision by its employees, or remotely through cost, scope of work and other management control systems. Granite does not have long-term contractual commitments with its contractors, subcontractors, consultants or suppliers of materials, who are generally selected on a competitive bid basis.

Foreign Exchange

As at December 31, 2022, approximately 83% of Granite's revenue was denominated in foreign currencies. As Granite reports its financial results in Canadian dollars and does not currently hedge all of its non-Canadian dollar net operating income, foreign currency fluctuations can have a material impact on Granite's financial results. See "Risk Factors – Risks Relating to Granite's Business – Foreign Currency".

Leasing Arrangements

Leases

Granite's leases generally provide that the tenant is responsible for all costs of occupancy, including operating costs, property taxes, the costs of maintaining insurance in respect of the property, maintenance costs and non-structural replacement costs. The tenant is not responsible for income taxes or capital taxes charged to Granite.

Granite's leases generally provide that Granite is responsible, at its own expense, for structural repairs and replacements relating to the structural, non-process related elements of its properties. For certain components of a property, such as the roof membrane, paved areas and non-process related HVAC systems, the majority of Granite's leases provide that Granite pays for the costs of replacement as necessary and, in some of those cases, recovers such costs, plus interest, from the tenant over the expected useful life of the item replaced, as additional rent during the term of the lease.

Contractual Rental Escalations

A majority of Granite's existing leases provide for periodic rent escalations based either on fixed- rate step increases or on the basis of a consumer price index adjustment.

Renewal Options

A majority of Granite's existing leases include built-in renewal options, generally tied to either market rental rates or to the existing rent plus an increase based upon a consumer price index adjustment. In cases where the renewal is linked to market rates, the determination of market rent is, failing agreement, generally subject to arbitration.

Surrender Obligations

Granite's leases generally provide that the tenant is obligated to surrender the premises to a condition consistent with the condition on the commencement date of the lease, subject to reasonable wear and tear.

The majority of Granite's leases provide that, if requested by the landlord, the tenant is obligated to remove any alterations to the premises carried out over the term of the lease.

Environmental Obligations

Granite's leases also generally provide that the tenant must maintain the properties in accordance with applicable laws, including environmental laws, and that the tenant must remove all hazardous and toxic substances from the premises when and as required by applicable laws, regulations and ordinances and, in any event, prior to the termination of its occupation of the premises. Substantially all of Granite's leases also require the tenant to assume the costs of environmental compliance, including remediation or clean-up of any contamination that they have caused or contributed to on the leased premises. The leases generally also contain indemnities in Granite's favour with respect to environmental matters. In certain circumstances, these indemnities expire after a specified number of years following the termination of the lease. Despite the tenants' obligation to indemnify Granite, Granite is also responsible under applicable law for ensuring that its properties are in compliance with environmental laws. See ''Risk Factors''— Risks Relating to Granite's Business — Environmental Matters''.

The leases generally provide that Granite may conduct environmental assessments and audits from time to time at its sole expense. See ''— Government Regulation''.

Restrictions on Sales and Tenant First Rights

Most of Granite's leases with Magna include a right of refusal in favour of the tenant with respect to the sale of the property in question. This right typically provides the tenant with a right to match any third party offer within a prescribed period of time, failing which Granite is free to accept the offer and complete the sale to the third party. Some of Granite's leases with Magna provide that so long as the tenant is controlled, directly or indirectly, by Magna, Granite may not sell the property to a competitor of the tenant without the tenant's consent. In addition, several of Granite's non-Magna leases contain a first right in favour of the tenant to purchase the related property in the event Granite intends to sell such property.

Tenant Assignment and Subletting Rights

Granite's leases generally include a restriction on assignment or subletting by the tenant without Granite's consent, other than in connection with certain permitted transfers such as an assignment or sublease to an affiliate of the tenant or in connection with the sale of all or substantially all of the tenant's assets. Granite's leases do not generally restrict a change of control of the tenant. In the majority of cases, the original tenant and/or any guarantor is not released from its obligations under the leases upon assignment, sublease or change of control.

Government Regulation

Granite is subject to a wide range of laws and regulations imposed by governmental authorities, including zoning, building and similar regulations that affect its real estate holdings and tax laws and regulations in the various jurisdictions in which Granite operates.

Employees

As at December 31, 2022, Granite employed 69 people, the majority of whom are based at its headquarters in Toronto, and the balance of whom are located in Austria, Netherlands and the United States. Granite is not party to any collective bargaining agreements with any of its employees.

Magna, Granite's Largest Tenant

As at December 31, 2022, Magna was the tenant at 27 of Granite's income-producing properties and comprised 26% of Granite's annualized revenue and 20% of Granite's gross leasable area. According to its public disclosures, Magna International Inc. has a credit rating of A3 with a stable outlook by Moody's Investor Service, Inc. ("Moody's"), A (low) credit rating with a stable outlook by DBRS Morningstar and A- credit rating with a stable outlook by Standard & Poor's. Magna is a global mobility technology company with complete vehicle engineering and contract manufacturing expertise. Magna's product capabilities include body, chassis, exteriors, seating, powertrain, active driver assistance, electronics, mechatronics, mirrors, lighting and roof systems.

For information on the conditions affecting the automotive industry and Magna's results of operations, Granite encourages investors to consult Magna's public disclosure, including its most recent Management's Discussion and Analysis of Results of Operations and Financial Position and its annual information form. None of those documents or their contents, however, shall be deemed to be incorporated by reference into this Annual Information Form. Granite expects Magna to continuously seek to optimize its global manufacturing footprint and consequently, Magna may or may not renew leases for facilities currently under lease at their expiries.

Granite's relationship with Magna is an arm's length landlord and tenant relationship governed by the terms of Granite's leases with Magna. Granite's properties are generally leased to operating subsidiaries of Magna International Inc. and are not guaranteed by the parent company; however, Magna International Inc. is the tenant under certain of Granite's leases.

ENVIRONMENTAL, SOCIAL, GOVERNANCE AND RESILIENCE (ESG+R)

Transparency is a critical component of Granite's sustainability commitment. In June 2020, Granite published an ESG overview which provided investors with a progress report against the principles outlined in its Sustainability Plan. In August, 2022, Granite issued its second corporate responsibility report, Granite ESG+R Report 2021, which established over 10 different targets for Granite to pursue over the short, medium, and long term, including targets relating to: (i) reductions in landlord-controlled operational energy, water usage and greenhouse gas emissions, (ii) establishing on-site renewable energy installations on Granite's properties, (iii) increasing the proportion of Granite's portfolio that has obtained third-party green building certifications, and (iv) increasing energy, water, and waste data coverage among Granite's tenants.

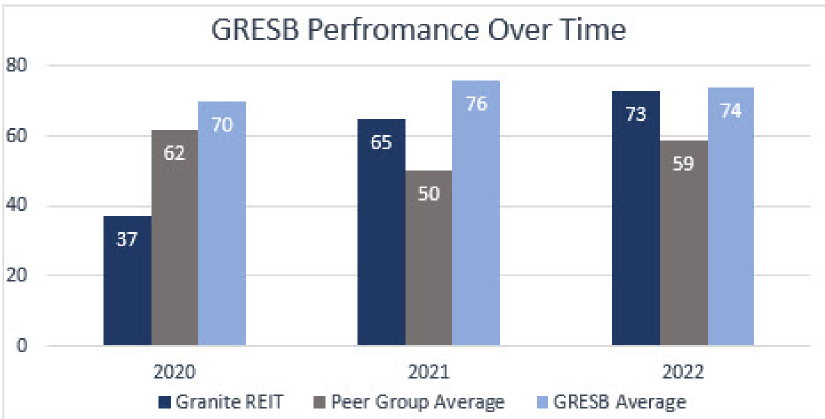
Granite recognizes the important role building owners can play in fostering the efficient use of resources and respecting our environment. As a good steward for investors, Granite seeks to practically incorporate sustainability in its actions and decision-making process, while generating returns for unitholders.

Consistent with this principle, Granite applies the following long-term ESG+R objectives in its business:

Environmental	Social	Governance	Resilience
Promote efficiency and sustainable practices at both our properties and our corporate offices	Engage with our investors, employees, tenants, property managers, and community	Disclose our ESG + R performance as a commitment to transparency and accountability	Identify and mitigate potential climate-related risks within our portfolio

Granite's ESG+R program is aligned with SASB, GRESB, GRI and TCFD. Data provided herein has been reviewed by a third-party ESG+R consultant and represents a snapshot of current performance.

GRESB



2022 GRESB Public Disclosure Report

GRESB assesses and scores the ESG performance of real estate portfolios around the world and this year increased to over 1,800 participants. Granite completed its third annual GRESB Real Estate Assessment in June 2022.

In GRESB's Public Disclosure Rankings, which evaluates the level of ESG disclosure by listed property companies and REITs, Granite was ranked third in the North American Industrial sector comprised of 10 reporting entities. In comparison to Granite's 2021 results, its Standing Investments score significantly improved from 65 to 73 points, placing Granite second in the North American Industrial Listed sector comprised of nine reporting entities, Granite being the sole Canadian reporting entity in this sector.

Below is a selection of key actions and performance items of Granite's ESG+R Program:

Environmental – ***Actions & Performance***

- Work to reduce landlord-controlled energy, operational emissions (scope 1 and 2), and water by 25% on an intensity basis, per SF, by the beginning of 2030 (or 2.5% annual reduction) at Granite's properties[1];
- Increase the energy, emissions, water and waste data coverage across Granite's portfolio to 50% of its income-producing portfolio by 2030 by collaborating with tenants, implementing green lease language, and obtaining data directly from the utility companies whenever available;
- Granite has exceeded its target to support the production of new renewable energy through the installation of on-site solar PV systems with the capacity to generate 5 MW of electricity by 2025[2] as solar PV systems with peak generation capacity of 8.5 MW are currently operational on Granite properties. Granite is setting a more ambitious renewable energy target to have solar PV systems with a peak generation capacity of 24 MW by 2025;
- Strategically evaluate and pursue applicable green building certifications at Granite's properties and achieve 30% third-party green building certifications by floor area by 2030;
- Four properties achieved BREEAM In-Use certifications in 2022. One of the properties, 100 Enterprise Parkway, West Jefferson, Ohio, was the first property to be BREEAM certified in the State of Ohio;
- Four properties achieved IREM Certified Sustainable Property certifications in 2022;
- Commit that all development projects controlled by Granite will be built to standards consistent with the scope of Granite's Green Bond Framework and certify 100% of new developments to a third-party green building certification standard (such as LEED, BREEAM, Green Globes, DGNB);
- Beehives have been installed at three properties to promote local biodiversity and engagement with tenants, with a fourth beehive planned to be added in 2023; and
- Three properties received new construction certifications in 2022.

[1] Granite's emissions reduction targets are aligned with the Paris Accord goal of limiting global warming to two degrees Celsius above pre-industrial levels.
[2] Onsite solar projects are expected to be installed at 10 Granite assets by 2023.

Property	Size (Sq ft) in millions	Location	Certification Type	Level
12 Tradeport Rd.	1.4	Hanover Township, USA	BREEAM USA in Use	Good
15 Commerce Pkwy.	1.3	West Jefferson, USA	LEED New Construction and Major Renovation; BREEAM USA in Use	Certified; Good
100 Clyde Alexander Lane	0.7	Pooler, USA	LEED Core and Shell Development	Certified
100 Enterprise Parkway	1.2	West Jefferson, USA	BREEAM USA In Use	Good
101 Clyde Alexander Lane	0.3	Pooler, USA	LEED Core and Shell Development	Certified
1201 Allpoints Court	0.5	Plainfield, USA	Green Globes New Construction	2 Green Globes
201 Sunridge Boulevard	0.8	Wilmer, USA	IREM Certified Sustainable Property	Certified
501 Airtech Parkway	0.5	Plainfield, USA	IREM Certified Sustainable Property	Certified
1243 Gregory Dr.	0.5	Antioch, USA	LEED Core and Shell Development	Silver
1301 Chalk Hill Road	2.3	Dallas, USA	BREEAM USA In Use	Good
2020 Logistics Drive	0.8	Mississauga, Canada	IREM Certified Sustainable Property	Certified
Expansion to 2095 Logistics Drive	0.1	Mississauga, Canada	Green Globes New Construction	2 Green Globes
2100 Center Square Rd.	0.4	Logan Township, USA	LEED Core and Shell Development	Silver
3501 North Lancaster Hutchins Rd.	0.2	Lancaster, USA	LEED New Construction and Major Renovation	Silver
5000 Village Creek Rd.	0.6	Fort Worth, USA	Green Globes New Construction	2 Green Globes
8735 South Crossroads Dr.	0.9	Olive Branch, USA	LEED Core and Shell Development	Certified
8740 South Crossroads Dr.	0.9	Olive Branch, USA	LEED Core and Shell Development	Certified
18201 NE Portal Way	0.3	Portland, USA	IREM Certified Sustainable Property	Certified
Aquamarijnweg 2 & 4	0.2	Bleiswijk, Netherlands	BREEAM New Construction	Very Good
De Kroonstrat 1 (Phase 1), De Poosthoornstraat 2 (Phase 2)	0.5	Tilburg, Netherlands	BREEAM New Construction	Excellent
Francis Baconstraat 4	0.1	Ede, Netherlands	BREEAM New Construction	Very Good
Im Ghai 36	0.3	Altbach, Germany	DGNB New Construction Logistics Buildings	Gold
Oude Graaf 15	0.2	Weert, Netherlands	BREEAM New Construction	Excellent

Social *– Actions & Performance*

- Granite administered its 2021 Employee Engagement Survey in April 2021 to gain an understanding of employee engagement and the effectiveness of its workplace practices. Granite intends to follow up with a second employee engagement survey in 2023;

- In 2021, Granite conducted a survey of all tenants to gauge satisfaction levels and identify opportunities for improvement;

- In June 2022, Granite completed its tenant ESG+R surveys;

- Contribute at least $500 local currency (USD/CAD/EUR) per income-producing property in Granite's portfolio toward charitable donations;

- As part of Granite's due diligence process, assess 100% of potential acquisitions for ESG+R and identify areas for improvement;

- Granite established a hybrid work policy in 2022 providing enhanced work from home flexibility during the work week; and

- Granite held a company-wide conference in Dallas, Texas during the third quarter of 2022 where third-party consultants, Re Tech Advisors (formerly LORD Green Strategies), presented updates and progress on Granite's ESG+R program and recent market trends and developments to all employees.

Governance *– Actions & Performance*

- Provide leadership over Granite's ESG+R Program through the Granite ESG+R Committee;

- Provide transparency to investors by incorporating ESG+R into regular updates to REIT Unitholders and GP Shareholders and stakeholders and through formal reporting frameworks such as GRESB, SASB, CDP, and GRI;

- Monitor asset compliance with government benchmarking requirements and ESG+R related regulations;

- Granite's 2021 ESG+R Report was issued in August 2022 and follows the GRI framework with TCFD and SASB disclosures;

- Granite submitted to GRESB in June 2022 and is currently preparing for the 2023 submission;

- Monitor asset compliance with government benchmarking requirements and ESG+R related regulations;

- In June 2022, the Declaration of Trust was amended and restated to, among other things, (i) further align the Declaration of Trust with evolving governance best practices which includes introducing rights and remedies in favour of REIT Unitholders consistent with those available to shareholders of a corporation pursuant to the BCBCA; and (ii) enhance REIT Unitholders' rights respecting the process for and procedures at REIT Unitholder meetings, including the submission of Proposals by REIT Unitholders;

- Granite maintains robust policies governing the various aspects of its business activities, which are reviewed annually and updated from time to time in order to reflect regulatory compliance and industry best practices, as appropriate; and

- Granite submitted its second CDP report in 2022.

Resilience – *Actions & Performance*

- Aligning Granite's resilience program with the TCFD framework;

- Assess physical and transition climate-change risks during the new acquisition due diligence process and evaluate measures to increase resiliency in Granite's underwriting process;

- Regular evaluation of Granite for physical and transition climate-change risks and evaluate strategies to mitigate risks; and

- Granite uses the Moody's ESG Solutions Climate on Demand tool to manage climate-related analytics which generates a 1-100 risk scores in six physical categories of climate-related risks: sea-level rise, floods, hurricanes, heat stress, water stress and wildfires.

Environmental Matters

In April 2020, Granite completed and issued its Green Bond Framework, which complies with the Green Bond Principles developed by the ICMA as of June 2018. The Green Bond Framework has been and will be used by Granite and its subsidiaries for the issuance of green bonds and/or other green financial instruments. Granite also obtained an independent second party opinion from Sustainalytics on its Green Bond Framework indicating alignment with the Green Bond Principles. On June 4, 2020, Granite issued its inaugural green bond, the 2027 Debentures, and on August 30, 2021, Granite issued its second green bond, the 2028 Debentures. As at December 31, 2022, Granite has allocated 100% of the net proceeds from the 2027 Debentures, and 74% of the 2028 Debentures to Eligible Green Projects as defined in the Green Bond Framework. Details of the use of proceeds towards Eligible Green Projects can be found in Granite's Green Bond Use of Proceeds Report for the period ending December 31, 2022, which can be found on Granite's website at: https://granitereit.com/granite-2022-greenbond-framework.

Sustainability has been an important part of Granite's investment strategy, as its investment activity has been defined by adding sustainable properties to its portfolio. By focusing on quality and modern physical characteristics in the properties Granite acquires, it believes that it can help to minimize the impact on the environment. Including building expansions and forward purchase assets, Granite currently has 12 development projects in Canada and the United States, that are all being developed to achieve green certifications. In July 2022, Granite completed its third annual submission into the GRESB Real Estate Assessment. Granite obtained a score of 73 out of 100 in the GRESB Real Estate Assessment (an 8-point increase from 2021), and a peer group ranking of second out of nine in the Northern American Industrial Listed GRESB peer group. Granite's public disclosure received a "B" rating from GRESB (an improvement from the "D" rating obtained in 2020) and ranked third out of 10 in the

Northern America Industrial peer group. In August 2022, Granite completed its second submission to the CDP and was scored for the first time, helping establish a benchmark for future comparison. Further, Granite continues to use Re Tech Advisors (formerly LORD Green Strategies), a consulting firm focused on sustainability matters in the real estate sector, to assist with the continued improvement and implementation of its ESG+R program.

INVESTMENT GUIDELINES AND OPERATING POLICIES OF GRANITE

REIT Investment Guidelines

The Declaration of Trust provides certain guidelines on investments which may be made directly or indirectly by Granite REIT. The assets of Granite REIT may be invested only in accordance with such guidelines including, among others, those summarized below:

(a) activities will focus primarily on acquiring, holding, developing, maintaining, improving, leasing, managing, repositioning, disposing or otherwise dealing with revenue producing real property;

(b) Granite REIT shall not make or hold any investment, take any action or omit to take any action that would result in:

(i) Granite REIT not qualifying as a "mutual fund trust" or "unit trust", both within the meaning of the Tax Act;

(ii) REIT Units not qualifying as qualified investments for investment by trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, deferred profit-sharing plans, registered disability savings plans or tax-free savings accounts;

(iii) Granite REIT not qualifying as a "real estate investment trust", as defined in subsection 122.1(1) of the Tax Act if, as a consequence of Granite REIT not so qualifying, Granite REIT would be subject to tax on "taxable Specified Investment Flow-Through ("SIFT") trust distributions" pursuant to section 122 of the Tax Act; or

(iv) Granite REIT being liable to pay a tax imposed under Part XII.2 of the Tax Act;

(c) best efforts will be used to ensure that Granite REIT will not be a "publicly traded partnership" taxable as a corporation under Section 7704 of the Internal Revenue Code of 1986;

(d) factors to be considered in making investments shall include the political environment and governmental and economic stability in the relevant jurisdiction(s), the long-term growth prospects of the assets and the economy in the relevant jurisdiction(s), the currency in the relevant jurisdiction(s) and the income-producing stability of the assets;

(e) Granite REIT may make its investments and conduct its activities, directly or indirectly, through an investment in one or more persons on such terms as the Trustees may from time to time determine, including without limitation by way of joint ventures, partnerships and limited liability companies;

(f) Granite REIT may only invest in operating businesses indirectly through one or more trusts, partnerships, corporations or other legal entities; and

(g) Granite REIT shall not invest in raw land for development, except for (i) existing properties with additional development, (ii) the purpose of renovating or expanding existing properties, or (iii) the development of new properties, provided that the aggregate cost of the investments of Granite REIT in raw land, after giving effect to the proposed investment, will not exceed 15% of Gross Book Value (as defined in the Declaration of Trust).

Operating Policies

The Declaration of Trust provides that the operations and activities of Granite REIT shall be conducted in accordance with the policies summarized below:

(i) Granite REIT shall not trade in currency or interest rate futures contracts other than trades for hedging purposes that comply with National Instrument 81-102 – *Mutual Funds*, as amended from time to time, or any successor instrument or rule;

(ii) (i) any written instrument under which Granite REIT grants a mortgage, and (ii) to the extent practicable, written instruments which create a material obligation, shall contain a provision or be subject to an acknowledgement to the effect that the obligation being created is not personally binding upon, and that resort shall not be had to, nor shall recourse or satisfaction be sought from, the private property of any of the Trustees, REIT Unitholders, annuitants or beneficiaries under a plan of which a REIT Unitholder acts as a trustee or a carrier, or officers, employees or agents of Granite REIT, but that only property of Granite REIT or a specific portion shall be bound; Granite REIT, however, is not required, but shall use all reasonable efforts, to comply with this requirement in respect of obligations assumed by Granite REIT upon the acquisition of real property;

(iii) Granite REIT shall not incur or assume any Indebtedness (as defined in the Declaration of Trust) if, after giving effect to the incurring or assumption of the Indebtedness, the total Indebtedness of Granite REIT would be more than 65% of Gross Book Value (as defined in the Declaration of Trust);

(iv) Granite REIT shall not guarantee any liabilities of any person unless such guarantee: (i) is given in connection with an otherwise permitted investment; (ii) has been approved by the Trustees; and (iii) (A) would not disqualify Granite REIT as a ''mutual fund trust'' within the meaning of the Tax Act, and (B) would not result in Granite REIT losing any other status under the Tax Act that is otherwise beneficial to Granite REIT and REIT Unitholders;

(v) except for real property held by a person partially owned by Granite REIT, title to each real property shall be held by and registered in the name of Granite REIT, the Trustees or in the name of a corporation or other entity wholly-owned, directly or indirectly, by Granite REIT or jointly, directly or indirectly, by Granite REIT with joint venturers or in such other manner which, in the opinion of management, is commercially reasonable;

(vi) Granite REIT shall conduct such diligence as is commercially reasonable in the circumstances on each real property that it intends to acquire and obtain a report with respect to the physical condition thereof from an independent and experienced consultant;

(vii) Granite REIT shall either (a) have conducted an environmental site assessment or (b) be entitled to rely on an existing environmental site assessment, in respect of each real property that it intends to acquire, and if the environmental site assessment report recommends that further environmental site assessments be conducted Granite REIT shall have conducted such further environmental site assessments, in each case, by an independent and experienced environmental consultant; and

(viii) Granite REIT shall obtain and maintain, or cause to be obtained and maintained, at all times, insurance coverage in respect of its potential liabilities and the accidental loss of value of its assets from risks, in amounts, with such insurers, and on such terms as the Trustees consider appropriate, taking into account all relevant factors including the practices of owners of comparable properties.

Amendments to Investment Guidelines and Operating Policies

Pursuant to the Declaration of Trust, all of Granite REIT's investment guidelines and the operating policies of Granite REIT set out in paragraphs (a), (c), (d), (f) and (g) under the heading "Investment Guidelines and Operating Policies of Granite – Operating Policies" may be amended only with the approval of two-thirds of the votes cast at a meeting of REIT Unitholders. The remaining operating policies set out under the heading "Investment Guidelines and Operating Policies of Granite – Operating Policies" may be amended with the approval of a majority of the votes cast at a meeting of REIT Unitholders.

Notwithstanding the foregoing paragraph, if at any time a government or regulatory authority having jurisdiction over Granite REIT or any property of Granite REIT shall enact any law, regulation or requirement which is in conflict with any investment guideline or operating policy of Granite REIT then in force, such guideline or policy in conflict shall, if the Trustees on the advice of legal counsel to Granite REIT so resolve, be deemed to have been amended to the extent necessary to resolve any such conflict and, notwithstanding anything to the contrary in the Declaration of Trust, any such resolution of the Trustees shall not require the prior approval of REIT Unitholders.

RISK FACTORS

Investing in securities of Granite involves a high degree of risk. In addition to the other information contained in this Annual Information Form, investors should carefully consider the following risk factors before investing in securities of Granite. The occurrence of any of the following risks could have a material adverse effect on Granite's business, financial condition, results of operations and cash flows. Other risks and uncertainties that are not known to Granite or that Granite believes are not material may also have a material adverse effect on Granite's business, financial condition, results of operations and cash flows.

Risks Relating to Granite's Business

Tenant Concentration

Although one element of Granite's strategy is to diversify and reduce its exposure to Magna by increasing the proportion of lease revenue that it derives from other tenants, as at December 31, 2022, 27 of Granite's 128 income-producing properties were leased to Magna. As at December 31, 2022, payments under those leases represented approximately 26% of Granite's annualized revenue and approximately 20% based on gross leasable area.

Granite's properties are generally leased to operating subsidiaries of Magna International Inc. and are not guaranteed by the parent company, however, Magna International Inc. is the tenant under certain of Granite's leases. As a result, Granite may not have the contractual right to proceed directly against Magna International Inc. in the event that one of these subsidiaries defaults on its lease. Granite could be materially adversely affected if any Magna subsidiaries become unable to meet their respective financial obligations under their leases, and if Magna International Inc. is unwilling or unable to provide funds to such subsidiaries for the purpose of enabling them to meet such obligations.

Granite encourages investors to consult Magna's public disclosure for information on factors affecting the business of Magna, including the factors described in the section on industry trends and risks in Magna's Management's Discussion and Analysis of Results of Operations and Financial Position prepared as at November 3, 2022.

Automotive Industry

Although Granite intends to continue to increase the proportion of lease revenue it derives from tenants other than Magna, Granite’s business is subject to conditions affecting the automotive industry generally due to its exposure to Magna as its largest tenant.

The global automotive industry is cyclical. A worsening of economic, political, or other conditions of the global economy may result in lower consumer confidence, which typically translates into lower vehicle sales and production levels. In addition, the automotive industry is highly competitive and may be negatively impacted by restrictions on free trade or by trade disputes or tariffs. The automotive industry is currently experiencing rapid technological change from disruptive innovators which may challenge traditional automotive suppliers and place them at a competitive disadvantage if they cannot adapt to such changes. Further, the automotive sector may be impacted by regional production volume declines including as a result of labour disputes or disruptions to the global supply chain. Each of these risks, among others, could have a material adverse effect on Magna, its customers and suppliers and, in turn, on Granite’s profitability and financial condition. A decrease in the long-term profitability or viability of the automotive industry and the automotive parts sector in particular would have a material adverse impact on Granite’s properties and its operating results.

Adverse Global Market, Economic and Political Conditions and Other Events Beyond Granite’s Control

Adverse Canadian, U.S., European and global market and economic conditions, including dislocations and volatility in the credit markets, general global economic uncertainty, inflation and heightened interest rates, have the potential to impact, among others; (i) the value of Granite's properties; (ii) the availability or the terms of financing that Granite has or may anticipate utilizing; (iii) Granite’s ability to make principal and interest payments on, or refinance any outstanding debt when due; and (iv) the ability of Granite’s tenants to enter into new leasing transactions or to satisfy rental payments under existing leases.

Credit Risk

Granite may incur losses resulting from a failure of a tenant to meet its payment obligations. Granite’s financial condition and operating results would be adversely affected if Magna or a significant number of other tenants became unable to meet their financial obligations to Granite. Furthermore, a rejection or termination of a lease under the protection of bankruptcy, insolvency or similar laws, could cause a temporary reduction of Granite’s cash flow.

Geographic Exposure

During 2022, 55% of Granite’s revenue was generated in the United States, 17% in Canada, and 28% in Europe, comprised of 13% in Austria, 7% in Germany and 8% in Netherlands. Operating in different regions and countries exposes Granite to political, economic and other risks as well as multiple foreign regulatory requirements that are subject to change, including:

- consequences from changes in tax laws and treaties, including restrictions on the repatriation of funds;
- downturns in countries or geographic regions where Granite has significant operations;
- economic tensions between governments and changes in international trade and investment policies;
- regulations restricting Granite’s ability to do business in certain countries;
- local regulatory compliance requirements; and

- political and economic instability, natural calamities, war, and terrorism.

The effects of these risks may, individually or in the aggregate, materially adversely affect Granite's business, financial condition, results of operations and cash flows.

Foreign Currency

A majority of Granite's revenue is not denominated in Canadian dollars. Since Granite reports its financial results in Canadian dollars and does not currently hedge all of its non-Canadian dollar rental revenues, Granite is subject to foreign currency fluctuations that could, from time to time, have a material adverse impact on Granite's business, financial condition, results of operations and cash flows.

From time to time, Granite may attempt to hedge its exposure to the impact that changes in foreign currency rates or interest rates may have on Granite's revenue and liabilities through the use of derivative financial instruments. The use of derivative financial instruments, including forwards, futures, swaps, collars and options, in Granite's risk management strategy carries certain risks, including the risk that losses on a hedge position will reduce income. A hedge may not be effective in eliminating all the risks inherent in any particular position. Additionally, nearly all of Granite's outstanding debt is denominated in foreign currencies, and Granite, at times, uses derivatives to more naturally hedge its non-Canadian cash inflows. Granite's profitability may be adversely affected during any period as a result of the use of derivatives.

Environmental Matters

Some of Granite's tenants engage in industrial operations using hazardous materials. Under various federal, state, provincial and local environmental laws, ordinances and regulations, a current or previous owner, an occupier or previous occupier, and their directors and officers, may be liable for costs to remove and remediate contaminants at an affected property, as well as at off-site affected properties. Such laws often impose liability whether or not the owner or occupier knew of, or was responsible for, the presence of the contaminants. In addition, the presence of contaminants and hazardous building materials (such as asbestos) or the requirement to remediate, may materially impair the value of Granite's properties and adversely affect its ability to borrow by using affected properties as collateral. Certain environmental laws and common law principles can impose liability for contamination, and third parties may seek to recover from owners and prior owners and their directors and officers for damages. As an owner and prior owner of properties, Granite and its directors and officers are subject to these potential liabilities.

Capital and operating expenditures necessary to comply with environmental laws and regulations, to defend against claims and to remediate contaminated property may have a material adverse effect on Granite's operating results and its financial condition. To date, environmental laws and regulations have not had a material effect on Granite's operations or its financial condition. However, Granite is subject to ever more stringent environmental standards as a result of enhanced environmental regulation and increased environmental enforcement, compliance with which may have a material adverse effect on Granite's business, financial condition, results of operations and cash flows. Granite cannot predict the future costs that it may be required to incur to meet its environmental obligations.

On occasion, tenants' operations and Granite's properties may become the subject of complaints from adjacent landowners, or inquiries or investigations by environmental regulators. Almost all of the costs relating to such complaints, inquiries or investigations to date have been incurred by Granite's tenants pursuant to the terms of the relevant leases. In the past, Granite has engaged consultants and incurred immaterial costs with respect to environmental matters arising from adjacent or nearby properties in order to protect the condition and marketability of its properties.

Moreover, environmental laws may impose restrictions on the manner in which a property may be used or to which a property is subject on transfer. These environmental restrictions may limit development or expansion of a property in Granite's portfolio and may affect its value.

Failure to Obtain Future Financing

Granite's access to third-party financing will be subject to a number of factors, including general market conditions; global economic volatility; Granite's credit rating; the market's perception of Granite's stability and growth potential; Granite's current and future cash flows and earnings; and Granite's ability to renew certain long-term leases. There is no assurance that capital will be available when needed or on favourable terms. Granite's failure to access required capital on acceptable terms could adversely affect its cash flows, operating results and financial condition, and Granite's ability to make acquisitions, maintain existing assets and make capital investments. Granite may have restricted access to capital and increased borrowing costs which could adversely affect possible future debt or equity security issuances (see also "— Increased Financial Leverage").

Financing Risk

Granite is exposed to financing risk on maturing debentures and bank indebtedness, as well as interest rate risk on borrowings. If its indebtedness is replaced by new debt that has less favourable terms or Granite is unable to secure adequate funding, distributions to holders of Stapled Units may be adversely impacted (see also "— Failure to Obtain Future Financing").

A portion of the cash flow generated by Granite's property portfolio is used to meet its obligations under its outstanding debt and there can be no assurance that Granite will continue to generate sufficient cash flow from operations to meet interest payment obligations or principal repayment obligations upon the applicable maturity dates. If Granite is unable to meet interest or principal payment obligations, it could be required to seek renegotiation of such payments or obtain additional equity, debt or other financing, and failure to do so could materially adversely affect Granite's financial condition and results of operations and adversely impact cash distributions on the Stapled Units. Furthermore, if a property is mortgaged to secure the payment of indebtedness and Granite is unable to meet mortgage payments, the mortgagee could foreclose upon the property, appoint a receiver and receive an assignment of rents and leases or pursue other remedies, all of which could result in lost revenues and asset value.

The documents governing the 2023 Debentures, the 2027 Debentures, the 2028 Debentures, the 2030 Debentures, the Credit Facility, the 2024 Term Loan, the 2025 Term Loan and the 2026 Term Loan contain various financial covenants which are measured on the basis of the combined financial statements of Granite REIT and Granite GP. Failure to comply with obligations under the documents governing such indebtedness could result in a default and could materially adversely affect Granite's financial condition and results of operations and adversely impact cash distributions on the Stapled Units.

Granite is also exposed to interest rate risk, and, to the extent that Granite incurs variable rate indebtedness, its cost of borrowing will fluctuate as interest rates change. Accordingly, if interest rates rise significantly, Granite's operating results, financial condition and cash flow could be adversely affected and the amount of cash available for distribution on the Stapled Units could be decreased.

Competition

In each of the real estate markets in which Granite operates, it competes for suitable real estate investments with many other parties, including real estate investment trusts, pension funds, insurance companies, private investors and other investors (both Canadian and foreign), which are currently seeking, or which may seek in the future, real estate investments similar to those desired by Granite. Some of Granite's competitors may have greater financial resources, or lower required return thresholds than Granite does, or operate with different investment guidelines and operating policies. Accordingly, Granite may not be able to compete successfully for these investments.

If competing properties of a similar type are built in the area where one of Granite's properties is located, or similar properties located in the vicinity of one of Granite's properties are substantially refurbished, the net operating income derived from, and the value of, such property could be reduced as a result of Granite's potential inability to lease space or to charge rent at same or better rates.

Lease Renewals and Occupancy

Granite's tenants may not renew expiring leases on terms favourable to Granite, or at all. Where a lease has expired, Granite may not be able to find a new tenant for the property on terms as favourable as the expired lease, or at all, particularly in respect of properties that are considered to be special purpose in nature and were designed and built with unique features or are located in secondary markets.

Market rates may be lower at the time renewal options are exercised, and accordingly, leases may be renewed at lower levels of rent than are currently in place. Granite may incur significant costs in making property modifications, improvements or repairs required by a new tenant. The failure to maintain a significant number of Granite's income-producing properties under lease would have a material adverse effect on Granite's financial condition and operating results. As at December 31, 2022, Granite's occupancy rate was 99.6%.

Cyber Security

Granite relies on its information technology systems for its financial reporting and day-to-day operations. Information technology systems are also an integral part of the Granite's internal controls over financial reporting framework. Granite employs systems, including systems of third- party vendors, and websites that allow for the storage and transmission of proprietary or confidential information regarding its business, tenants and employees.

Security breaches could expose Granite to a risk of loss or misuse of this information, potential liability and reputational damage. Granite may not be able to anticipate or prevent rapidly evolving types of cyber-attacks. Actual or anticipated attacks may cause Granite to incur increased costs, including costs to deploy additional personnel and protection technologies, train employees and engage third party experts and consultants. Advances in computer capabilities, new technological discoveries or other developments may result in the breach or compromise of technology used by Granite to protect transaction or other data. Data and security breaches can also occur as a result of non-technical issues, including intentional or inadvertent breach by employees or persons with whom Granite has commercial relationships, which may result in the unauthorized release of personal or confidential information.

If Granite were unable to operate its systems, make enhancements as needed or if there was a cyber- security breach into Granite's network or systems of its third-party vendors, it could have an adverse effect on Granite's ability to manage its operations and meet its obligations including its financial reporting obligations, which in turn could have an adverse impact on Granite's business, results of operations and financial condition.

Key Personnel

The operations of Granite depend on the services of certain key personnel. The loss of the services of any member or members of Granite's management team could have an adverse effect on Granite.

General Risks Associated with Real Property Ownership

Because Granite owns, leases and develops real property in multiple jurisdictions, it is subject to risks that may vary by jurisdiction. The investment returns available from investments in real estate depend in large part on the amount of income earned by the properties, capital appreciation generated by the properties, as well as the expenses incurred. Granite may experience delays and incur substantial costs in enforcing its rights as lessor under defaulted leases.

In addition, a variety of other factors outside of Granite's control affect income from properties and real estate values, including governmental regulations, zoning regulations, and condemnation/eminent domain laws, and can make it more expensive or time-consuming to expand, modify or renovate existing structures. The value of Granite's properties is also dependent on the credit and financial stability of Granite's tenants, and the bankruptcy or insolvency of any of Granite's tenants could adversely affect Granite's financial position. Operating costs for a property, including maintenance costs, property taxes and insurance, remain payable regardless of whether the property is producing income.

When interest rates increase, the cost of acquiring, developing, expanding or renovating real property increases and real property values may decrease as the number of potential buyers decreases. In addition, real estate investments are often difficult to sell quickly. Similarly, if financing becomes less available, it becomes more difficult both to acquire and to sell real property. Moreover, governments can, under eminent domain laws, confiscate real property. Sometimes this confiscation is for less compensation than the owner believes the property is worth.

A deterioration of economic and political conditions, including through rising interest rates or inflation, high unemployment rates, increasing energy prices, declining real estate values, increased volatility in global capital markets, international conflicts, sovereign debt concerns, an increase in protectionist measures and/or other factors, could adversely affect the value of Granite's property portfolio, business, financial condition, results of operations and financial condition.

Development Risk

Granite currently develops properties and intends to develop properties in the future as suitable opportunities arise. Real estate development includes risks associated with:

- construction delays or cost overruns that may increase project costs;
- failure to receive zoning, occupancy and other required governmental permits and authorizations;

- development costs incurred for projects that are not pursued to completion;
- natural disasters, such as earthquakes, floods or fires, that could adversely impact a project; and
- governmental restrictions on the nature, use or size of a project.

Granite's development projects may not be completed on time or within budget, and in cases of speculative development there may be difficulty in securing tenants for the development or leasing may not be executed in a timely manner or at expected lease rates, which could all adversely affect Granite's operating results.

Liquidity of Real Estate Investments

Real estate investments, particularly those that are special purpose in nature, tend to be relatively illiquid. This may limit Granite's ability to adjust or adapt its portfolio promptly in response to changing economic or investment conditions. If the liquidation of assets is required, there is a significant risk that Granite would realize sale proceeds of less than the current fair value of its real estate investments.

Additionally, many of Granite's significant leases provide the tenant with rights of first refusal, which may adversely affect the marketability and market value of its income-producing property portfolio. These rights of first refusal may deter third parties from incurring the time and expense that would be necessary for them to bid on Granite's properties in the event that Granite desires to sell those properties. See "Business Overview — Leasing Arrangements — Restrictions on Sales and Tenant Rights of Refusal".

Inability to Execute Growth Strategy

Granite's ability to achieve its strategic objectives is subject to known and unknown risks, uncertainties and other unpredictable factors which, in addition to those discussed herein, include: adverse changes to foreign or domestic laws; changes in economic, market and competitive conditions; and other risks that may adversely affect Granite's ability to grow and diversify its asset base through acquisitions, development, re-development and dispositions; to optimize its balance sheet; to reduce its exposure to Magna and the special purpose properties over the long term; and to achieve its near-term strategy of acquiring and developing an institutional quality portfolio in key e-commerce and distribution markets.

Acquisitions

Granite expects to continue to acquire new properties and dispose of properties in accordance with its growth and diversification strategy, and Granite may also acquire going-concern businesses. It is Granite's operating policy to conduct such diligence as is commercially reasonable in the circumstances on each business or real property that it intends to acquire, including, where appropriate, obtaining reports with respect to the physical condition of real properties, environmental assessments and appraisals, all from independent and experienced consultants.

Acquisitions of properties are subject to commercial risks and satisfaction of closing conditions that may include, among other things, receipt of estoppel certificates and obtaining title insurance. Such acquisitions may not be completed or, if completed, may not be on terms that are as favourable as initially negotiated. In the event that Granite does not complete an announced acquisition, it may have an adverse effect on Granite's operating results.

Integrating acquired properties and businesses also involves a number of risks that could materially and adversely affect Granite's business, including:

- failure of the acquired properties or businesses to achieve expected investment results;
- risks relating to the integration of the acquired properties or businesses and the retention and integration of key personnel relating to the acquired properties or businesses; and
- the risk that major tenants or clients of the acquired properties or businesses may not be retained following the expiry of their leases.

Furthermore, the properties and businesses acquired may have undisclosed liabilities for which Granite may not be entitled to any recourse against the vendor, and any contractual, legal, insurance or other remedies may be insufficient. The discovery of any material liabilities subsequent to the closing of the acquisition for any property or business could have a material adverse effect on Granite's cash flows, financial condition and results of operations.

There can be no assurance that Granite will be able to find attractive opportunities toward which to deploy capital or the proceeds of dispositions, or that Granite will be able to replace the revenue from disposed properties with revenue from newly acquired properties on satisfactory terms or to acquire assets on an accretive basis.

Capital Expenditures

In order to retain marketable rentable space and to generate sustainable revenue over the long term, Granite must maintain or, in some cases, improve each property's condition to meet market demand. In addition, maintaining a rental property in accordance with Granite's leases and market standards can entail costs, including, without limitation, new roofs, paved areas or structural repairs, which Granite may not be able to recover from its tenants.

Numerous factors, including the age of the building, the materials used at the time of construction, currently unknown regulatory violations or new regulatory requirements, could result in substantial unbudgeted costs. If the actual costs of maintaining or upgrading a property exceed Granite's estimates, or if hidden defects are discovered, which are not covered by insurance or contractual warranties, or if Granite is not permitted to recover such costs pursuant to its leases or due to legal constraints, it will incur additional and unexpected costs.

These maintenance, repair and capital costs could have a material adverse effect on Granite's business, financial condition, results of operations and cash flows.

Land Leases

To the extent that the properties in which Granite has or will have an interest are located on leased land, the land leases may be subject to periodic rate resets which may fluctuate and may result in significant rental rate adjustments which could adversely impact Granite's financial condition and operating results and decrease the amount of cash available for distribution. Granite may also be unable to renew land leases upon their expiration, which could adversely impact the value of Granite's investment in the building(s) located on leased land.

New Markets

If the opportunity arises, Granite may explore acquisitions of properties in new markets. Each of the risks applicable to Granite's ability to acquire and successfully integrate and operate properties in its current markets is also applicable to its ability to acquire and successfully integrate and operate properties in new markets. In addition to these risks, Granite may not possess the same level of familiarity with the dynamics and market conditions of any new markets, which could adversely affect its ability to expand into or operate in those markets. Granite may be unable to achieve a desired return on its investments in new markets. If Granite is unsuccessful in expanding into new markets, it could adversely affect its business, financial condition, results of operations and cash flows.

Uninsured Losses

It is Granite's policy to obtain and maintain, or cause to be obtained and maintained, at all times, insurance coverage in respect of its potential liabilities and the accidental loss of value of its assets from risks, in amounts, with selected insurers, and on such terms as it considers appropriate, taking into account all relevant factors including the practices of owners of comparable properties.

Granite does not carry insurance for generally uninsured losses, such as losses from riots, certain environmental hazards, war or certain terrorist attacks.

If Granite experiences a loss which is uninsured or which exceeds its policy coverage limits, Granite could lose the capital invested in the damaged properties as well as the anticipated future cash flows from those properties. In addition, it is difficult to evaluate the stability and net assets or capitalization of insurance companies and any insurer's ability to meet its claim payment obligations. A failure of an insurance company to make payments to Granite upon an event of loss covered by an insurance policy could have a material adverse effect on Granite's business, financial condition, results of operations and cash flows.

Litigation Risk

Granite is sometimes the subject of complaints or litigation from tenants, employees or other third parties for various actions. The damages sought against Granite in these litigation claims can be substantial. If one or more valid and substantiated claims were to greatly exceed Granite's liability insurance coverage limits or if Granite's insurance policies do not cover such a claim, this could have a material adverse effect on Granite's business, financial condition, results of operations and cash flows.

Regulatory Risk

Granite is subject to numerous federal, provincial, state and local laws and governmental regulations including those relating to environmental protections, product quality standards, and building and zoning requirements, as well as securities laws in Canada and the U.S. If Granite fails to comply with existing or future laws or regulations, it may be subject to governmental or judicial fines or sanctions, while incurring substantial legal fees and costs. In addition, Granite's capital expenses could increase due to compliance or remediation measures that may be required if it is found to be noncompliant with any existing or future laws or regulations.

Financial Reporting

Granite maintains information systems, procedures and controls to ensure all financial information disclosed externally is as complete, reliable and timely as possible. Such internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS.

Due to the inherent limitations in all control systems, including well-designed and operated systems, no control system can provide complete assurance that the objectives of the control system will be met. Furthermore, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, will be detected or prevented. Inherent limitations in control systems include, without limitation, the risk of isolated errors and the risk that management's assumptions and judgments may ultimately prove to be incorrect under varying conditions.

Additionally, controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people or by management override. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential conditions.

Increased Financial Leverage

One of Granite's strategic policies is to maintain leverage to a range of 30% to 35% or below. As at December 31, 2022, Granite's net leverage ratio was 32%.

The degree to which Granite is leveraged could have important consequences to holders of Granite securities. These include: (i) a significant portion of Granite's cash flow may be dedicated to the payment of the principal of, and interest on, Granite's indebtedness, thereby reducing the amount of funds available for the payment of cash distributions to holders of Stapled Units; (ii) certain of Granite's borrowings may be at variable rates of interest, which exposes Granite to the risk of increased interest rates; (iii) a high level of debt would increase vulnerability to general adverse economic and industry conditions; (iv) the covenants contained in the indebtedness will limit Granite's ability to dispose of assets, encumber assets, pay distributions and make potential investments; (v) a high leverage percentage may place Granite at a competitive disadvantage compared to other owners of similar real estate assets that are less leveraged and therefore Granite may be prevented from taking advantage of opportunities; (vi) a high leverage percentage may make it more likely that a reduction in Granite's borrowing base following a periodic valuation (or redetermination) could require Granite to repay a portion of then- outstanding borrowings; (vii) high leverage may impact Granite's credit ratings; and (viii) a high leverage percentage may impair Granite's ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, general trust or other purposes. Under the Declaration of Trust, Granite REIT (including entities wholly or partially owned by Granite REIT on a proportionate consolidation basis) may not incur or assume any Indebtedness (as defined in the Declaration of Trust) if, after giving effect to the incurring or assumption of the Indebtedness, the total Indebtedness of Granite REIT would be more than 65% of Gross Book Value (as defined in the Declaration of Trust).

Climate Change Risk

Climate change continues to attract the focus of governments and the general public as an important threat, given that the emission of greenhouse gases and other activities continue to negatively impact the planet. Granite faces the risk that its properties or tenants may be subject to government initiatives aimed at countering climate change, such as a mandatory reduction of greenhouse gas emissions, which could impose constraints on Granite's operational flexibility or cause Granite or its tenants to incur financial costs to comply with various reforms. Any failure to adhere and adapt to climate change reform could result in fines or adversely affect Granite's reputation, operations or financial performance.

Furthermore, Granite's properties or tenants may be exposed to the impact of events caused by climate change, such as natural disasters and increasingly frequent and severe weather conditions. Such events could interrupt Granite's operations and activities, damage its properties and potentially decrease its property values or require Granite to incur additional expenses including an increase in insurance costs to insure its properties against natural disasters and severe weather.

Risks Associated with Disease Outbreaks

Public health crises, pandemics and epidemics, such as those caused by new strains of viruses such as H5N1 (avian flu), severe acute respiratory syndrome (SARS) and, most recently, the COVID-19 pandemic, could result in or continue to result in: a general or acute decline in economic activity in the regions where Granite operates; periodic international, national and local border closures; travel restrictions; significant disruptions to business operations, supply chains and customer activity and demand; temporary or long-term labour shortages; cancellations, reductions and other changes to services; and quarantines; as well as considerable general concern and uncertainty. All of these occurrences may adversely impact Granite's and Granite's tenants' businesses, including the ability of Granite's tenants to meet their payment obligations.

The duration and impact of any disease outbreak on Granite's business operations and financial performance, and the efficacy of any government interventions are difficult to predict. Disruptions caused by a disease outbreak may negatively impact the market price for the Stapled Units and may, in the short- or long-term, materially adversely impact Granite's tenants and/or the debt and equity markets, both of which could materially adversely affect Granite's business operations and financial performance, as well as Granite's ability to pay distributions. In addition, efforts to mitigate the impact of an outbreak may result in increased costs and delays with Granite's current and future development projects.

Risks Associated with the Russian Invasion of Ukraine

Granite currently holds investments and operates in Western Europe, specifically in Netherlands, Germany and Austria. Since the commencement of the Russian invasion of Ukraine in late February 2022 and up to the date of this MD&A, the European real estate markets in which Granite operates have remained orderly and Granite has continued to realize stable net operating income growth while continuing to execute on its strategic initiatives.

During the year ended December 31, 2022, and up to the date of this AIF, there has not been a significant impact on Granite's operations, assets or liabilities as a result of the war.

Although not directly impacted by the ongoing Russian/Ukraine war thus far, Granite and its tenants are exposed to a broad range of current and evolving risks including:

- slowdown of global economic growth and more specifically in the European region;
- inflationary pressures, including energy, labour and transportation/logistics;
- higher interest rates;
- energy security in Western Europe; and

- supply chain disruptions.

A material deterioration in any of the foregoing could have a material adverse effect on Granite's tenants and their ability to continue to operate and pay rent, and impact debt and equity markets, either of which could adversely impact Granite's operations and financial performance. Granite is continuing to monitor the situation in Ukraine and globally and assessing its potential impact on Granite's business.

Risks Relating to Taxation

Canada

Mutual Fund Trust Status

Granite REIT may cease to qualify as a mutual fund trust for purposes of the Tax Act. If Granite REIT did not qualify as a mutual fund trust for such purposes continuously throughout a taxation year, it would be subject to adverse tax consequences which likely would result in a significant portion of its income becoming subject to Canadian income tax and materially reduce the level of cash distributions made to REIT Unitholders.

Real Estate Investment Trust Status

Granite REIT would be subject to Canadian income tax (under the so-called ''SIFT'' tax rules) on a similar basis to a Canadian public corporation on its income for a year unless it qualifies in that year as a real estate investment trust for purposes of the Tax Act (the ''REIT Exception''). If Granite REIT did not qualify under the REIT Exception for one or more of its taxation years, it would have higher cash taxes payable and the level of cash distributions made to REIT Unitholders would be materially reduced. The conditions for satisfying the REIT Exception are onerous, and include various numerical tests (including tests entailing measurement of assets and equity or measurement of various revenue streams) which must be satisfied at any point in time throughout the year in question. Accordingly, there is a risk (including as a result of unanticipated developments or changes in law) that Granite REIT will not qualify under the REIT Exception as a real estate investment trust under the Tax Act for one or more of its taxation years.

Proposed EIFEL Rules

On November 3, 2022, the Minister of Finance released revised legislative proposals to impose "excessive interest and financing expenses limitation" rules (the "EIFEL" rules). In very general terms, the EIFEL rules could require an addition to the income of Granite REIT based largely on the extent to which, for 2024 and subsequent taxation years, the interest and financing expenses ("IFE"), as broadly defined, of Granite LP and, potentially, certain other of its indirect subsidiary limited partnerships, minus their interest and financing revenues ("IFR"), also as broadly defined, exceeded 30% of their "adjusted taxable income" ("ATI") for such taxation years (essentially, EBITDA determined on a Canadian tax basis). For these purposes, IFE, IFR and ATI would be determined on a partially consolidated basis.

Although Granite REIT does not currently anticipate that such additions under the EIFEL rules would occur having regard only to the anticipated ATI, IFE and IFR of Granite LP and its Canadian subsidiary entities, these draft rules would also require the ATI, IFE and IFR of various indirect foreign subsidiaries of Granite LP to be taken into account for purposes of computing such potential additions to the income of Granite REIT where in their applicable taxation years such subsidiaries were considered to earn foreign accrual property income for purposes of the Tax Act.

The various indirect non-resident subsidiaries of Granite LP may not have material sources of foreign accrual property income for their 2024 and subsequent taxation years. However, there can be no assurances in this regard given uncertainties as to their potential circumstances in those taxation years and uncertainties, whether in particular potential circumstances, they would be considered to be generating foreign accrual property income. Accordingly, there can be no assurance at this time that no additions to the income of the REIT for purposes of the Tax Act will occur pursuant to the EIFEL rules, even if such rules are enacted in their currently-proposed form. Any such additions would have the likely general effect of increasing the amount of income allocated for purposes of the Tax Act to REIT Unitholders in respect of the related taxation year of the REIT, with a resulting potential reduction in their after-tax returns where they are taxable investors.

Proposed Tax on Share Buybacks

On November 3, 2022, the Minister of Finance also announced the federal government's intention to introduce a corporate-level 2% tax that would apply, effective January 1, 2024, on the net value of all types of share buybacks by public corporations in Canada – with details of this new tax to be announced in the (still-forthcoming) 2023 federal budget. If the design, as finally determined, of this proposed tax, if implemented, were to extend to the repurchase by Granite REIT and Granite GP of Stapled Units, the cost of such purchases would increase and it may adversely affect the market price of the Stapled Units and reduce the amount of cash on hand available.

United States

Granite's U.S. Private REITs' Status as a U.S. REIT

As of January 1, 2013, Granite America, and as of November 18, 2019, Commerce 30 Building C. Inc., (together "U.S. Private REITs") qualified as REITs for United States federal income tax purposes. REITs are subject to numerous requirements, including requirements relating to the character of their income and assets. If either U.S. Private REIT fails to qualify as a REIT for U.S. federal income tax purposes, it would be subject to U.S. federal income tax as a corporation, and distributions to Granite REIT (and ultimately to REIT Unitholders) could be reduced.

Under section 269B of the United States Internal Revenue Code certain entities that are treated as ''stapled entities'' are subject to adverse effects. Granite GP should not be treated as stapled to Granite America under current law. If Granite GP nevertheless were treated as stapled to Granite America for these purposes, Granite America and Granite GP could be treated as one entity, which could potentially result in Granite America failing to qualify as a REIT and could reduce the amount of available distributions made by Granite America to Granite REIT (and ultimately to REIT Unitholders).

Granite REIT's Status as a Partnership

Granite REIT's status as a partnership for U.S. federal income tax purposes requires that 90% or more of Granite REIT's gross income for every taxable year consists of qualifying income (the ''qualifying income exception''), and that Granite REIT not be registered under the Investment Company Act. Granite REIT expects that it will be able to utilize the qualifying income exception in each taxable year, but Granite REIT could cease to be treated as a partnership for U.S. federal income tax purposes should this exception not be met in any given year, resulting in materially reduced distributions if Granite REIT is subject to U.S. corporate level income tax or increased U.S. withholding tax on dividend distributions from its U.S. subsidiaries.

Section 1446(f) Withholding

Section 1446(f) provides that if any portion of the gain on a disposition of an interest in a partnership would be treated as effectively connected with the conduct of a trade or business within the United States, the transferee shall be required to deduct and withhold a tax equal to 10% of the amount realized on the disposition. Under applicable Treasury regulations that became effective January 1, 2023, a transferee of an interest in a publicly traded partnership (a "PTP") (such as the REIT Units) will not be required to withhold under Section 1446(f) if the transfer is effected through one or more brokers. Instead, the withholding obligation will fall upon the applicable broker, as determined under the regulations. Exceptions to broker withholding are available with respect to transfers of interests in PTPs in certain limited circumstances. For example, a broker will generally be able to rely on a "qualified notice" posted by a PTP indicating that the PTP is not engaged in a trade or business within the United States at any time during its taxable year (the "No US TOB Exception"). Granite REIT is expected to post such a qualified notice as it believes it currently meets the No US TOB Exception, but no assurance can be given that Granite REIT will continue to meet the No US TOB Exception or any other exception to withholding under Section 1446(f), and 10% withholding may be required in connection with the transfer of REIT Units by non-U.S. REIT Unitholders. Non-U.S. REIT Unitholders are urged to consult their brokers and tax advisors about the applicability of withholding under Section 1446(f).

Stock Buyback Tax

Beginning January 1, 2023, the United States will impose a 1% excise tax on certain publicly traded corporations or their affiliates with respect to certain repurchases of stock of the publicly traded corporations. With respect to a publicly traded non-U.S. corporation such as Granite GP, the excise tax may apply if a "U.S. affiliate" (an affiliate other than a non-U.S. corporation or a non-U.S. partnership with no direct or indirect U.S. entity partners) acquires stock of such publicly traded corporation. In addition, under recent guidance from the Treasury Department and Internal Revenue Service, the excise tax may also apply to a repurchase of stock by a publicly traded non-U.S. corporation or its non-U.S. affiliates if such repurchase is funded or considered funded by a U.S. affiliate. The application and scope of this new excise tax is subject to substantial uncertainty and further guidance is expected to be issued by the Treasury Department including relating to the scope of the funding rule. No assurance can be given that Granite REIT, Granite GP and their affiliates will not make repurchases of Units subject to the 1% excise tax. If repurchases of Stapled Units are subject to the 1% excise tax, it may adversely affect the market price of Units and reduce the amount of cash on hand available.

Risks Related to PFIC Status

Granite REIT, Granite GP or their subsidiaries may be considered a PFIC for U.S. federal income tax purposes. U.S.-resident REIT Unitholders directly or indirectly owning an interest in a PFIC may experience adverse U.S. tax consequences.

U.S. Return Filing Obligation if Granite REIT Recognizes FIRPTA Gain

Granite REIT intends to manage its affairs so that the risk of recognizing a gain under FIRPTA is minimized. However, if Granite REIT recognizes a FIRPTA gain, Non-U.S.-resident REIT Unitholders will be subject to U.S. federal income tax and U.S. income tax return filing obligations.

Potential Uncertainty as to the Availability of Treaty Benefits to Distributions from Granite America

Treaty-reduced rates of withholding tax on Fixed, Determinable, Annual, Periodical ("FDAP") payments that are considered to be U.S. sourced, are not available under a treaty if REIT Unitholders are not considered the beneficial owners of the income earned by Granite REIT or are not considered to have derived such income within the meaning of the applicable Treasury Department regulations. Granite believes that REIT Unitholders will be treated as deriving the income earned by Granite REIT and REIT Unitholders will be treated as the beneficial owners of such income. If REIT Unitholders were not considered the beneficial owners of Granite REIT's income, the portion of distributions to REIT Unitholders which would be considered FDAP payments would not be eligible for a reduced rate of withholding tax and Granite REIT may be assessed by the IRS for failure to withhold at an appropriate rate. As a practical matter, Granite may not be able to recover most of the amount of such assessment from REIT Unitholders.

Changes to Tax Laws

Granite operates in multiple foreign jurisdictions. Accordingly, it is subject to the tax laws and related tax treaties in each of those jurisdictions and the risk that those tax laws and treaties may change in the future or that recent changes to such tax laws or treaties may be applied by the tax authorities in an adverse manner. Any such changes could adversely affect taxes payable including withholding taxes, the effective tax rate in the jurisdictions in which Granite operates and the portion of distributions that would be income for Canadian income tax purposes.

Risks Related to the Positions Taken by Granite in its Tax Filings

Tax provisions, including current and deferred tax assets and liabilities in Granite's financial statements and tax filing positions, require estimates and interpretations of Canadian and foreign tax laws, regulations, and tax treaties, and judgments as to their interpretation and application to Granite's specific situation. In addition, the computation of income and other taxes payable involves many complex factors and there can be no assurance that Canadian or foreign tax agencies will agree with Granite's tax filing positions and will not change their administrative practices to the detriment of Granite and its security holders. While Granite believes that its tax filing positions are appropriate and supportable under applicable law, they are always subject to review and assessment by the relevant taxation authorities. Therefore, it is possible that additional taxes could be payable by Granite or withheld on distributions received from non-resident subsidiaries or distributed to REIT Unitholders or that additional taxable income could be allocated by Granite REIT to its REIT Unitholders (potentially in excess of cash distributions made to them).

Risks Relating to the Stapled Units

Distributions

The REIT Units are equity securities of Granite REIT and are not fixed income securities. A fundamental characteristic that distinguishes the REIT Units from fixed income securities is that Granite REIT does not have a fixed obligation to make payments to holders of REIT Units and does not have an obligation to return the initial purchase price of a REIT Unit on a certain date in the future (although the REIT Units are redeemable on demand, subject to certain limitations, as provided in the Declaration of Trust). Granite REIT has the ability to reduce or suspend distributions to holders of REIT Units if circumstances warrant. The ability of Granite REIT to make cash distributions to holders of REIT Units, and the actual amount distributed, will be entirely dependent on the operations and assets of Granite REIT and its subsidiaries, and will be subject to various factors including financial performance, obligations under indebtedness, fluctuations in working capital and capital expenditure requirements. There can be no assurance regarding the amount of income to be generated by Granite's properties.

In addition, unlike interest payments on an interest-bearing debt security, Granite REIT's cash distributions to holders of REIT Units are composed of different types of payments (portions of which may be fully or partially taxable or may constitute non-taxable returns of capital). The composition for tax purposes of those distributions may change over time, thus affecting the after-tax returns to holders of REIT Units. Therefore, the rate of return over a defined period for a holder of REIT Units may not be comparable to the rate of return on a fixed income security that provides a "return on capital" over the same period.

GP Shareholders have no contractual or legal right to dividends, and the declaration of dividends is in the discretion of the Directors. Payment of dividends will depend on, among other things, the earnings, financial condition, level of indebtedness and financial commitments of Granite GP, statutory solvency tests applicable to the declaration and payment of dividends and other factors considered relevant by the Directors. In the current Stapled Unit structure, Granite GP would be entirely dependent on its relatively nominal general partner interest in Granite LP in order to receive funds from which to pay dividends. In light of its nominal earnings (if any), Granite GP did not pay dividends in 2021 or 2022 and does not expect to pay dividends in 2023.

Although Granite REIT intends to distribute the majority of the consolidated income it earns, less expenses and amounts, if any, paid by Granite REIT in connection with the redemption of REIT Units, the actual amount of distributions paid in respect of the REIT Units will depend upon numerous factors, all of which are susceptible to a number of risks and uncertainties beyond the control of Granite. Granite may also determine to retain cash reserves in certain of Granite's subsidiaries for the proper conduct of its business. Adding to these reserves in any year would reduce the amount of distributable cash and, hence, of cash available for distributions in that year. Accordingly, there can be no assurance regarding the actual levels of distributions by Granite REIT or Granite GP. The market value of Stapled Units may decline significantly if Granite REIT suspends or reduces distributions.

Distributions by Granite REIT are payable in cash unless the Trustees determine to pay such amount in Units or fractions thereof. If Granite REIT does not have enough cash to pay distributions in an amount necessary to ensure it will not be liable to pay income tax under Part I of the Tax Act in a taxation year, distributions may be paid in the form of Units or fractions thereof, which could result in REIT Unitholders having taxable income but not receiving cash with respect to such amount.

Subordination of REIT Units and GP Shares

In the event of a bankruptcy, liquidation or reorganization of Granite LP or its subsidiaries, holders of certain of their indebtedness and certain trade creditors will generally be entitled to payment of their claims from the assets from such entities before any assets are made available for upstream distribution, eventually to Granite REIT or Granite GP. GP Shares and REIT Units will be effectively subordinated to the Credit Facility, the 2023 Debentures, the 2027 Debentures, the 2028 Debentures, the 2030 Debentures, the 2024 Term Loan, the 2025 Term Loan and the 2026 Term Loan and most of the other indebtedness and liabilities of Granite LP and its subsidiaries. None of Granite LP or its subsidiaries will be limited (other than pursuant to their credit facilities or other debt instruments, including the Credit Facility, the 2024 Term Loan, the 2025 Term Loan, the 2026 Term Loan, the 2016 Indenture and supplemental indentures thereto) in their respective ability to incur secured or unsecured indebtedness.

Non-Resident Ownership

The Declaration of Trust imposes various restrictions on holders of REIT Units (which apply regardless of whether the REIT Units are held in the form of Stapled Units). REIT Unitholders that are Non-Residents are prohibited from beneficially owning more than 49% of REIT Units (on a non-diluted and fully-diluted basis). These restrictions may limit (or inhibit the exercise of) the rights of certain persons, including persons who are not residents of Canada for purposes of the Tax Act and non-Canadians, to acquire Stapled Units or REIT Units, to exercise their rights as REIT Unitholders and to initiate and complete take-over bids in respect of the Stapled Units or REIT Units. As a result, these restrictions may limit the demand for Stapled Units or REIT Units from certain persons and thereby adversely affect the liquidity and market value of the Stapled Units or REIT Units held by the public. See ''Declaration of Trust and Description of REIT Units — Limitations on Non-Resident Ownership of REIT Units''.

Currency Risk Associated with Granite's Distributions

Holders of Stapled Units residing in countries where the Canadian dollar is not the functional currency will be subject to foreign currency risk associated with Granite's distributions, which are denominated in Canadian dollars.

Dependence on Granite LP

Granite REIT is an open-ended, limited purpose trust which is, for purposes of its income, entirely dependent on Granite LP, and in turn on its subsidiaries. Granite GP is also entirely dependent on Granite LP, and in turn on its subsidiaries, as its principal asset is its relatively nominal general partner interest in Granite LP. Granite REIT remains dependent upon the ability of Granite LP to pay distributions or returns of capital in respect of the units of Granite LP, which ability, in turn, is dependent upon the operations and assets of Granite LP's subsidiaries.

Market Price of Stapled Units

A publicly-traded real estate investment trust will not necessarily trade at values determined by reference to the underlying value of its business. The prices at which the Stapled Units (or REIT Units and GP Shares, after an Event of Uncoupling) will trade cannot be predicted. The market price of the Stapled Units (or REIT Units and GP Shares, after an Event of Uncoupling) could be subject to significant fluctuations in response to variations in quarterly operating results, distributions and other factors, including changes in general market conditions, fluctuations in the markets for equity securities and numerous other factors beyond Granite's control.

The annual yield on the Stapled Units (or REIT Units and GP Shares, after an Event of Uncoupling) as compared to the annual yield on other financial instruments may also influence the price of Stapled Units (or REIT Units and GP Shares, after an Event of Uncoupling) in the public trading markets. In general, an increase in market interest may lead investors in Stapled Units (or REIT Units and GP Shares, after an Event of Uncoupling) to demand a higher annual yield which could adversely affect the quoted price of Stapled Units (or REIT Units and GP Shares, after an Event of Uncoupling).

In addition, the securities markets have in the past experienced and may in the future experience significant price and volume fluctuations from time to time unrelated or disproportionate to the operating performance of particular issuers. These broad fluctuations may adversely affect the market price of the Stapled Units (or REIT Units and GP Shares, after an Event of Uncoupling).

Since REIT Units and GP Shares do not trade independently, but rather are stapled together as Stapled Units, investors in Stapled Units are subject to all of the risks of an investment in both REIT Units and GP Shares.

Non-Direct Investment

Granite REIT's principal assets are limited partnership interests in Granite LP. Each REIT Unit represents an equal, undivided, beneficial interest in Granite REIT and does not represent a direct investment in Granite REIT's assets and should not be viewed by investors as a direct investment in Granite REIT's assets. Similarly, Granite GP's principal asset is its relatively nominal general partner interest in Granite LP. Granite GP is a separate legal entity and a GP Share does not represent a direct investment in Granite GP's assets and should not be viewed by investors as a direct investment in Granite GP's assets.

The REIT Units are not ''deposits'' within the meaning of the Canada Deposit Insurance Corporation Act and are not insured under the provisions of that Act or any other legislation. Furthermore, Granite REIT is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company. In addition, although Granite REIT is intended to qualify as a ''mutual fund trust'' as defined by the Tax Act, Granite REIT is not a ''mutual fund'' as defined by applicable securities legislation.

The REIT Units do not represent a direct investment in the business of Granite LP and should not be viewed by investors as shares or interests in such entity or any other company. The REIT Units do not represent debt instruments and there is no principal amount owing to REIT Unitholders under the REIT Units.

Redemptions of Stapled Units

The Stapled Units are redeemable on demand by the holder, subject to the limitations described under the heading ''– Risks Relating to the Stapled Units''. It is anticipated that the redemption right will not be the primary mechanism for holders of Stapled Units to liquidate their investment. Upon a redemption of REIT Units, the Trustees may distribute cash or Unit Redemption Assets (as defined under ''Declaration of Trust and Description of REIT Units – REIT Unit Redemption Right'') to the redeeming REIT Unitholders, subject to obtaining any required regulatory approvals and complying with the requisite terms and conditions of such approvals. The property so distributed may not be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, registered disability savings plans, registered education savings plans, tax-free savings accounts and deferred profit-sharing plans, each within the meaning of the Tax Act (collectively, ''Exempt Plans'') depending upon the circumstances at the time.

Additionally, such securities, if any, are not expected to be listed on any stock exchange and no established market is expected to develop in such securities and they may be subject to resale restrictions under applicable securities laws.

Following an Event of Uncoupling, the GP Shares will no longer be redeemable on demand by the holder.

Dilution of Stapled Units

Granite may issue an unlimited number of Stapled Units for the consideration and on such terms and conditions as are established by the Trustees of Granite REIT and the Directors of

Granite GP without the approval of any holders of Stapled Units. Any further issuance of Stapled Units will dilute the interests of existing holders.

Liability of REIT Unitholders

The Declaration of Trust provides that no REIT Unitholders, in such capacity, will be subject to any liability for, among other things, the obligations, liabilities or activities of Granite REIT. In addition, legislation has been enacted in the Province of Ontario and certain other provinces that is intended to provide REIT Unitholders in those provinces with limited liability comparable to shareholders of a corporation. However, there remains a risk, which management of Granite REIT considers to be remote in the circumstances, that a REIT Unitholder could be held personally liable for the obligations of Granite REIT to the extent that claims are not satisfied out of the assets of Granite REIT.

Uncoupling of Stapled Units — Significant Expenditures

An ''Event of Uncoupling'' shall occur only: (i) in the event that REIT Unitholders vote in favour of the uncoupling of REIT Units and GP Shares such that the two securities will trade separately; or (ii) at the sole discretion of the Trustees or the Directors, but only in the event of the bankruptcy, insolvency, winding-up or reorganization (under an applicable law relating to insolvency) of Granite REIT or Granite GP or the taking of corporate action by Granite REIT or Granite GP in furtherance of any such action or the admitting in writing by Granite REIT or Granite GP of its inability to pay its debts generally as they become due. As a result of changes in applicable Canadian, U.S. or other foreign tax laws, or otherwise, it may become desirable to uncouple REIT Units and GP Shares such that the two securities trade separately. There can be no guarantee that such an uncoupling will be accomplished in a timely manner, or at all, and Granite may incur significant expenditures related to administrative expenses and legal and tax advice in respect of holding a meeting of REIT Unitholders, a meeting of GP Shareholders, or otherwise to effect an uncoupling of REIT Units and GP Shares. The market value of the Stapled Units may decline significantly if a desirable uncoupling cannot be effected in a timely manner, or at all.

Uncoupling of Stapled Units — De-listing of REIT Units and/or GP Shares

If an Event of Uncoupling occurs, either or both of the REIT Units or GP Shares may be de-listed from the TSX or the NYSE and consequently, there may be no market through which a holder can liquidate its investment in such securities following an Event of Uncoupling. If the REIT Units or GP Shares are de-listed upon an Event of Uncoupling, there can be no assurance that they will be re-listed or posted for trading or quoted on the TSX, the NYSE or any other market for securities. If de-listing were to occur, the REIT Units or GP Shares may not be qualified investments for Exempt Plans depending on the circumstances at the time.

Uncoupling of Stapled Units — Non-Compliance with Canadian Securities Laws

Granite GP relies and intends to rely on certain exemptions from Canadian securities laws set out in exemption orders obtained from applicable Canadian securities regulatory authorities, including with respect to certain continuous disclosure requirements. Granite REIT also relies on such exemption orders to, among other things, permit it to prepare and file combined financial statements of Granite REIT and Granite GP. If there is an Event of Uncoupling, or if certain other conditions of such exemptive relief are not met, Granite GP or Granite REIT may be in default of certain requirements of Canadian securities laws until they comply in full with such requirements. Such a default could impair the ability of Granite REIT and/or Granite GP to undertake financings and could lead to regulatory sanctions.

Statutory Remedies

The rights of REIT Unitholders are based primarily on the Declaration of Trust. There is no statute governing Granite REIT's affairs equivalent to the BCBCA which sets out the rights and entitlements of shareholders of corporations, such as GP Shareholders, in various circumstances. As such, REIT Unitholders do not have statutory rights with respect to Granite REIT normally associated with ownership of shares of a corporation including, for example, the right to bring ''oppression'' or ''derivative'' actions; however, certain analogous rights with respect to Granite REIT have been included in the Declaration of Trust since June 2022.

The rights granted in the Declaration of Trust are granted as contractual rights afforded to REIT Unitholders. Similar to other existing rights contained in the Declaration of Trust (e.g., take-over bid provisions and conflict of interest provisions), making these rights and remedies and certain procedures available by contract is structurally different from the manner in which the equivalent rights and remedies or procedures (including the procedure for enforcing such remedies) are made available to shareholders of a corporation, who benefit from those rights and remedies or procedures by the corporate statute that governs the corporation, such as the BCBCA. As such, there is no certainty how these rights, remedies or procedures may be treated by the courts in the non-corporate context or that a REIT Unitholder will be able to enforce the rights and remedies in the manner contemplated by the Declaration of Trust. Furthermore, how the courts will treat these rights, remedies and procedures will be at the discretion of the court, and a court may choose to not accept jurisdiction to consider any claim contemplated in the Declaration of the Trust.

As well, Granite REIT may not be a recognized entity under certain existing insolvency legislation such as the *Bankruptcy and Insolvency Act* (Canada) and the *Companies Creditors' Arrangement Act* (Canada) and thus the treatment of REIT Unitholders upon an insolvency is uncertain.

Risks Relating to the Debentures

Credit Ratings and Credit Risk

The credit rating assigned to the Debentures by each of the applicable credit ratings agencies is not a recommendation to buy, hold or sell the Debentures. A rating is not a comment on the market price of a security nor is it an assessment of ownership given various investment objectives. There can be no assurance that the credit ratings assigned to the Debentures will remain in effect for any given period of time and ratings may be upgraded, downgraded, placed under review, confirmed and discontinued by an applicable credit ratings agency at any time. Real or anticipated changes in credit ratings on the Debentures may affect the market value of the Debentures. In addition, real or anticipated changes in credit ratings may affect the cost at which Granite LP can access the capital markets and downgrades in credit ratings may increase the cost of borrowing of existing credit facilities. See ''Credit Facility and Indebtedness – Credit Ratings''.

Repayment Risk

The likelihood that holders of the Debentures will receive payments owing to them under the terms of the Debentures will depend on the financial health of Granite REIT, Granite GP and Granite LP and their creditworthiness. In addition, the Debentures and the guarantees thereof will be unsecured obligations of Granite LP (in the case of the Debentures) and Granite REIT and Granite GP (in the case of the guarantees) and, therefore, if Granite LP, Granite REIT or Granite GP becomes bankrupt, liquidates its assets, reorganizes or enters into certain other transactions, its assets will be available to pay its obligations with respect to the Debentures and the guarantees thereof only after it has paid all of its secured indebtedness, if any, in full.

There may be insufficient assets remaining following such payments to pay amounts due on any or all of the Debentures then outstanding.

Structural Subordinate of Debentures

Liabilities of a parent entity whose assets are held by various subsidiaries may result in the structural subordination of the creditors of the parent corporation to the creditors, including trade creditors, of such subsidiaries. The parent entity is entitled only to the residual equity of its subsidiaries after all debt obligations of its subsidiaries are discharged. In the event of a bankruptcy, liquidation or reorganization of Granite LP, Granite REIT or Granite GP, holders of indebtedness of Granite LP, Granite REIT and Granite GP (including holders of Debentures) may become subordinate to creditors of the subsidiaries of Granite LP.

Fluctuations in Market Price and Value of the Debentures

The market price or value of the Debentures depends on many factors, including liquidity of the Debentures, prevailing interest rates and the markets for similar securities, general economic conditions and Granite's financial condition, historic financial performance and future prospects.

Prevailing interest rates will affect the market value of the Debentures. Assuming all other factors remain unchanged, the market value of the Debentures will decline as prevailing interest rates for comparable debt instruments rise, and increase as prevailing interest rates for comparable debt instruments decline.

Challenging market conditions, the health of the economy as a whole and numerous other factors beyond the control of Granite LP may have a material effect on the business, financial condition, liquidity and results of operations of Granite LP. Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of securities of issuers and that have often been unrelated to the operating performance, underlying asset values or prospects of such issuers. There can be no assurance that continuing fluctuations in price and volume will not occur. Accordingly, the market price of the Debentures may decline even if Granite LP's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are objective evidence of impairment, which may result in impairment losses. If such increased levels of volatility and market turmoil occur, Granite LP's operations could be adversely impacted and the market price of the Debentures may be adversely affected.

Liquidity of Debentures

There is currently only a secondary market with limited liquidity through which the Debentures may be sold. No assurance can be given that an active or liquid trading market for the Debentures will be maintained and holders may not be able to resell Debentures. This may affect the pricing of the Debentures, the transparency and availability of trading prices, the liquidity of the Debentures and the extent of issuer regulation. To the extent that an active trading market for the Debentures does not exist, the liquidity and trading prices for the Debentures may be adversely affected. Whether or not the Debentures will trade at lower prices depends on many factors, including liquidity of the Debentures, prevailing interest rates and the markets for similar securities, general economic conditions and Granite's financial condition and future prospects.

Change of Control

Granite LP may be required to purchase all outstanding Debentures upon the occurrence of a ''Change of Control'' (as defined in the 2016 Indenture, the 2020 First Indenture, the 2020 Second Indenture and the 2021 Indenture). However, it is possible that following a Change of Control, Granite LP will not have sufficient funds at that time to make any required purchase of outstanding Debentures or that restrictions contained in other indebtedness will restrict those purchases.

Early Redemption of Debentures

Granite LP may choose to redeem the Debentures prior to maturity, in whole or in part, at any time or from time to time, especially when prevailing interest rates are lower than the rate borne by the Debentures. If prevailing rates are lower at the time of redemption, a holder would not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on the Debentures being redeemed.

DESCRIPTION OF STAPLED UNITS

The Stapled Units consist of one REIT Unit and one GP Share. The Declaration of Trust and Articles of Granite GP each contain provisions to achieve the ''stapling'' of the REIT Units and the GP Shares until such time as an Event of Uncoupling occurs. See ''Declaration of Trust and Description of REIT Units — Allotment and Issue of REIT Units'', ''Declaration of Trust and Description of REIT Units — Transferability and Stapling of REIT Units'' and ''Granite GP Capital Structure''.

For information regarding an Event of Uncoupling, see "Risk Factors – Risks Related to Stapled Units – Uncoupling of Stapled Units – Significant Expenditures".

Support Agreement

The following is a summary of certain provisions of the Support Agreement and does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the Support Agreement, as filed on SEDAR.

Pursuant to the Declaration of Trust and the Articles of Granite GP, at all times, each REIT Unit must be ''stapled'' to a GP Share unless there is an Event of Uncoupling. As part of the 2013 Arrangement, Granite REIT and Granite GP entered into a support agreement dated as of January 3, 2013, as amended and restated on December 20, 2017, which contains provisions that facilitate the Stapled Unit structure.

Among other things, the Support Agreement provides for:

(i) coordination of the declaration and payment of distributions by Granite REIT and dividends by Granite GP so as to provide, unless otherwise agreed, for simultaneous record dates and payment dates;

(ii) coordination between the parties so as to permit them to perform their respective obligations pursuant to the Declaration of Trust, the Articles of Granite GP, equity-based compensation plans, any dividend or distribution re-investment plan and any unitholder rights plan;

(iii) for each party to take all such actions and do all such things as are necessary or desirable to enable and permit the other party to perform its obligations arising under any right, warrant, option or other convertible security and enable the delivery of Stapled Units thereunder or in connection therewith; and

(iv) for each party to take all such actions and do all such things as are necessary or desirable to issue REIT Units or GP Shares, as applicable, simultaneously (or as close to simultaneously as possible) with the issue of GP Shares or REIT Units, as applicable, and to otherwise ensure at all times that each holder of a particular number of REIT Units holds an equal number of GP Shares, including participating in and cooperating with any public or private distribution of Stapled Units by, among other things, signing prospectuses or other offering documents.

Under the Support Agreement, the parties have agreed to keep each other informed of potential issues of securities, consult with each other and cooperate in connection with such an issue. The Support Agreement provides for coordination and cooperation of the parties in the event of any acquisition by the parties of, or offer to acquire, Stapled Units. The Support Agreement prevents (i) Granite GP from acquiring, or offering to acquire, GP Shares unless either of Granite GP or Granite REIT simultaneously acquires, or offers to acquire, the accompanying REIT Units, and (ii) Granite REIT from acquiring, or offering to acquire, REIT Units, unless Granite GP simultaneously acquires, or offers to acquire, the accompanying GP Shares.

The Support Agreement contains provisions to facilitate the preparation and filing of combined financial statements of Granite REIT and Granite GP and other public disclosure documents containing disclosure about Granite REIT and Granite GP. The parties are required to cooperate with each other in the preparation of combined financial statements and other public disclosure documents; provide relevant financial and other information to each other; maintain a consistent financial presentation, to the extent appropriate and practicable in accordance with applicable accounting principles; and maintain the same fiscal year end. The Support Agreement also provides for the cooperation and coordination of the parties in calling and holding meetings of holders of REIT Units and GP Shares, respectively, including having the same record dates and meeting dates, holding concurrent or sequential meetings and cooperating in the preparation of a management information circular and other meeting materials.

DECLARATION OF TRUST AND DESCRIPTION OF REIT UNITS

The following is a summary of certain provisions of the Declaration of Trust and does not purport to be complete and is subject to and is qualified in its entirety by reference to the Declaration of Trust, as filed on SEDAR.

REIT Units

The beneficial interests in Granite REIT are represented and constituted by a single class of "trust units". An unlimited number of REIT Units may be issued pursuant to the Declaration of Trust. Each REIT Unit represents an equal undivided beneficial interest in any distributions by Granite REIT, whether of net income, net realized capital gains or other amounts and, in the event of termination of Granite REIT, in the net assets of Granite REIT remaining after satisfaction of all liabilities, and no REIT Unit has any preference or priority over any other.

No REIT Unitholder is entitled to call for any partition or division of Granite REIT's property or for a distribution of any particular asset forming part of Granite REIT's property or of any particular monies or funds received by the Trustees. The legal ownership of the property of Granite REIT and the right to conduct the activities and operations of Granite REIT are vested exclusively in the Trustees, and no REIT Unitholder has or is deemed to have any right of ownership in any of the property of Granite REIT, except as a beneficiary of Granite REIT and as specifically provided in the Declaration of Trust.

REIT Unitholders may attend and vote at all meetings of the REIT Unitholders, either in person or by proxy, and each REIT Unit is entitled to one vote at all such meetings or in respect of any written resolution of REIT Unitholders.

Subject to applicable regulatory approval, the issued and outstanding REIT Units may be subdivided or consolidated from time to time by the Trustees without REIT Unitholder approval, provided that if an Event of Uncoupling has not occurred, the REIT Units shall not be subdivided or consolidated unless immediately following such subdivision or consolidation there will be issued and outstanding an equal number of REIT Units and GP Shares.

The REIT Units are not ''deposits'' within the meaning of the Canada Deposit Insurance Corporation Act and are not insured under the provisions of such Act or any other legislation. Furthermore, Granite REIT is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on the business of a trust company.

Allotment and Issue of REIT Units

The consideration for any REIT Unit must be paid in one or more of money, property or past services performed for or for the direct or indirect benefit of Granite REIT, the value of which consideration received by Granite REIT, as determined by the Trustees, equals or exceeds the issue price set for the REIT Unit. Subject to the foregoing and the restrictions noted at ''— Limitations on Non-Resident Ownership of REIT Units'', the Trustees may allot and issue REIT Units at such time or times and in such manner (including pursuant to any reinvestment plan relating to distributions of Granite REIT or dividends of Granite GP, equity-based compensation plans of Granite REIT, Granite GP or their respective affiliates or pursuant to a unitholder rights plan of Granite REIT and/or shareholder rights plan of Granite GP), and for such consideration and to such person, persons or class of persons as the Trustees in their sole discretion shall determine, provided that, if an Event of Uncoupling has not occurred, no REIT Unit may be issued to any person unless (i) a GP Share is simultaneously issued to such person or (ii) Granite REIT has arranged that REIT Units will be consolidated (subject to any applicable regulatory approval) immediately after such issuance, such that each holder of a REIT Unit will hold an equal number of REIT Units and GP Shares immediately following such consolidation. REIT Units may be issued and sold on an instalment basis, in which event beneficial ownership of such REIT Units may be represented by instalment receipts, but shall otherwise be non-assessable. REIT Units may also be issued in satisfaction of any non-cash distribution by Granite REIT to the REIT Unitholders.

The Trustees may also create and issue rights, warrants or options or other instruments or securities (including, subject to the provisions summarized under ''Investment Guidelines and Operating Policies of Granite REIT'', debt securities) exercisable for, convertible into, exchangeable for or otherwise pursuant to which a holder may subscribe for, acquire or receive payment in, fully paid REIT Units and, provided that an Event of Uncoupling has not occurred, Stapled Units.

Transferability and Stapling of REIT Units

Provided that an Event of Uncoupling has not occurred, each REIT Unit may be transferred only together with a GP Share and, in the event that Granite GP (i) subdivides, re-divides or changes the then outstanding GP Shares into a greater number of GP Shares, (ii) reduces, combines, consolidates or changes the then outstanding GP Shares into a lesser number of GP Shares, or

(iii) reclassifies or otherwise changes the GP Shares, Granite REIT (subject to any applicable regulatory approval) shall cause a corresponding change to simultaneously be made to, or in, REIT Units unless such event does not result in a holder of a GP Share holding an unequal number of GP Shares and REIT Units (including if a dividend or distribution by Granite GP in the form of GP Shares, or the issuance by Granite GP of GP Shares, which, in each case, is followed immediately by a consolidation after which each holder of a REIT Unit holds an equal number of GP Shares. See also ''— Limitations on Non-Resident Ownership of REIT Units''.

No transfer of REIT Units shall be effective as against the Trustees or shall be in any way binding upon the Trustees until the transfer has been recorded on the register to be maintained by Granite REIT's registrar and transfer agent.

Purchases of REIT Units

Granite REIT may purchase or otherwise acquire at any time, in each case for cancellation, the whole or from time to time any part of the outstanding REIT Units, at a price per REIT Unit and on a basis determined by the Trustees in compliance with all applicable securities laws, regulations or policies and the policies of any applicable stock exchange, provided that, if an Event of Uncoupling has not occurred, Granite GP simultaneously purchases the GP Shares stapled to the REIT Units that Granite REIT seeks to purchase or otherwise acquire.

Trustees

Number of Trustees and Quorum

The Declaration of Trust provides that Granite REIT will have a minimum of three and a maximum of 15 Trustees.

The number of Trustees may be fixed within such limits, from time to time, and increased or decreased within such limits, from time to time, by resolution of the Trustees. If the number of Trustees so fixed is increased, the Trustees may, from time to time, appoint one or more additional Trustees to fill such a vacancy, provided that the number of additional Trustees so appointed must not at any time exceed one-third of the number of the current Trustees who were elected or appointed as Trustees other than pursuant to the foregoing.

Trustee Power and Authority

The Trustees, subject only to the specific limitations contained in the Declaration of Trust, including, without limitation, those described under ''Investment Guidelines and Operating Policies of Granite REIT'' and ''— Amendments to the Declaration of Trust — Amendments by REIT Unitholders'', shall have, without further or other authorization, action or consent and free from any control or direction on the part of, REIT Unitholders, full, absolute and exclusive power, control and authority over the assets of Granite REIT and over the activities and operations of Granite REIT to the same extent as if the Trustees were the sole and absolute legal and beneficial owners of such assets in their own right, to do all such acts and things as in their sole judgment and discretion are necessary or incidental to, or desirable for, the carrying out of any of the purposes of Granite REIT or the conducting of the activities and operations of Granite REIT.

In particular, the Trustees have the power and authority to, among other things: (a) retain, invest and re-invest the capital or other funds of Granite REIT in real or personal property of any kind; (b) possess and exercise all the rights, powers and privileges appertaining to the ownership of the property of Granite REIT; (c) increase the capital of Granite REIT at any time by the issuance of additional REIT Units; (d) invest in, purchase or otherwise acquire and hold for investment the entire or any participating interest in notes, debentures, bonds or other obligations which are secured by any mortgages; (e) sell, rent, lease, hire, exchange, release, partition, assign, mortgage, pledge, hypothecate, grant security interests in, encumber, negotiate, convey, transfer or otherwise dispose of any or all of the property of Granite REIT; (f) enter into leases, contracts, obligations and other agreements; (g) issue any type of debt securities or convertible debt securities and borrow money or incur any other form of indebtedness for the purpose of carrying out the purposes, activities and operations of Granite REIT; (h) guarantee, indemnify or act as surety with respect to payment or performance of obligations of other persons, to the extent, in the opinion of the Trustees, necessary or incidental to or desirable for the carrying out of any of the purposes of Granite REIT or conducting the activities and operations of Granite REIT; (i) lend money or other property of Granite REIT; (j) elect, appoint, engage or employ officers of Granite REIT who may be removed or discharged at the discretion of the Trustees; (k) collect, sue for and receive sums of money coming due to Granite REIT; (l) renew, modify, release, compromise, extend, consolidate or cancel, in whole or in part, any obligation to or of Granite REIT; (m) to the extent permitted by law, indemnify, or enter into agreements with respect to the indemnification of, the Trustees; (n) except as prohibited by law or the Declaration of Trust, delegate any of the powers and duties of the Trustees; and (o) do all such other acts and things as are incidental to the foregoing, and exercise all powers which are necessary or useful to carry on the activities and operations of Granite REIT, to promote any of the purposes for which Granite REIT is formed and to carry out the provisions of the Declaration of Trust.

Term of Trustees

Trustees elected or appointed hold office for a term that, subject to the terms of the Declaration of Trust, expires at the conclusion of the next annual meeting of REIT Unitholders or until their successors are elected or appointed, and shall be eligible for election or re-election.

Residency of Trustees and Quorum

A majority of the Trustees must be Resident Canadians. If at any time a majority of the Trustees are not Resident Canadians because of the resignation, removal, death or change in circumstance of any Trustee who was a Resident Canadian, or there are no Trustees who are Resident Canadians, the Trustee or Trustees who are not Resident Canadians shall, immediately before that time, be deemed to have resigned and shall cease to be Trustees with effect from the time of such deemed resignation.

A quorum of the Trustees will be a majority of the Trustees then holding office, provided that a majority of Trustees present are Resident Canadians.

A majority of meetings of the Trustees in each calendar year must be held in Canada.

Resignation and Removal of Trustees

A Trustee may resign at any time and such resignation shall take effect on the date notice is given or at any later time specified in the notice. A Trustee may be removed at any time (i) with or without cause by a majority of the votes cast at a meeting of REIT Unitholders or (ii) by the other Trustees if the Trustee is convicted of an indictable offence, or if the Trustee ceases to be qualified to act as a trustee of Granite REIT and does not promptly resign. Any removal of a Trustee shall take effect immediately following the aforesaid vote or resolution.

Vacancies

The resignation, deemed resignation, removal or death of a Trustee, or failure of the REIT Unitholders to elect some, but not all, of the required number of Trustees, shall cause a vacancy to occur and a majority of the Trustees continuing in office may fill such a vacancy; provided that, if such vacancy arises as a result of removal of a Trustee by REIT Unitholders, such vacancy may be filled by the REIT Unitholders electing a replacement Trustee at the meeting at which the Trustee is removed. If REIT Unitholders fail to elect any Trustees, the Trustees then in office will continue to hold office, subject to the terms of the Declaration of Trust.

Until vacancies resulting from the resignation, deemed resignation, removal or death of a Trustee are filled (through election by REIT Unitholders, appointment by the remaining Trustees or otherwise in accordance with the Declaration of Trust), the remaining Trustee or Trustees (even if less than a quorum) may exercise the powers of the Trustees under the Declaration of Trust.

If at any time the number of Trustees is less than the required number and the remaining Trustee or Trustees fail or are unable to appoint one or more additional Trustees or if, upon the deemed resignation of one or more Trustees there would be no Trustees, then the Trustees then in office shall promptly call a special meeting of REIT Unitholders to fill the vacancies (and conduct such other business, if any, that may be dealt with at that meeting) and, if they fail to call a meeting or if there are no Trustees then in office, the meeting may be called by any REIT Unitholder.

Standard of Care of Trustees, Indemnification and Limitations of Liability

The Declaration of Trust provides that that the Trustees shall exercise their powers and carry out their functions thereunder honestly and in good faith with a view to the best interests of Granite REIT and the REIT Unitholders and that in connection therewith the Trustees shall exercise the care, diligence and skill that a reasonably prudent individual would exercise in comparable circumstances.

The Declaration of Trust provides that the Trustees shall at all times be indemnified and saved harmless out of the property of Granite REIT from and against losses which the Trustees may suffer, sustain, incur or be required to pay as a result of, or in connection with any claim for or in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of their duties as Trustees and also from and against all other losses which they sustain or incur in or about or in relation to the activities and operations of Granite REIT, unless: (i) at the time that the indemnity or payment is made, Granite REIT was prohibited from giving the indemnity or paying the expenses by the then governing declaration of trust; (ii) in relation to the subject matter of any proceeding or investigation for which indemnification is sought, the Trustee did not act honestly and in good faith with a view to the best interests of Granite REIT and the REIT Unitholders; or (iii) in the case of any criminal or administrative action or proceeding that is enforced by a monetary penalty, the Trustee did not have reasonable grounds for believing that the Trustee's conduct in respect of which the proceeding was brought was lawful. The Declaration of Trust also provides, in certain circumstances, for the advance of funds to a Trustee and repayment of such funds to Granite REIT.

Pursuant to the Declaration of Trust, none of the Trustees or any agent of Granite REIT shall be liable to Granite REIT or any REIT Unitholder or former REIT Unitholder for (i) any action taken in good faith in reliance on any documents that are, prima facie, properly executed, (ii) any depreciation of, or loss to, Granite REIT incurred by reason of the sale of any security, (iii) the loss or disposition of monies or securities, or (iv) any other action or failure to act, including the failure to compel in any way any former or acting Trustee to redress any breach of trust or any failure by any person to perform obligations or pay monies owed to Granite REIT, except for a breach of the duties and standard of care, diligence and skill set out above. If the Trustees have retained an appropriate expert or advisor with respect to any matter connected with their duties under the Declaration of Trust, the Trustees may in good faith act or refuse to act based on the advice of such expert or advisor and, notwithstanding any provision of the Declaration of Trust, including the duties and standard of care, diligence and skill set out above, the Trustees will not be liable for any action or refusal to act in good faith based on the advice of any such expert or advisor which it is reasonable to conclude is within the expertise of such expert or advisor to give. The Declaration of Trust further provides that (i) subject to the duties and standard of care, diligence and skill set out above, none of the Trustees nor any agent of Granite REIT shall be subject to any liability in their personal capacities for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses (including legal expenses) against or with respect to Granite REIT or in respect to the activities of Granite REIT, (ii) other than the property and assets of Granite REIT, no property or assets of the Trustees, owned in their personal capacity or otherwise, will be subject to any levy, execution or other enforcement procedure with regard to any obligations of Granite REIT under the Declaration of Trust or under any other agreements and no recourse with respect to such obligations may be had or taken, directly or indirectly, against the Trustees in any capacity other than their capacity as Trustees of Granite REIT or against any successor, heir, executor, administrator or legal representative of the Trustees, and (iii) Granite REIT shall be solely liable therefor and resort shall be had solely to the property and assets of Granite REIT for payment or performance thereof.

The Declaration of Trust also provides that the foregoing matters in this paragraph will apply mutatis mutandis to each individual who: (i) is or was an officer of Granite REIT; (ii) was a Trustee; (iii) is or was, or holds or held a position equivalent to that of, a director or officer of Granite GP or of a person at a time when that person is or was an affiliate of Granite REIT or of Granite GP; (iv) at the request of Granite REIT or Granite GP, is or was, or holds or held a position equivalent to that of, a director or officer of a person; and the heirs and personal or other legal representatives of any of the foregoing individuals or an individual who is a Trustee. Granite REIT shall also indemnify any such persons in such other circumstances as the Declaration of Trust or law permits or requires.

REIT Unit Redemption Right

REIT Units are redeemable at any time on demand by the holders thereof; provided that, prior to an Event of Uncoupling, a REIT Unit may only be redeemed together with a tender for retraction by the holder of a GP Share forming part of the applicable Stapled Unit. A REIT Unitholder who wishes to exercise the redemption right is required to duly complete and properly execute a notice, in a form approved by the Trustees, requiring Granite REIT to redeem that number of REIT Units specified in the notice, which notice shall be sent to the head office of Granite REIT or any principal office of the transfer agent in respect of REIT Units. No form or manner of completion or execution of a notice shall be sufficient unless the same is in all respects satisfactory to the Trustees and is accompanied by any further evidence that the Trustees may reasonably require with respect to the identity, capacity or authority of the person giving such notice.

On Granite REIT's acceptance of the notice to redeem REIT Units, the REIT Unitholder shall thereafter cease to have any rights with respect to the REIT Units tendered for redemption (other than to receive the redemption payment therefor) including the right to receive any distributions thereon which are declared payable to the REIT Unitholders of record on a date which is subsequent to the day of receipt by Granite REIT of such notice. REIT Units shall be deemed to be tendered for redemption on the date (the ''Unit Redemption Date'') that Granite REIT has, to the satisfaction of the Trustees, received the notice and other required documents or evidence. All REIT Units redeemed by Granite REIT will be cancelled.

A REIT Unitholder shall, upon Granite REIT's receipt of a valid redemption notice, be entitled to be paid, in respect of each REIT Unit so tendered for redemption an amount per REIT Unit (the ''Unit Redemption Price'') equal to:

(i) prior to an Event of Uncoupling, the amount by which the lesser of:

(a) 95% of the ''market price'' of a Stapled Unit on the TSX (or, if not traded on the TSX, another applicable principal market), during the 10-trading day period commencing immediately after the Unit Redemption Date; and

(b) the ''closing market price'' of a Stapled Unit on the TSX (or, if not traded on the TSX, another applicable principal market), on the Unit Redemption Date; exceeds the retraction price of a GP Share on the Unit Redemption Date; or

(ii) following an Event of Uncoupling, the lesser of:

(a) 95% of the ''market price'' of a REIT Unit on the TSX (or, if not traded on the TSX, another applicable principal market), during the 10-trading day period commencing immediately after the Unit Redemption Date; and

(b) the ''closing market price'' of a REIT Unit on the TSX (or, if not traded on the TSX, another applicable principal market), on the Unit Redemption Date.

For the purposes of the foregoing,

(i) the ''market price'' of a Stapled Unit (or REIT Unit) will be an amount equal to the volume weighted average of the trading prices of the Stapled Units (or REIT Units) for each of the trading days on which there was a trade of Stapled Units (or REIT Units) during the specified 10-trading day period; provided that if there was trading on the applicable exchange or market for fewer than five of the 10- trading days, the ''market price'' shall be the simple average of the following prices established for each of the 10 trading days: for each day on which there was no trading, the average of the last bid and ask prices; and for each day that there was trading, the volume weighted average trading price of the Stapled Units (or REIT Units); and

(ii) the ''closing market price'' of a Stapled Unit (or REIT Unit) for a particular date shall be an amount equal to: (a) the closing price of the Stapled Units (or REIT Units) if there was a trade on that date and the exchange or market provides a closing price; b) the average of the highest and lowest prices of Stapled Units (or REIT Units) if there was trading and the exchange or other market provides only the highest and lowest trading prices of Stapled Units (or REIT Units) traded on that date; and (c) the average of the last bid and last ask prices of the Stapled Units (or REIT Units) if there was no trading on that date.

The aggregate cash redemption price payable by Granite REIT in respect of all REIT Units tendered for redemption during any calendar month shall be satisfied by way of a cash payment on or before the last day of the calendar month following the month in which the REIT Units were tendered for redemption, provided that such entitlement to receive cash shall not be applicable to REIT Units tendered for redemption by a REIT Unitholder, if:

(i) the total amount payable by Granite REIT in respect of REIT Units tendered for redemption in a calendar month and the total amount payable by Granite GP in respect of GP Shares tendered for retraction in the same calendar month exceeds

$100,000; provided that the Trustees may, in their sole discretion, waive such limitation in respect of all REIT Units tendered for redemption in any calendar month;

(ii) at the time the REIT Units are tendered for redemption, the outstanding REIT Units or, prior to an Event of Uncoupling, Stapled Units are not listed for trading or quoted on any stock exchange or market which, in the sole discretion of the Trustees, provides representative fair market value prices for the REIT Units or Stapled Units, as the case may be; or

(iii) the normal trading of the outstanding REIT Units or, prior to an Event of Uncoupling, Stapled Units is suspended or halted on any stock exchange on which the REIT Units or Stapled Units, as applicable, are listed for trading or, if not so listed, on any market on which the REIT Units or Stapled Units, as applicable, are quoted for trading, on the Unit Redemption Date for such REIT Units or for more than five trading days during the 10-trading day period commencing immediately after the Unit Redemption Date for such REIT Units.

If a REIT Unitholder is not entitled to receive its entire redemption price in cash upon the redemption of REIT Units as a result of one or more of the foregoing limitations, then each REIT Unit tendered for redemption will, subject to any applicable regulatory approvals, be paid and satisfied by way of a distribution in specie to such REIT Unitholder consisting of notes of Granite LP or another subsidiary of Granite LP having a net asset value in excess of $50 million, having a maturity date of 10 years from their date of issue, a principal amount equal to the applicable Unit Redemption Price and an interest rate which, as determined by the general partner of Granite LP, (or, following an Event of Uncoupling, by the Trustees), will result in such notes having a fair market value equal to their principal amount (such notes, the ''Unit Redemption Assets''). The Unit Redemption Price payable in respect of such REIT Units tendered for redemption during any month shall be paid by the transfer of the Unit Redemption Assets, to or to the order of the REIT Unitholder who exercised the right of redemption, on or before the last business day of the calendar month following the month in which the REIT Units were tendered for redemption. No principal amount of Unit Redemption Assets that is not an integral multiple of $10 will be distributed and, where Unit Redemption Assets to be received by a former REIT Unitholder include a principal amount that is not an integral multiple of $10, the principal amount of such Redemption Assets shall be rounded to the nearest integral multiple of $10 (with $5 being rounded up).

Notwithstanding the foregoing, Granite GP has the right (the ''GP Redemption Right'') to require Granite REIT to redeem at any time or from time to time at the demand of Granite GP all or any part of the REIT Units that Granite GP may acquire from time to time pursuant to any issuer bid for Stapled Units. Each redemption by Granite REIT pursuant to the GP Redemption Right of a REIT Unit forming part of a Stapled Unit acquired by Granite GP pursuant to an issuer bid shall occur immediately and concurrently with the cancellation by Granite GP of the GP Share forming part of such Stapled Unit.

Meetings of REIT Unitholders

Annual and Other Meetings

The Declaration of Trust provides that there shall be an annual meeting of the REIT Unitholders at such time and place in Canada as the Trustees shall prescribe for the purpose of electing Trustees, appointing the auditors of Granite REIT and transacting such other business as the Trustees may determine or as may properly be brought before the meeting. The annual meeting of REIT Unitholders may be held at the same time and place as the annual meeting of GP Shareholders.

A meeting of REIT Unitholders may be convened at any time and place and for any purpose by the Trustees and must be convened (subject to, and on the same terms, conditions and exceptions which apply to a corporation governed by the BCBCA), if requisitioned by REIT Unitholders holding in the aggregate not less than 5% of the outstanding REIT Units.

REIT Unitholders may attend and vote at all meetings of the REIT Unitholders either in person or by proxy and a proxyholder need not be a REIT Unitholder. The quorum of REIT Unitholders for the transaction of business at a meeting of REIT Unitholders shall exist where two or more REIT Unitholders holding REIT Units carrying not less than 25% of the number of votes attached to all REIT Units entitled to be voted at such meeting are present in person or represented by proxy. Any meeting of REIT Unitholders may be held partially or entirely by means of a telephonic, electronic or other communications medium. The Declaration of Trust contains further provisions as to quorum, the notice required and other procedures with respect to the calling and holding of meetings of REIT Unitholders.

Matters on which REIT Unitholders Shall Vote

The Declaration of Trust provides that none of the following shall occur unless the same has been duly approved by the REIT Unitholders at a meeting duly called and held:

(i) subject to certain exceptions (see ''– *Trustees*''), the appointment, election or removal of Trustees;

(ii) the appointment or removal of auditors of Granite REIT;

(iii) any amendment to the Declaration of Trust (except as noted at ''*Investment Guidelines and Operating Policies of Granite – Amendments to Investment Guidelines and Operating Policies*'' or "*– Amendments to the Declaration of Trust – Amendments by Trustees*''); or

(iv) the matters noted at ''*– Amendments to the Declaration of Trust – Amendments by REIT Unitholders*''.

Except with respect to the matters specified above or as noted under ''– Amendments to the Declaration of Trust", no vote of the REIT Unitholders will in any way bind the Trustees.

REIT Unitholder Proposals

REIT Unitholders have a right to submit written notice to Granite REIT of any matter that the person wishes to have considered at the next annual meeting of REIT Unitholders (a "Proposal") and to present at the meeting the Proposal, provided that they are a Qualified Unitholder (as defined below) at the time.

A Proposal may include nominations for the election of trustees if the Proposal is made in compliance with Granite REIT's Advance Notice Provisions. See "- Advance Notice Provisions" below.

To be eligible to submit a Proposal, a person must be a registered or beneficial owner of one or more REIT Units that carry the right to vote at general meetings for an uninterrupted period of at least two years before the date of signing the Proposal (a "Qualified Unitholder"). A person is not a Qualified Unitholder if, within two years before the signing of such Proposal, the person failed to present at a meeting of REIT Unitholders, a Proposal that, at the person's request, had been included in a proxy circular relating to a meeting of the REIT Unitholders.

A Proposal is valid if, among other things, (i) it includes the signature of the person submitting the Proposal and persons in support of the Proposal; (ii) it is signed by Qualified Unitholders who, together with the person that submits the Proposal, at the time of signing, are the registered holders or beneficial owners of REIT Units that, in the aggregate, (A) constitute not less than 1% of the combined total number of outstanding REIT Units, or (B) have a fair market value in excess of $2,000; (iii) the Proposal is accompanied by a declaration from the person submitting the Proposal and each supporter, signed by person submitting the Proposal and each supporter, as the case may be, or, in the case of a person submitting or supporting the Proposal that is a corporation, by a director or senior officer of the signatory, (A) providing the name and mailing address of that signatory; (B) declaring the number of REIT Units owned by that signatory as a registered or beneficial owner; and (C) unless the name of the registered owner has already been provided in the Proposal, providing the name of the registered owner of those REIT Units; and (iv) the Proposal and the declarations are received at the registered office of Granite REIT at least three months before the anniversary of the previous year's annual meeting of REIT Unitholders.

Granite REIT will include in, or attach to, its proxy circular delivered in connection with its annual meeting, text of the Proposal, the names and mailing addresses of the submitter and supporters of the Proposal, and, if requested by the submitting person, include a statement in support of the Proposal by such person, such statement, together with the Proposal, not to exceed 1,000 words exclusive of the prescribed information referred to above. Notwithstanding the foregoing, Granite REIT shall not be obligated to include such materials/ information in its circular if (i) the Proposal is submitted to Granite REIT less than three months before the anniversary date of the prior year's annual meeting; (ii) the Trustees have called an annual general meeting to be held after the date on which the Proposal is received by Granite REIT and have sent notice of that meeting in accordance with the Declaration of Trust; (iii) the Proposal is not validly submitted or exceeds the maximum length; (iv) it clearly appears that the primary purpose of the Proposal is to enforce a personal claim or redress personal grievance or the Proposal does not relate in a significant way to the business or affairs of Granite REIT; (v) substantially the same Proposal was submitted to REIT Unitholders within the preceding five years and did not receive the required support (being 3% of total REIT Units voted if the Proposal was introduced at one annual meeting, 6% of total REIT Units voted if the Proposal introduced at two annual meetings, and 10% of total REIT Units voted if the Proposal introduced at three or more annual meetings); (vi) the Proposal has already been substantially implemented; (vii) the Proposal, if implemented, would cause Granite REIT to commit an offence; or (viii) the Proposal deals with matters beyond Granite REIT's power to implement.

Advance Notice Provisions

The Declaration of Trust requires advance notice to be given to Granite REIT of REIT Unitholder proposals relating to the nomination of Trustees (the "Advance Notice Provisions").

To be an eligible REIT Unitholder for making nominations under the Advance Notice Provisions, the nominating REIT Unitholder (a "Nominating Unitholder") must (a) comply with the notice procedures set forth in the Advance Notice Provisions, as provided for below, and (b) at the close of business on the date of the giving of the applicable notice and on the record date for notice of the applicable REIT Unitholder meeting, be entered in Granite REIT's register as a holder of one or more REIT Units carrying the right to vote at such meeting.

In addition to any other applicable requirements, for a nomination to be made by a Nominating Unitholder, the Nominating Unitholder must have given timely notice thereof to the Trustees in the prescribed manner.

To be timely, a Nominating Unitholder's notice to the Trustees must be made, among other things: (i) in the case of an annual meeting of REIT Unitholders, not less than 30 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date (the "Notice Date") that is the earlier of the date that a notice of meeting is filed for such meeting and the date on which the first public announcement of the date of such meeting was made, notice may be given not later than the close of business on the tenth day following the Notice Date; (ii) in the case of a special meeting (which is not also an annual meeting) of REIT Unitholders called for the purpose of electing Trustees (whether or not called for other purposes), not later than the close of business on the fifteenth day following the Notice Date; and (iii) in the case of an annual meeting of REIT Unitholders or a special meeting (which is not also an annual meeting) of REIT Unitholders called for the purpose of electing Trustees (whether or not also called for other purposes) where "notice-and-access" (as defined in National Instrument 54-101-*Communication with Beneficial Owners of Securities of a Reporting Issuer*) is used for delivery of proxy-related materials and the Notice Date is not less than 50 days before the date of the meeting, not less than 40 days prior to the date of the meeting.

To be in proper written form, a Nominating Unitholder's notice to the Trustees must, among other things, set forth: (i) as to each person whom the Nominating Unitholder proposes to nominate for election as a Trustee: (A) the name, age, province or state, and country of residence of the person; (B) the principal occupation or employment of the person; (C) whether the person is a Resident Canadian; (D) the class or series and number of REIT Units which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of REIT Unitholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and (E) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of Trustees pursuant to applicable securities laws; and (ii) as to the Nominating Unitholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Unitholder has a right to vote any REIT Units and any other information relating to such Nominating Unitholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of Trustees pursuant to applicable securities laws.

Limitations on Non-Resident Ownership of REIT Units

At no time may more than 49% (on either a basic or fully-diluted basis) of the REIT Units be held for the benefit of any Non-Resident Beneficiaries. The Trustees may require declarations as to the jurisdictions in which beneficial owners of REIT Units are resident or declarations from holders of REIT Units as to whether such REIT Units are held for the benefit of Non-Resident Beneficiaries. If the Trustees become aware that more than 49% (on either a basic or fully-diluted basis) of the REIT Units then outstanding are, or may be, held for the benefit of Non-Resident Beneficiaries or that such a situation is imminent, the Trustees may cause Granite REIT to make a public announcement thereof and shall not accept a subscription for REIT Units from or issue or register a transfer of REIT Units to a person unless the person provides a declaration that the person is not a Non-Resident (or, in the discretion of the Trustees, that the person is not a Non-Resident Beneficiary) and does not hold its REIT Units for a Non-Resident Beneficiary. If, notwithstanding the foregoing, the Trustees determine that more than 49% of the REIT Units (on either a basic or fully-diluted basis) are held for the benefit of Non-Resident Beneficiaries, the Trustees may cause Granite REIT to send a notice to Non-Resident holders of REIT Units, chosen in inverse order to the order of acquisition or registration or in such manner as the Trustees may consider equitable and practicable, requiring them to sell their REIT Units or a portion thereof within a specified period of not more than 60 days. If the REIT Unitholders receiving such notice have not sold the specified number of REIT Units or provided the

Trustees with satisfactory evidence that they are not Non-Residents and do not hold their REIT Units for the benefit of Non-Resident Beneficiaries within such period, the Trustees may cause Granite REIT to sell such REIT Units on behalf of such REIT Unitholders and, in the interim, the voting and distribution rights attached to such REIT Units shall be suspended. Upon such sale the affected holders shall cease to be holders of REIT Units and their rights shall be limited to receiving the net proceeds from such sale.

Amendments to the Declaration of Trust

Amendments by REIT Unitholders

Except as noted below, the Declaration of Trust may be amended by the vote of a majority of the votes cast at a meeting of REIT Unitholders called for that purpose.

The Declaration of Trust provides that none of the following shall occur unless the same has been duly approved by the affirmative vote of at least two-thirds of the votes cast at a meeting of REIT Unitholders duly called and held:

(i) any amendment to change a right with respect to any outstanding REIT Units to reduce the amount payable thereon upon termination of Granite REIT or to diminish or eliminate any voting rights pertaining thereto;

(ii) any amendment to the duration or termination provisions of Granite REIT;

(iii) any amendment relating to the powers, duties, obligations, liabilities or indemnification of the Trustees;

(iv) the uncoupling of Stapled Units to provide for separate trading of the REIT Units and the GP Shares, except as provided for in part (ii) of the definition of an Event of Uncoupling;

(v) the termination of Granite REIT;

(vi) any sale or transfer of the assets of Granite REIT as an entirety or substantially as an entirety (other than as part of an internal reorganization of the assets of Granite REIT as approved by the Trustees); or

(vii) any amendment to the investment guidelines set out under the heading ''Investment Guidelines and Operating Policies of Granite REIT — Investment Guidelines'' and the operating policies set out under the heading ''Investment Guidelines and Operating Policies of Granite REIT — Operating Policies'', except as noted under ''Investment Guidelines and Operating Policies of Granite REIT — Amendments to Investment Guidelines and Operating Policies''.

Amendments by Trustees

The Declaration of Trust provides that the Trustees may make the following amendments to the Declaration of Trust in their sole discretion and without the approval of REIT Unitholders:

(i) amendments for the purpose of ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over the Trustees or over Granite REIT or the distribution of REIT Units;

(ii) amendments which, in the opinion of the Trustees, provide additional protection for REIT Unitholders;

(iii) amendments which, in the opinion of the Trustees are necessary or desirable to remove conflicts or inconsistencies in the Declaration of Trust;

(iv) amendments which, in the opinion of the Trustees, are necessary or desirable to remove conflicts or inconsistencies between the disclosure in this information circular and the Declaration of Trust;

(v) amendments of a minor or clerical nature or to correct typographical mistakes, ambiguities or manifest omissions or errors which amendments in the opinion of the Trustees are necessary or desirable and not prejudicial to the REIT Unitholders;

(vi) such amendments to the Declaration of Trust as the Trustees in their discretion deem necessary or desirable (a) as a result of changes in the taxation laws from time to time which may affect Granite REIT, the REIT Unitholders, annuitants or beneficiaries under a plan of which a REIT Unitholder acts as a trustee or a carrier, or to qualify for a particular status under taxation laws including to qualify as a ''mutual fund trust'' or a ''real estate investment trust'' for purposes of the Tax Act or to otherwise prevent Granite REIT or any of its subsidiaries from becoming subject to taxation under the SIFT Rules or under Part XII.2 of the Tax Act, or (b) as a result of changes in accounting standards (including the implementation of IFRS) from time to time which may affect Granite REIT, the REIT Unitholders or annuitants or beneficiaries under a plan of which a REIT Unitholder acts as a trustee or a carrier;

(vii) amendments which in the opinion of the Trustees are not prejudicial to REIT Unitholders and are necessary or desirable (which, for greater certainty, exclude amendments in respect of which a REIT Unitholder vote is specifically otherwise required); and (vii) amendments which in the opinion of the Trustees are necessary or desirable to enable Granite REIT to issue REIT Units for which the purchase price is payable on an instalment basis.

Written Resolutions of REIT Unitholders

A resolution signed in writing by REIT Unitholders shall be deemed to be a proceeding at a meeting of REIT Unitholders and to be as valid and effective as if it had been passed at a meeting of REIT Unitholders if all the REIT Unitholders who are entitled to vote at an annual meeting consent by a unanimous resolution to all of the business that is required to be transacted at that annual meeting.

The Declaration of Trust may not be amended to require a greater number of votes of REIT Unitholders to remove a Trustee unless all REIT Unitholders consent by a unanimous written resolution.

Ratifying Amendments to the Declaration of Trust

An amendment to the Declaration of Trust described under sections (vii) and (viii) of "-Amendments by Trustees" above shall be subject to the following ratifying procedures:

a. Such an amendment shall be submitted by the Trustees to the REIT Unitholders at the next meeting of REIT Unitholders, and the REIT Unitholders are entitled to vote on the amendment may, by a majority of the votes cast at such meeting of REIT Unitholders, confirm, reject or amend the amendment to the Declaration of Trust.
b. Such an amendment is effective from the date the amended Declaration of Trust is signed which reflects the amendment approved by the Trustees until it is confirmed, confirmed as amended or rejected by the REIT Unitholders or until it ceases to be effective as described below, and, where the amendment is confirmed or confirmed as amended, it continues in effect in the form in which it was so confirmed.
c. If such an amendment is rejected by the REIT Unitholders, or if the Trustees do not submit such an amendment to the REIT Unitholders, in either case as required, the amendment ceases to be effective immediately after the meeting of REIT Unitholders referred to in (a) and no subsequent resolution of the Trustees to amend the Declaration of Trust having substantially the same purpose or effect is effective until it is

confirmed or confirmed as amended by the REIT Unitholders. The Trustees shall sign an amended and restated Declaration of Trust which removes the rejected or unapproved amendment.

REIT Unitholder Remedies

Dissent and Appraisal Rights

The Declaration of Trust contains provisions entitling a REIT Unitholder who is entitled to vote at a meeting of REIT Unitholders, upon compliance with the requirements set out in the Declaration of Trust, to dissent to certain fundamental changes and transactions resolved by Granite REIT, including:

a. if Granite REIT resolves to amend the Declaration of Trust to add, change or remove any restriction on the business that Granite REIT may carry on;
b. in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;
c. if Granite REIT resolves to sell, lease, transfer or exchange all or substantially all the property and assets of the Trust;
d. in respect of any other resolution, if dissent is authorized by the resolution;
e. in respect of any court order that permits dissent; or
f. provided that an Event of Uncoupling has not occurred, if the REIT Unitholder has a right to dissent in respect of GP Shares held by the dissenting REIT Unitholder.

A REIT Unitholder wishing to dissent must: (i) prepare a separate notice of dissent in accordance with the terms of the Declaration of Trust for (A) the REIT Unitholder, if the REIT Unitholder is dissenting on the REIT Unitholder's own behalf, and (B) each other person who beneficially owns REIT Units registered in the REIT Unitholder's name and on whose behalf the REIT Unitholder is dissenting; (ii) identify in each notice of dissent the person on whose behalf dissent is being exercised in that notice of dissent; and (iii) dissent with respect to all of the REIT Units registered in the REIT Unitholder's name, of which the person identified under item (ii) is the beneficial owner.

A person who wishes to have dissent exercised with respect to REIT Units of which the person is the beneficial owner must: (i) dissent with respect to all of the REIT Unit, if any, of which the person is both the registered owner and the beneficial owner, and (ii) cause each REIT Unitholder who is a registered owner of any other REIT Units of which the person is the beneficial owner to dissent with respect to all of those REIT Units.

A REIT Unitholder that dissents in accordance with the procedures under the Declaration of Trust will be entitled, at the time the approved action from which the REIT Unitholder dissents becomes effective, to receive the agreed upon payout value (being the fair value of the REIT Units at the applicable time, excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable) of the REIT Units held by such dissenting REIT Unitholder in respect of which the REIT Unitholder dissents.

The Declaration of Trust includes requirements for submitting REIT Units to be cancelled and receipt of the payout value payment owed, by which Granite REIT and the dissenting REIT Unitholder must adhere to for the purposes of complying with the Declaration of Trust.

Granite REIT and each dissenting REIT Unitholder may enter into an agreement with respect to the payout value of the REIT Units, following which Granite REIT must promptly pay that amount to the dissenter. The proposed provisions will provide for the ability to make application to a court if Granite REIT and the dissenting REIT Unitholder fail to agree upon the payout value for the REIT Units, for purposes of the court fixing a payout value for the REIT Units of any dissenting REIT Unitholder, or to order that the payout value of those REIT Units be established by arbitration or by reference to the registrar, or a referee of, the court.

A REIT Unitholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular action.

Oppression Remedy

The Declaration of Trust provides certain persons with the right to an oppression remedy.

REIT Unitholders and any other person who in the discretion of the court is a proper person to make an application (each, a "Complainant") may apply to a court on the ground: (i) that the affairs of Granite REIT are being or have been conducted, or that the powers of the Trustees are being or have been exercised, in a manner oppressive to one or more of the REIT Unitholders, including the applicant; or (ii) that some act of Granite REIT has been done or is threatened, or that some resolution of the REIT Unitholders has been passed or is proposed, that is unfairly prejudicial to one or more of the REIT Unitholders, including the applicant.

On an application to the court, the court may, if it is satisfied that the application was brought by a Complainant in a timely matter, with a view to remedying or bringing to an end the matters complained of, make any interim or final order it considers appropriate.

Term of Granite REIT

Granite REIT has been established for a term that will continue for so long as any of the Granite REIT property is held by the Trustees, unless earlier terminated by the REIT Unitholders (see ''Declaration of Trust and Description of REIT Units —Amendments to the Declaration of Trust — Amendments by REIT Unitholders'').

The Declaration of Trust provides that upon the termination of Granite REIT, the liabilities of Granite REIT will be discharged or provided for with due speed and the net assets of Granite REIT will be liquidated and the proceeds distributed proportionately to the REIT Unitholders, unless some other procedure is provided for by resolution of REIT Unitholders in compliance with the Declaration of Trust. Such distribution may be made in cash or in kind or partly in each, all as the Trustees in their sole discretion may determine.

Acquisition Offers

The Declaration of Trust contains provisions (consistent with those applicable to Granite GP under the BCBCA) to the effect that if an offer is made to acquire Stapled Units and, within four months after the making of the offer, the offer is accepted by REIT Unitholders who, in aggregate, hold at least 90% of the Stapled Units, other than Stapled Units already held at the date of the offer by, or by a nominee of, the offeror or its affiliates, the offeror will be entitled to acquire the REIT Units held by REIT Unitholders who did not accept the offer, on the terms on which the offeror acquired REIT Units from REIT Unitholders who accepted the offer.

Information and Reports

The Declaration of Trust provides that within such time period as is acceptable under National Instrument 51-102 – Continuous Disclosure Obligations, as amended from time to time (or other equivalent applicable regulations or successors thereto) ("NI 51-102"), upon a REIT Unitholder's request or otherwise as required by applicable law, the Trustees will send or make available to REIT Unitholders the audited comparative financial statements for each fiscal year required to be sent or made available to REIT Unitholders under applicable securities laws (including any exemption therefrom, and including combined financial statements of Granite REIT and Granite GP, if and as applicable). Within such time period as is acceptable under NI 51-102, after the end of each of the first three fiscal quarters of each year, upon a REIT Unitholder's request or otherwise as required by applicable law, the Trustees will also send or make available the unaudited comparative financial statements for the period then ended required to be sent or made available to REIT Unitholders under applicable securities laws (including any exemption therefrom, and including combined financial statements of Granite REIT and Granite GP, if and as applicable).

The Trustees will supply REIT Unitholders with any information that may be required by them in connection with their obligations under the Tax Act and equivalent provincial legislation.

Conflict of Interest Provisions

The Declaration of Trust contains ''conflict of interest'' provisions that serve to protect REIT Unitholders without creating undue limitations on Granite REIT. The Declaration of Trust contains provisions, similar to those contained in the BCBCA, that require disclosure from a Trustee or officer of Granite REIT in respect of a contract or transaction that (i) is material to Granite REIT, (ii) Granite REIT has entered, or proposes to enter, into, and (iii) either: (a) the Trustee or officer of Granite REIT has a material interest in; or (b) is with a person of which the Trustee or officer of Granite REIT is a director or officer or in which the Trustee or officer of Granite REIT has a material interest (each a ''Disclosable Interest''). Similar to the BCBCA, the Declaration of Trust provides that a Trustee or officer of Granite REIT does not hold a Disclosable Interest in a contract or transaction merely because, among other reasons: (i) the contract or transaction is an arrangement by way of security granted by Granite REIT for money loaned to, or obligations undertaken by, the Trustee or officer of Granite REIT, or a person in whom the Trustee or officer of Granite REIT has a material interest, for the benefit of Granite REIT or an affiliate of Granite REIT; (ii) the contract or transaction relates to an indemnity or insurance for one or more Trustees or officers of Granite REIT in accordance with the Declaration of Trust; (iii) the contract or transaction relates to the remuneration of the Trustee or officer of Granite REIT in that person's capacity as a Trustee (or director), officer, employee or agent of Granite REIT or of an affiliate of Granite REIT; (iv) the contract or transaction relates to a loan to Granite REIT, and the Trustee or officer of Granite REIT, or a person in whom the Trustee or officer of Granite REIT has a material interest, is or is to be a guarantor of some or all of the loan; or (v) the contract or transaction has been or will be made with or for the benefit of a person that is affiliated with Granite REIT and the Trustee or officer of Granite REIT is also a Trustee, director or officer of that person or an affiliate of that person. Notwithstanding any of the foregoing, prior to an Event of Uncoupling, no Trustee or officer of Granite REIT will have a Disclosable Interest in a contract or transaction or proposed contract or transaction with Granite REIT solely by virtue of such person being a director or officer of Granite GP or Granite LP or any of their affiliates. The Declaration of Trust will also provide that a Trustee who has such a Disclosable Interest in a contract or transaction into which Granite REIT has entered or proposes to enter is not entitled to vote on any resolution to approve that contract or transaction, unless all the Trustees have such a Disclosable Interest in that contract or transaction, in which case any or all of the Trustees may vote on such resolution, however, subject to certain exceptions, the Trustees will be liable to account to Granite REIT for any profit that accrues to the Trustee under or as a result of such a contract or transaction.

GRANITE GP CAPITAL STRUCTURE

Granite GP's authorized share capital consists of an unlimited number of GP Shares without par value. Until an Event of Uncoupling occurs, GP Shares will trade together with REIT Units as Stapled Units.

GP Shareholders are entitled to: (i) one vote per share at all meetings of shareholders (except for meetings of holders of another specified class or series of Granite GP shares); (ii) receive pari passu with other GP Shareholders, any dividends as and when declared by the Directors; and (iii) receive pari passu with other GP Shareholders the remaining assets of Granite GP available for distribution to GP Shareholders in the event of the liquidation, dissolution or winding-up of Granite GP.

Prior to the occurrence of an Event of Uncoupling, GP Shareholders can require Granite GP to redeem their GP Shares provided that Stapled Units are in existence at the time at which redemption is sought, and that the holder simultaneously tenders to Granite REIT for redemption an equal number of REIT Units held by the holder. In order to exercise this right of retraction, a GP Shareholder will have to give the required notice to Granite GP and will be entitled to receive a redemption price per share equal to 0.001% of the lesser of 95% of the ''market price'' and ''closing market price'' of the Stapled Units, as described above under ''Declaration of Trust and Description of REIT Units — REIT Unit Redemption Right''.

Prior to the occurrence of an Event of Uncoupling, (i) a GP Share may only be transferred together with a REIT Unit, and (ii) no GP Share may be issued unless (a) it is issued in conjunction with the concurrent issue of a REIT Unit to form a Stapled Unit, or (b) Granite GP has arranged that the GP Shares will be consolidated (subject to any applicable regulatory approval) immediately after such issuance, such that each holder of a GP Share will hold an equal number of GP Shares and REIT Units immediately following such consolidation.

CREDIT FACILITY AND INDEBTEDNESS

Debentures, Term Loans, Construction Loan, and Credit Facility as at December 31, 2022

Debt Instrument	Issue Date	Maturity Date	Principal Issued and Outstanding (in millions)
Credit Facility	March 31, 2021	March 31, 2026	$ –
2023 Construction Loan	December 17, 2021	December 17, 2023	$ 51.4
2024 Term Loan	December 19, 2018	December 19, 2024	$ 250.4
2025 Term Loan	September 15, 2022	September 15, 2025	$ 541.3
2026 Term Loan	December 12, 2018	December 11, 2026	$ 300.0
2023 Debentures	December 20, 2016	November 30, 2023	$ 400.0
2027 Debentures	June 4, 2020	June 4, 2027	$ 500.0
2028 Debentures	August 30, 2021	August 30, 2028	$ 500.0
2030 Debentures	December 18, 2020	December 18, 2030	$ 500.0

Credit Facility

As at December 31, 2022, Granite LP is the borrower under the Credit Facility in the amount of $1.0 billion (which may be increased with the consent of lenders participating in such increase provided that no increase beyond $500.0 million is permitted without the consent of all of the lenders under the Credit Facility). The Credit Facility matures on March 31, 2026, although Granite LP has the option to extend the maturity date by one year to March 31, 2027, subject to the agreement of lenders in respect of a minimum of 66 2/3% of the aggregate amount committed under the new facility. Granite LP is permitted to borrow under the facility by way of Canadian dollar, U.S. dollar or Euro denominated loans or Canadian dollar or US dollar denominated letters of credit. Interest on drawn amounts is calculated based on an applicable margin determined by reference to the external credit rating of Granite REIT and Granite GP, as is a commitment fee in respect of undrawn amounts. The Credit Facility is guaranteed by Granite REIT and Granite GP. Although Granite LP is the borrower under the Credit Facility, the financial covenants must be satisfied on the basis of the combined financial statements of Granite REIT and Granite GP.

As at December 31, 2022, Granite LP had no amounts drawn (2021 - nil) on the Credit Facility and $3.5 million (2021 - $1.7 million) in letters of credit issued against the Credit Facility. At December 31, 2022, Granite was in compliance with all of the covenants.

On March 3, 2023, Granite amended the Credit Facility to extend the maturity date for a new five-year term to March 31, 2028. Included in the amendment, Granite also updated the benchmark rates from LIBOR to SOFR, including a fixed spread for the basis difference between LIBOR and SOFR, for US dollar denominated draws and from LIBOR to EURIBOR for Euro denominated draws. Such amendments to the benchmark rates results in no economic impact to Granite’s borrowing rates. As it is anticipated that the administrator of CDOR will cease publication of CDOR by June 28, 2024 and the Canadian financial benchmark will be replaced by CORRA, Granite's Credit Facility contains fallback provisions to transition from CDOR to CORRA for Canadian denominated draws when CDOR is discontinued.

Construction Loan

On December 17, 2021, Granite entered into a construction loan relating to a development project in the United States with a maximum draw amount of $56.1 million (US$44.3 million). Proceeds from the construction loan may only be used to pay for the construction cost of improvements on the property and other related costs, and loan advances are made based on the value of the work completed. The construction loan matures on December 17, 2023 and bears interest at the US prime rate minus ninety basis points. Granite also has the option to extend the maturity date to December 17, 2024, subject to certain terms and conditions. The construction loan is secured by the mortgaged property in the United States. As at December 31, 2022, the amounts drawn under the construction loan are $51.4 million (US$38.0 million) (2021 – $0.8 million (US$0.6 million).

Term Loans

On December 19, 2018, Granite LP entered into the 2024 Term Loan. The initial maturity date of the 2024 Term Loan was December 19, 2022. On October 10, 2019, Granite extended the 2024 Term Loan for two years, on the same terms, to mature on December 19, 2024. The 2024 Term Loan was available in United States dollars in one drawdown and is fully prepayable without penalty. Any amount repaid may not be re-borrowed. Interest on drawn amounts is calculated based on LIBOR plus an applicable margin determined by reference to the external credit rating of Granite LP. The 2024 Term Loan is guaranteed by Granite REIT and Granite GP.

Although Granite LP is the borrower under the 2024 Term Loan, the financial covenants must be satisfied on the basis of the combined financial statements of Granite REIT and Granite GP. On December 19, 2018, Granite LP drew the full US$185.0 million available under the 2024 Term Loan. As at December 31, 2022, the full US$185.0 million remained outstanding under the 2024 Term Loan.

Effective October 21, 2019,Granite amended the terms of its existing 1.225% cross-currency interest rate swap to extend it from December 19, 2022 to December 19, 2024 and reset the Euro fixed rate from 1.225% to 0.522%. Under the 0.522% Swap, Granite LP will pay principal of EUR 168.2 million in exchange for which it will receive US$185 million on December 19, 2024. Pursuant to the 0.522% Swap, Granite LP will make monthly Euro denominated fixed rate interest payments at 0.522% in exchange for which it will receive monthly U.S. dollar denominated floating rate interest payments calculated based on LIBOR plus the applicable margin (which will completely offset the interest payable under the 2024 Term Loan).

On September 15, 2022, Granite LP entered into the 2025 Term Loan. The maturity date of the 2025 Term Loan is September 15, 2025. The 2025 Term Loan is available in United States dollars in one drawdown and is fully prepayable without penalty. Any amount repaid may not be re-borrowed. Interest on drawn amounts is calculated based on SOFR plus an applicable margin determined by reference to the external credit rating of Granite LP. The 2025 Term Loan is guaranteed by Granite REIT and Granite GP. Although Granite LP is the borrower under the 2025 Term Loan, the financial covenants must be satisfied on the basis of the combined financial statements of Granite REIT and Granite GP. On September 15, 2022, Granite LP drew the full US$400.0 million available under the 2025 Term Loan. As at December 31, 2022, the full US$400.0 million remained outstanding under the 2025 Term Loan.

On September 15, 2022, Granite LP entered into the 5.016% Swap, under which Granite LP will make monthly fixed rate interest payments at 5.016% in exchange for which it will receive monthly floating rate interest payments calculated based on SOFR plus the applicable margin (which will completely offset the interest payable under the 2025 Term Loan).

On December 12, 2018, Granite LP entered into the 2026 Term Loan. The initial maturity date of the 2026 Term Loan was December 12, 2025. On November 27, 2019, Granite extended the 2026 Term Loan for one year, on the same terms, to mature on December 11, 2026. The 2026 Term Loan was available in Canadian dollar, U.S. dollar or Euro denominated funds in one drawdown and is fully prepayable without penalty. Any amount repaid may not be re-borrowed. Interest on drawn amounts is calculated based on CDOR plus an applicable margin determined by reference to the external credit rating of Granite LP. The 2026 Term Loan is guaranteed by Granite REIT and Granite GP. Although Granite LP is the borrower under the 2026 Term Loan, the financial covenants must be satisfied on the basis of the combined financial statements of Granite REIT and Granite GP. On December 12, 2018, Granite LP drew the full $300.0 million available under the 2026 Term Loan. As at December 31, 2022 the full $300.0 million remained outstanding under the 2026 Term Loan.

On November 27, 2019, Granite refinanced its existing 2.202% cross-currency interest rate swap by terminating it and entering into the 1.355% Swap, under which (i) Granite LP will pay principal of EUR 205.5 million, in exchange for which it will receive $300.0 million on December 11, 2026, and (ii) Granite LP will make monthly Euro denominated fixed rate interest payments at 1.355% in exchange for which it will receive monthly Canadian dollar denominated floating rate interest payments calculated based on CDOR plus the applicable margin (which will completely offset the interest payable under the 2026 Term Loan).

Other Unsecured Indebtedness

On December 20, 2016, Granite LP issued the 2023 Debentures under the 2016 Indenture. The 2023 Debentures rank equally with all of Granite REIT's and Granite GP's existing and future unsubordinated and unsecured indebtedness and are fully and unconditionally guaranteed by Granite REIT and Granite GP as to the payment of principal, premium (if any) and interest thereon and certain other amounts when and as the same become due and payable pursuant to the 2016 Indenture. Pursuant to the terms of the 2016 Indenture, there are various financial covenants which must be satisfied, which are tested on the basis of the combined financial statements of Granite REIT and Granite GP. BNY Trust Company is the trustee for the 2023 Debentures.

On December 20, 2016, Granite LP entered into the 2.43% Swap, under which Granite LP will pay principal of EUR 281.1 million in exchange for which it will receive $400.0 million on November 30, 2023. Pursuant to the 2.43% Swap, Granite LP will make semi-annual Euro denominated fixed rate interest payments at 2.43% in exchange for which it will receive semi-annual Canadian dollar fixed rate interest payments at 3.873% (which will completely offset the interest payable under the 2023 Debentures).

On June 4, 2020, Granite LP issued the 2027 Debentures under the 2020 First Indenture. The 2027 Debentures rank equally with all of Granite REIT's and Granite GP's existing and future unsubordinated and unsecured indebtedness and are fully and unconditionally guaranteed by Granite REIT and Granite GP as to the payment of principal, premium (if any) and interest thereon and certain other amounts when and as the same become due and payable pursuant to the 2020 First Indenture. Pursuant to the terms of the 2020 First Indenture, there are various financial covenants which must be satisfied, which are tested on the basis of the combined financial statements of Granite REIT and Granite GP. BNY Trust Company is the trustee for the 2027 Debentures.

On June 4, 2020, Granite LP entered into the 2.964% Swap, under which Granite LP will pay principal of US$370.3 million in exchange for which it will receive $500.0 million on June 4, 2027. Pursuant to the 2.964% Swap, Granite LP will make semi-annual USD-denominated fixed rate interest payments at 2.964% in exchange for which it will receive semi-annual Canadian dollar fixed rate interest payments at 3.062% (which will completely offset the interest payable under the 2027 Debentures).

On December 18, 2020, Granite LP issued the 2030 Debentures under the 2020 Second Indenture. The 2030 Debentures rank equally with all of Granite REIT's and Granite GP's existing and future unsubordinated and unsecured indebtedness and are fully and unconditionally guaranteed by Granite REIT and Granite GP as to the payment of principal, premium (if any) and interest thereon and certain other amounts when and as the same become due and payable pursuant to the 2020 Second Indenture. Pursuant to the terms of the 2020 Second Indenture, there are various financial covenants which must be satisfied, which are tested on the basis of the combined financial statements of Granite REIT and Granite GP. BNY Trust Company is the trustee for the 2030 Debentures.

On December 18, 2020, Granite LP entered into the 1.045% Swap, under which Granite LP will pay principal of EUR 319.4 million in exchange for which it will receive $500.0 million on December 18, 2030. Pursuant to the 1.045% Swap, Granite LP will make semi-annual Euro denominated fixed rate interest payments at 1.045% in exchange for which it will receive semi-annual Canadian dollar fixed rate interest payments at 2.378% (which will completely offset the interest payable under the 2030 Debentures).

On August 30, 2021, Granite LP issued the 2028 Debentures under the 2021 Indenture. The 2028 Debentures rank equally with all of Granite REIT's and Granite GP's existing and future unsubordinated and unsecured indebtedness and are fully and unconditionally guaranteed by Granite REIT and Granite GP as to the payment of principal, premium (if any) and interest thereon and certain other amounts when and as the same become due and payable pursuant to the 2021 Indenture. Pursuant to the terms of the 2021 Indenture, there are various financial covenants which must be satisfied, which are tested on the basis of the combined financial statements of Granite REIT and Granite GP. BNY Trust Company is the trustee for the 2028 Debentures.

On August 30, 2021, Granite LP entered into the 2.096% Swap, under which Granite LP will pay principal of US$397.0 million in exchange for which it will receive $500.0 million on August 30, 2021. Pursuant to the 2.096% Swap, Granite LP will make semi-annual USD-denominated fixed rate interest payments at 2.096% in exchange for which it will receive semi-annual Canadian dollar fixed rate interest payments at 2.194% (which will completely offset the interest payable under the 2028 Debentures).

On February 3, 2022, Granite terminated $350.0 million of a total $500.0 million principal of the 2.096% Swap. Simultaneously, Granite entered into the 0.536% Swap, a new $350.0 million cross- currency interest rate swap maturing August 30, 2028 to exchange the Canadian dollar denominated principal and interest payments of the 2028 Debentures for Euro denominated payments at a fixed interest rate of 0.536%. Upon termination, Granite paid $6.6 million to settle the mark-to-market liability relating to the $350.0 million principal portion of the 2.096% Swap.

As at December 31, 2022, all 2023 Debentures, 2027 Debentures, 2028 Debentures and 2030 Debentures remained outstanding. For further details relating to the attributes and characteristics of the 2023 Debentures, 2027 Debentures, 2028 Debentures and 2030 Debentures, including provisions relating to payments of interest and principal, redemption and purchase for cancellation, covenants, successor companies, defeasance, modification and waiver, please see the full text of the trust indenture entered into by Granite LP dated October 2, 2013, which provides for the issuance of one or more series of unsecured debt securities of Granite LP by way of supplemental indentures and the supplemental indentures thereto, including the supplemental indentures that form part of the 2016 Indenture, the 2020 First Indenture, the 2020 Second Indenture and the 2021 Indenture, all of which are available on SEDAR at www.sedar.com.

Credit Ratings

The credit ratings for Granite's senior unsecured debentures as of the date of this Annual Information Form are as follows:

Credit Ratings		
	DBRS	Moody's
Senior Unsecured Debentures	BBB (high)	Baa2
Outlook	Stable	Stable
Date of Latest Report	30-Mar-22	24-Jun-22

As of March 8, 2023, the 2023 Debentures, the 2027 Debentures, the 2028 Debentures and the 2030 Debentures each had investment grade ratings of ''BBB (high)'' with a ''Stable'' trend from DBRS and ''Baa2'' with a ''Stable'' outlook from Moody's, each as of the date of their latest report. Ratings may be subject to revision or withdrawal at any time by the rating organization.

According to the DBRS rating system, long-term debt rated BBB (high) is of adequate credit quality. The ability and capacity to meet the payment of financial obligations is considered acceptable though Granite may be vulnerable to future events. The DBRS long-term rating scale provides an opinion on the risk that an issuer will fail to satisfy its financial obligations in accordance with the terms under which an obligation has been issued (risk of default). Ratings are based on quantitative and qualitative considerations relevant to the issuer and range from AAA to D; all rating categories other than AAA and D also contain subcategories ''(high)'' and ''(low)'' with the absence of either designation indicating that the rating is in the middle of the category. A BBB (high) rating is the fourth highest rating out of the ten major levels of DBRS' rating scale and is at the top of the range of such rating.

According to the Moody's rating system, debt securities rated Baa2 are subject to moderate credit risk and are considered medium grade and as such may possess certain speculative characteristics. Moody's long-term ratings are opinions of the relative credit risk of financial obligations with an original maturity of one year or more. They address the possibility that a financial obligation will not be honored as promised. Such ratings use Moody's Global Scale and reflect both the likelihood of default and any financial loss suffered in the event of default. Moody's ratings are based on a scale of Aaa to C and numerical modifiers 1, 2 and 3 are applied to each rating category, with 1 indicating that the obligation ranks in the higher end of the category, 2 indicating a mid-range ranking and 3 indicating a ranking in the lower end of the category. A rating of Baa2 is the fourth highest rating out of the nine major levels of Moody's rating scale and the ''2'' indicates the middle range of the current rating.

Credit ratings are intended to provide investors with an independent measure of credit quality of an issue of securities. A rating accorded to any securities is not a recommendation to buy, sell, or hold such securities and may be subject to revision or withdrawal at any time by the rating organization which granted such ratings. To Granite's knowledge, as of March 8, 2023, there was no announcement or proposed announcement that was to be made by a rating organization to the effect that the organization is reviewing or intends to revise or withdraw a rating previously assigned. There can be no assurance that a rating will remain in effect for any given period of time or that a rating will not be lowered, withdrawn or revised by the rating agency if in its judgment circumstances so warrant.

Granite has made customary payments of rating fees to DBRS and Moody's in connection with the above- mentioned ratings assigned to the 2023 Debentures, the 2027 Debentures, the 2028 Debentures and the 2030 Debentures and will continue to make such payments to DBRS and Moody's in the ordinary course from time to time in connection with the confirmation of such ratings and future offerings of certain debt securities of Granite, if any. No other payments were made to DBRS or Moody's in respect of any other services provided to Granite by DBRS or Moody's within the last two years.

DISTRIBUTION AND DIVIDEND POLICY

Distribution Policy of Granite REIT and Granite GP

Pursuant to the Declaration of Trust, Granite REIT may make distributions as declared from time to time by the Trustees. Any distributions declared in respect of a calendar month (or such other period as determined by the Trustees) will be paid to REIT Unitholders of record as at the close of business on the last business day of the calendar month immediately preceding the month in which the distribution is to be paid (or such other time and date fixed by the Trustees in accordance with the Declaration of Trust). The distribution for any applicable period will be paid on or about the 15th day of the immediately following month (or on such other date as determined by the Trustees in their discretion). In addition, the Declaration of Trust provides that the total amount of distributions due and payable on or before December 31 of any calendar year shall not be less than the amount necessary to ensure that Granite REIT will not be liable to pay income tax under Part I of the Tax Act for such year. The amount, if any, which is required to be distributed to comply with the preceding sentence shall be due and payable, on the earlier of the last distribution date in respect of each year and December 31 of such year, to REIT Unitholders of record on that date, and such amount will be payable in cash unless the Trustees determine in their absolute discretion to pay such amount in REIT Units.

Where the Trustees determine that Granite REIT does not have available cash in an amount sufficient to pay the full amount of any distribution or where the Trustees otherwise determine in their absolute discretion that all or a portion of a distribution should not be paid in cash, the payment may, at the option of the Trustees, include the issuance of additional REIT Units, or fractions of REIT Units, if necessary, having a fair market value as determined by the Trustees equal to the difference between the amount of such distribution and the amount of cash which either has been determined by the Trustees in their absolute discretion to be available, or which the Trustees have otherwise determined shall be distributed in their absolute discretion, as the case may be, for the payment of such distribution. The Declaration of Trust further provides that immediately after a distribution made in REIT Units in accordance with the foregoing, the number of outstanding REIT Units will be consolidated so that each REIT Unitholder will hold after the consolidation the same number of REIT Units as the REIT Unitholder held before the REIT Unit distribution.

Currently, Granite REIT intends to make monthly distributions in the estimated amount of $0.2667 per REIT Unit.

The portion of distributions by Granite REIT for 2022, which will be income for Canadian income tax purposes, is estimated to be in the range of 75% to 100%. This estimate could change by the end of 2023. In light of its nominal anticipated earnings (if any), it is not expected that Granite GP will pay dividends in 2023.

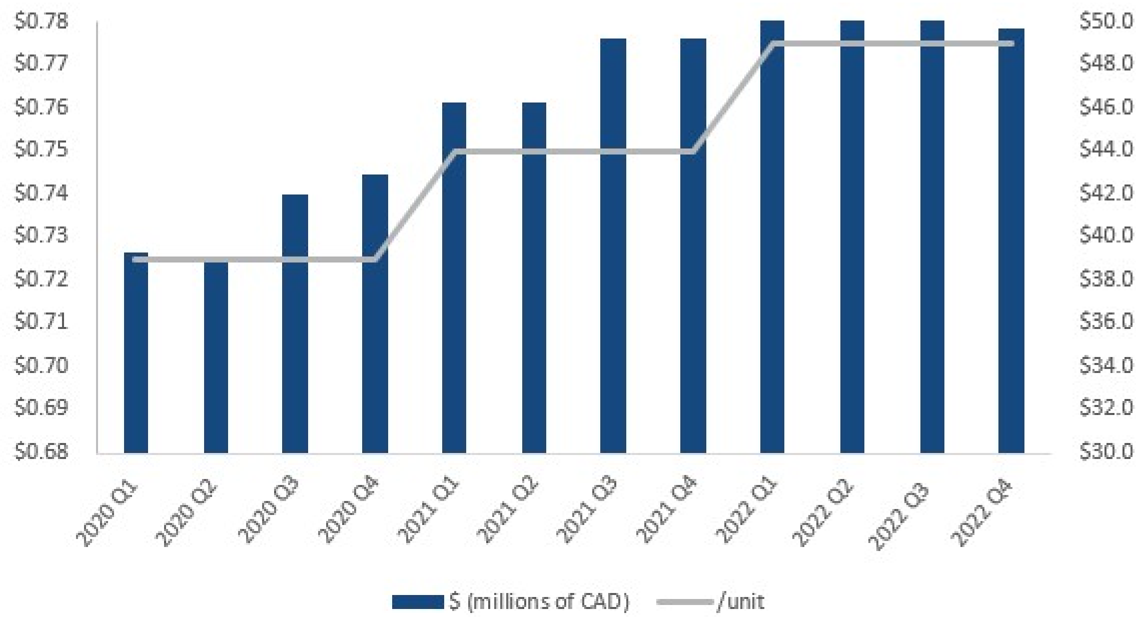
Distributions of Granite REIT

The following charts summarize distributions paid by Granite REIT in each of the previous three years:

Total Distributions by Year

Year	($ millions of CAD)	$/unit
2020	163.1	2.90
2021	191.1	3.00
2022	202.3	3.10

Historical Monthly Distributions by Quarter



MARKET FOR SECURITIES

Trading Price and Volume

The Stapled Units are listed for trading on the TSX under the symbol "GRT.UN" and on the NYSE under the symbol "GRP.U". The volume of trading and the high and low trading price of the Stapled Units on the TSX for each month of the year ended December 31, 2022 are set forth in the following table:

Trading Price and Volume

TSX 2022	Stapled Units High ($)	Low ($)	Traded Volume
January	105.56	90.69	3,227,028
February	99.99	89.85	3,988,034
March	98.64	90.02	4,631,800
April	100.90	91.54	3,275,729
May	95.31	84.00	3,228,360
June	92.43	75.91	3,414,581
July	80.95	73.34	2,815,487
August	83.77	73.95	2,716,857
September	78.16	64.73	4,275,295
October	71.35	63.29	4,202,947
November	81.05	69.32	3,518,352
December	81.32	67.01	3,687,153

Source: TSX Datalinx

TRUSTEES, DIRECTORS AND MANAGEMENT OF GRANITE

The following table provides the name, province or state and country of residence; the current position, board committee membership (where applicable) and office held with each of Granite REIT and Granite GP; and the principal occupation (if not with Granite REIT or Granite GP) of each of Granite's current Trustees and officers and Granite GP's current Directors and officers, as well as the date since which each such individual has served on the board, or was appointed as an officer, of Granite:

Name, Province/State and Country of Residence	Position and Office Held with each of Granite REIT and Granite GP (as applicable)	Present Principal Occupation (if not with Granite)	Trustee/Director/Officer Since
KELLEY MARSHALL(1)(5)(7) Ontario, Canada	Trustee and Chairman Director and Chairman	Corporate Director	June 15, 2017
PETER AGHAR(2) Ontario, Canada	Trustee Director	Principal of Crux Capital Corporation	June 15, 2017
REMCO DAAL(3) British Columbia, Canada	Trustee Director	President of Canadian Real Estate for QuadReal Property Group	June 15, 2017
KEVAN GORRIE Ontario, Canada	President and Chief Executive Officer Officer Trustee Director		August 1, 2018
FERN GRODNER(1) Washington State, U.S	Trustee Director	Corporate Director	June 13, 2019
AL MAWANI(3) Ontario, Canada	Trustee Director	Principal of Exponent Capital Partners Inc.	June 15, 2017
GERALD MILLER(4) British Columbia, Canada	Trustee Director	Corporate Director	June 30, 2011
SHELIA A. MURRAY(6) Ontario, Canada	Trustee Director	Corporate Director	June 13, 2019
EMILY PANG(3) Ontario, Canada	Trustee Director	Chief Operating Officer SickKids Foundation	August 4, 2021
JENNIFER WARREN(5) New York, New York	Trustee Director	Executive Vice President at M&T Bank	June 14, 2018
TERESA NETO Ontario, Canada	Chief Financial Officer		July 8, 2019
LORNE KUMER Ontario, Canada	Executive Vice President, Head of Global Real Estate		February 13, 2010
MICHAEL A. RAMPARAS Ontario, Canada	Executive Vice President, Global Real Estate and Head of Investments		January 1, 2021
LAWRENCE CLARFIELD Ontario, Canada	Executive Vice President, General Counsel and Corporate Secretary		January 1, 2022

Notes:

(1) Member of the Investment Committee of Granite GP

(2) Chair of the Investment Committee of Granite GP

(3) Member of the Audit Committee of each of Granite REIT and Granite GP

(4) Chair of the Audit Committee of each of Granite REIT and Granite GP

(5) Member of the Compensation, Governance and Nominating Committee of Granite GP

(6) Chair of the Compensation, Governance and Nominating Committee of Granite GP

(7) Chair of the Compensation, Governance and Nominating Committee of Granite GP until December 31, 2022

As at December 31, 2022, the Trustees, Directors and executive officers of Granite, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 229,700 Stapled Units of Granite, representing approximately 0.36% of the total number of Stapled Units outstanding.

The term of office of each Trustee and Director expires at the time of Granite REIT's and Granite GP's joint annual general meeting, which for 2023 is expected to be held on June 8, 2023. In the event that successors are not elected, the Trustees and Directors will remain in office until their successors are elected or appointed in accordance with applicable law and the constating documents of Granite REIT and Granite GP.

Officers serve at the pleasure of the Trustees or Directors, as applicable. Certain background concerning the current Trustees, Directors and officers of Granite, including their principal occupations over the last five years, is summarized below.

Kelly Marshall – Chairman of Granite REIT; Chairman of Granite GP

Mr. Marshall acts as a financial advisor to institutional clients in Canada and the United States, assisting leadership teams with the sourcing and structuring of debt and equity capital. Mr. Marshall is currently an advisor for Onex Falcon, Caary Capital and Power Sustainable LIOS.

From November 2017 to September 2020, Mr. Marshall served as the Executive Vice President of Strategic Partnerships at Ontario Municipal Employee Retirement System (''OMERS'') where he led the growth of the pension fund's strategic partnerships, including its relationships with third-party organizations, co-investors and other finance partners. Prior to OMERS, Mr. Marshall served as Managing Partner, Corporate Finance at Brookfield Asset Management Inc. (''Brookfield Management'') where he was responsible for the global corporate finance activities and oversaw all financings in each core region and business line. Throughout his 16 years with Brookfield Management, he completed in excess of US$100 billion in debt and equity transactions. Those transactions involved corporate and asset level issuances in North and South America, Europe, UK, Australia and India for all of Brookfield Management's real estate, renewable power and infrastructure businesses.

Mr. Marshall has over 25 years of finance experience, which was initially developed working for Olympia and York Developments Ltd. at Canary Wharf. This was followed by periods of employment with Citibank, in its real estate asset management group, and then two prominent U.S.-based real estate finance investment companies, Fortress Investment Group and Lonestar Opportunity Fund.

Mr. Marshall graduated from Wilfrid Laurier University with an Honours degree in Business Administration.

Peter Aghar – Trustee of Granite REIT; Director of Granite GP

Mr. Aghar is the founder and President of Crux Capital Corporation ("Crux"), a boutique value-add real estate partner, developer and venture capital investor active across Canada. Since 2013, Crux and its partners have purchased, developed or have under development over five million square feet of commercial and residential property. Mr. Aghar has a successful 25-year track record as a value-add investor on an institutional scale, having led more than 100 real estate transactions totaling far in excess of $10 billion in value. Mr. Aghar's transaction experience consists of investments in Canada, the United States and internationally, including equity investments, developments, joint ventures, structured and mezzanine debt, open and closed end private equity funds as well as the privatization and launch of several public entities.

Mr. Aghar was formerly President and Chief Investment Officer of KingSett Capital and a Managing Director of Institutional Accounts at GE Capital Real Estate.

Mr. Aghar is a board member of a number of companies and investment funds as well a member of YPO.

He is a CPA, CMA and is a graduate of the University of Waterloo with an Honors degree in Mathematics.

Remco Daal – Trustee of Granite REIT; Director of Granite GP

Mr. Daal has been President of Canadian Real Estate for QuadReal Property Group since its establishment in June 2016, responsible for the company's domestic operations, including investment, development, and the management operation of the Canadian property portfolio. QuadReal is a global real estate company owned by the British Columbia Investment Management Corporation (BCI), one of Canada's largest institutional investors, and has managed assets valued at over $67.1 billion

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From 2000 to 2016, Mr. Daal worked at Bentall Kennedy Group, one of North America's largest real estate investment advisors and Canada's largest property manager, most recently as President and Chief Operating Officer, from 2009 to 2016. Prior to joining Bentall Kennedy, Mr. Daal held senior positions at CIBC Development Corporation and a private Toronto-based development company. Mr. Daal has over 30 years of experience in the real estate sector.

Mr. Daal holds a Bachelor of Commerce degree from Wilfrid Laurier University and a Master of Business Administration degree from European University. He currently serves on the board Parkbridge Management LP.

Fern Grodner – Trustee of Granite REIT; Director of Granite GP

With over 25 years of corporate real estate experience, Ms. Grodner most recently served as Senior Manager, Global Real Estate and Facilities for Amazon.com from 2014 through 2019. At Amazon.com, Ms. Grodner was responsible for large, complex real estate transactions in the Americas in which she oversaw transactions totaling in excess of US$4 billion. Her expertise also extends to strategic planning, design, and construction of corporate space

Prior to joining Amazon, Ms. Grodner spent seven years with JDS Uniphase Corporation overseeing all real estate aspects of an international portfolio of office and manufacturing sites. From 2002 to 2007, Ms. Grodner served as Vice President, Corporate Real Estate, at Wachovia Corporation, responsible for the growth of Wachovia Securities locations in the Western United States. During the early 2000 tech boom, Ms. Grodner served as Director of Real Estate for Relera, Inc. with a focus on co-location data centers. Ms. Grodner began her career with Bank of America Corporation, Corporate Real Estate, where during her seven-year tenure she was responsible for site selection, transactions, design, and construction for the bank's portfolio.

Ms. Grodner holds a Masters of Corporate Real Estate (MCR) and Senior Leader Corporate Real Estate (SLCR) designations from CoreNet Global, an international non-profit corporate real estate association for executives who manage the real estate assets of large corporations. She also served on the CoreNet Global Bay Area Chapter board for four years.

Ms. Grodner graduated from Indiana University with Honors with a degree in Psychology.

Al Mawani — Trustee of Granite REIT; Director of Granite GP

Mr. Mawani is currently a Principal of Exponent Capital Partners Inc., a private equity investor and real estate advisory firm. Mr. Mawani has over 35 years of experience in the commercial real estate industry. His 15-year c-suite experience includes: 11 years as Executive Vice President & Chief Financial Officer of then TSX-listed Oxford Properties Group from 1989 to 2001, President & Chief Executive Officer of TSX-listed Calloway/ Smart Centres REIT from 2011 to 2013, and President & CEO of privately-owned Rodenbury Investments in 2015 and 2016. He was an executive at a private equity investment firm from 2002 to 2004.

Mr. Mawani has served on many TSX-listed boards since 2002 including serving as chair of audit committees and governance and compensation committees. Mr. Mawani has also been a director of Extendicare Inc. since December 2017 and a trustee of First Capital Real Estate Investment Trust (formerly First Capital Realty Inc.) since May 2018.

Mr. Mawani is a CPA and CA and has a Master of Business Administration from University of Toronto and a Masters in Law from Osgoode Hall Law School.

Gerald Miller — Trustee of Granite REIT; Director of Granite GP

Mr. Miller was Executive Vice President, Finance and Chief Financial Officer of West Fraser Timber Co. Ltd. (''West Fraser'') from January 2009 until his retirement in July 2011. Mr. Miller most recently was a director of West Fraser from April 2012 - April 2022. From February 2007 to December 2008, Mr. Miller's principal occupation was Executive Vice President, Operations of West Fraser. Prior to that, since 1986, Mr. Miller held several other senior finance, administration and operations offices at West Fraser, including Vice-President, Corporate Controller; Vice-President, Administration; and Executive Vice-President, Pulp and Paper.

Mr. Miller is an experienced CPA, CA and has been a member of the Chartered Professional Accountants of British Columbia and the Chartered Professional Accountants of Canada for over 40 years. Prior to joining West Fraser in 1986, he was a Senior Audit and Tax Manager with one of the major Canadian Chartered Professional Accounting firms.

Mr. Miller holds a Bachelor of Commerce degree from the University of British Columbia

Sheila Murray — Trustee of Granite REIT; Director of Granite GP

Ms. Murray is the former President of CI Financial Corp., a position she held from 2016-2019. Previously, she had been Executive Vice-President, General Counsel and Secretary since 2008, following a 25-year career at Blake, Cassels & Graydon LLP, where she practiced securities law with an emphasis on mergers and acquisitions, corporate finance and corporate reorganizations. Ms. Murray played a key role in directing the operations and setting corporate strategy for CI Financial Corp. and its operating companies, including CI Investments Inc. and Assante Wealth Management. Her role included leading CI's mentoring program, which fosters the advancement of high-potential female employees.

Ms. Murray is past Chair of the Dean's Council at Queen's University Law School, and taught Securities Regulation at Queen's University last year and has taught Securities Regulation and Corporate Finance at the University of Toronto's Global Professional Master of Laws in Business Law Program for several years.

Ms. Murray is Chair of the Board of Directors of Teck Resources Limited and a director of BCE Inc. and Bell Canada and has been a director of the SickKids Foundation, the Toronto Symphony Foundation and a director of a number of other private and public companies.

Ms. Murray received her Bachelor of Commerce and Bachelor of Laws degrees from Queen's University.

Emily Pang – Trustee of Granite REIT; Director of Granite GP

Ms. Pang is currently the Chief Operating Officer for the SickKids Foundation and also serves as the Corporate Secretary for its Board. Ms. Pang is a seasoned business executive with a diverse range of experience, including strategy, accounting and taxation, communications and investor relations, human resource matters, data integrity and reporting, as well as governance. She has held roles both in Canada and abroad in the banking, consulting and postal/logistics industries, driving and implementing transformational change in large organizations.

Ms. Pang is a CPA CA who earned a Bachelor of Commerce degree from Queen's University. She is also a graduate of the joint Kellogg-Schulich MBA program and holds the ICD.D designation from the Institute of Corporate Directors.

Ms. Pang currently serves on the boards of two not-for-profit organizations: Ontario Nonprofit Network and Quantum Valley Ideas Laboratories.

Jennifer Warren – Trustee of Granite REIT; Director of Granite GP

Ms. Warren is Executive Vice President, Institutional Client Services at M&T Bank/ Wilmington Trust., a role she has held since January 2022. M&T Bank/Wilmington Trust is a leader in corporate trust services, delivering a wide range of solutions and services across major asset classes and financing structures in the US, UK and Europe. Until October 2021, Ms. Warren served as CEO Issuer Services, North America at Computershare, a global leader in diversified financial, corporate governance and stakeholder communication for public and private companies. Prior to this role, Ms. Warren was with Canadian Imperial Bank of Commerce (from 2006 to 2017), first as General Counsel (Canada) and finally as Managing Director and Head, U.S. Region and President and CEO of CIBC World Markets Corp.

Ms. Warren began her career as a business lawyer with Blake, Cassels & Graydon LLP and from there joined Rogers Communications Inc, where she worked for a decade in increasingly senior roles as a member of Rogers Cable management and the RCI deal team.

Ms. Warren has been a director of a number of U.S. and Canadian private companies. Today, she sits on the board of Rogers Bank, a subsidiary of Rogers Communications Inc. and the board of United Way of New York City. She is also an Entrepreneur Mentor at the Fintech Innovation Lab at the Partnership for New York City.

Ms. Warren received her Bachelor of Science and Bachelor of Laws from the University of Toronto.

Kevan Gorrie – Trustee, President and Chief Executive Officer of Granite REIT; Director, President and Chief Executive Officer of Granite GP

Mr. Gorrie joined Granite as its President and Chief Executive Officer on August 1, 2018 and was appointed a Trustee and Director of Granite effective August 1, 2018. With over 20 years of corporate real estate experience in Canada, the United States and Germany, Mr. Gorrie most recently served as the President and Chief Executive Officer of Pure Industrial Real Estate Trust (''PIRET'') where he successfully grew and led the business until its strategic sale to Blackstone Property Partners and Ivanhoe´ Cambridge in May, 2018.

Prior to joining PIRET, Mr. Gorrie led the industrial business for Oxford Properties Group, the real estate investment arm of a major Canadian pension fund, where he built a platform comprising 13 million SF of income producing properties and development projects across major Canadian industrial markets, encompassing acquisition, asset management, leasing, operations and development.

Mr. Gorrie is a graduate of the civil engineering program at the University of Toronto. He currently serves on the board of REALPAC and is a member of the Institute of Corporate Directors (ICD.D).

Teresa Neto — Chief Financial Officer of Granite REIT; Chief Financial Officer of Granite GP

Ms. Neto joined Granite REIT as Chief Financial Officer on July 8, 2019 and is responsible for the REIT's financial planning, accounting & reporting, tax, treasury and corporate finance activities.

Ms. Neto has over thirty years of varied business experience, including thirteen years as a CFO for publicly-traded real estate investment trusts in Canada, most recently with Pure Industrial Real Estate Trust and prior to that at Northwest Healthcare Properties REIT.

Ms. Neto holds a Chartered Professional Accountant, C.A. designation and has a B.A. from Laurentian University. In January 2022, Ms. Neto became a Trustee at BSR REIT and is a member of the Institute of Corporate Directors and holds the ICD.D designation.

Lorne Kumer — Executive Vice President, Head of Global Real Estate of Granite REIT; Executive Vice-President, Head of Global Real Estate of Granite GP

Mr. Kumer oversees all aspects of Granite property operations related to Granite's global real estate platform including asset management, acquisitions, dispositions, and development. He is also responsible for the global Magna International relationship.

Mr. Kumer has over 25 years of experience in the real estate industry working for both public and private development companies. His experience includes property development, leasing, land planning and construction. For over 15 years, Mr. Kumer has worked for Granite and Magna in various roles including the management of Granite's North American income-producing properties portfolio. Prior to joining Granite, Mr. Kumer held senior positions in the real estate industry including Vice President at C. Hunter Real Estate Corporation in Toronto and Vice President with Peregrine Hunter Properties Ltd.

Mr. Kumer holds a Bachelor of Arts (Honours), business administration, from the Richard Ivey School of Business at the University of Western Ontario.

Michael A. Ramparas — Executive Vice President, Global Real Estate and Head of Investments of Granite REIT; Executive Vice-President, Global Real Estate and Head of Investments of Granite GP

Mr. Ramparas joined Granite in February 2012 and as Executive Vice President, Global Real Estate and Head of Investments, he is responsible for managing Granite's portfolio performance and overseeing investments globally.

Prior to joining Granite, Mr. Ramparas was Vice President of Hexagon Capital Partners, a real estate advisory firm focused on executing a strategic plan for assets owned by a global multi-billion dollar corporation. Previously, he served as a Senior Analyst at Fortress Investment Group LLC, a New York-based private equity and hedge fund company. Mr. Ramparas has over 18 years of relevant work experience with focus on real estate and equity investments, corporate strategy, underwriting, operations and valuations.

Mr. Ramparas graduated from the University of Western Ontario with a Bachelor of Arts in Economics.

Lawrence Clarfield — Executive Vice President, General Counsel and Corporate Secretary of Granite REIT; Executive Vice-President, General Counsel and Corporate Secretary of Granite GP

Mr. Clarfield oversees all of Granite's legal matters including investments, corporate governance and regulatory compliance.

Previously, Mr. Clarfield was in private practice and prior to joining Granite in 2012 was legal counsel at North American Development Group. Mr. Clarfield has more than 15 years of diversified in-house experience advising on leasing, development, financings, operations and a broad range of cross-border transactions and corporate matters.

Mr. Clarfield is admitted to the Bar in Ontario and holds a Bachelor of Laws degree from Osgoode Hall and a Bachelor of Arts (Hons.) from York University.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of Granite, except as set out below, no Trustee, Director or executive officer of Granite:

- is, or within ten years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any company (including Granite REIT or Granite GP) that was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days:
- that was issued while the Director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- that was issued after the Director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

To the knowledge of Granite, except as set out below, no Trustee, Director or executive officer of Granite or a REIT Unitholder or a GP Shareholder holding a sufficient number of securities to affect materially the control of Granite REIT or Granite GP, respectively:

(i) is, as at the date of this AIF or within ten years before the date of the AIF has been, a director or executive officer of any company (including Granite REIT or Granite GP) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;

(ii) has, within ten years prior to the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder; or

(iii) been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Potential Conflicts of Interest

Remco Daal is President, Canadian Real Estate of QuadReal Property Group (''Quadreal'') and a member of the QuadReal Investment Committee. There may be market investment opportunities that both Granite and QuadReal pursue.

Peter Aghar is a Trustee of PRO Real Estate Investment Trust ("PROREIT"). There may be market investment opportunities that both Granite and PROREIT pursue.

AUDIT COMMITTEE

Composition of the Audit Committee

Each of Granite REIT and Granite GP has a separately designated standing audit committee (each an ''Audit Committee''), currently composed of Messrs. Miller (Chairman), Daal, Mawani and Ms. Pang, each of whom has been determined by the Trustees, in the case of Granite REIT, or the Directors, in the case of Granite GP, to be ''independent'' and ''financially literate'', as such terms are defined in Multilateral Instrument 52-110 – *Audit Committees* and ''independent'' under the corporate governance standards of the NYSE applicable to audit committees. As well, it has been determined that each of Messrs. Miller, Daal and Mawani and Ms. Pang is an ''audit committee financial expert'' within the meaning of the rules of the SEC under the Sarbanes-Oxley Act of 2002. The education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as a member of each Audit Committee is set forth in their respective biographies above under the heading ''Trustees and Management of Granite REIT''.

Pre-Approval Policies and Procedures

Each Audit Committee is responsible for the appointment, compensation, retention and oversight of the work of the external auditor, Deloitte LLP for fiscal 2022. Each Audit Committee has established a policy to pre-approve all audit and permitted non-audit services provided to Granite by the external auditor, as well as the related fees to be paid to the external auditor.

Under such policy, the respective Audit Committee shall approve in advance any retainer of the external auditor to provide any non-audit service to Granite REIT or Granite GP, as the case may be, in accordance with applicable law, the rules and regulations of the NYSE, and policies and procedures approved by the Trustees or Directors, as applicable. Each Audit Committee may delegate pre-approval authority to any of its members. The decisions of any member of an Audit Committees to whom this authority has been delegated must be presented to the full committee at its next scheduled committee meeting.

Audit Committee's Charter

The charter of the Audit Committee of Granite REIT is attached as Appendix A to this Annual Information Form. The charter of the Audit Committee of Granite GP is attached as Appendix B to this Annual Information Form. Each charter is also available at www.granitereit.com.

Audit Fees

The following table sets forth the fees billed to Granite by Deloitte LLP and its affiliates for professional services rendered for the fiscal years ended December 31, 2022 and 2021.

Audit Fees

For the years ended December 31,	2022	2021
Audit Fees[(1)]	$ 1,318,986	$ 1,425,543
Audit-Related Fees[(2)]	69,000	82,243
Tax Fees	–	–
All Other Fees[(3)]	–	–
Total	$ 1,387,986	$ 1,507,786

Notes:
(1) Audit Fees related to the annual audit and quarterly review of Granite's combined financial statements and services that are normally provided in connection with Granite's statutory and regulatory filings, including the auditor attestation requirements of the Sarbanes-Oxley Act. This category also includes fees for comfort letters, consents and review of certain documents filed with securities regulatory authorities.
(2) Audit-Related Fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of Granite's financial statements and that are not included in category (1) above. They include fees for the audit of certain subsidiary financial statements.
(3) All Other Fees capture fees in respect of all services not falling under any of the foregoing categories.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed herein, no Trustee, Director or executive officer of Granite, nor any person or company that beneficially owns, or controls or directs, directly or indirectly, more than ten percent of any class or series of Granite's voting securities, or an associate or affiliate thereof, has any material interests, directly or indirectly in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect Granite.

AUDITORS, REGISTRAR AND TRANSFER AGENT

The auditors of Granite REIT and Granite GP are Deloitte LLP, located at Bay Adelaide Centre, East Tower, 8 Adelaide Street West, Suite 200, Toronto, Ontario, M5H 0A9. The registrar and transfer agent of Stapled Units is Computershare Investor Services Inc. at its principal offices in Toronto, Ontario. The co-transfer agent and co-registrar of Stapled Units in the United States is Computershare Trust Company, N.A. at its offices in Louisville, Kentucky.

Deloitte LLP is independent of Granite REIT and Granite GP within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario, and within the meaning of the Act and the applicable rules and regulations thereunder adopted by the SEC and the Public Company Accounting Oversight Board (United States) (PCAOB).

LEGAL PROCEEDINGS

Granite is party to various legal actions and claims arising in the ordinary course of its business, such as litigation with contractors, suppliers, third party vendors, governmental authorities, sellers and purchasers. Granite believes that none of these actions or claims, either individually or in combination, has had or, in the case of current actions and claims, will have, a material adverse effect on its financial condition or results of operations.

MATERIAL CONTRACTS

Agreements in Connection with the 2011 Arrangement

In connection with the 2011 Arrangement, Granite Co., the Stronach Shareholder and the Stronach Trust entered into the Arrangement Agreement on January 31, 2011. Under the Arrangement Agreement, the parties agreed to effect certain transactions in connection with the implementation of the 2011 Arrangement. The Arrangement Agreement contains covenants, representations and warranties of and from each of Granite, the Stronach Shareholder and the Stronach Trust and various conditions precedent, both mutual and with respect to each party. Concurrently with the entering into of the Arrangement Agreement, each of Granite Co., the Stronach Shareholder, the Stronach Trust and the Initiating Shareholders entered into the Agreement with Initiating Shareholders. The Agreement with the Initiating Shareholders, among other things, provides the Initiating Shareholders with the ability to compel Granite, the Stronach Shareholder and the Stronach Trust to comply with certain obligations under the Arrangement Agreement. Each of the Arrangement Agreement and the Agreement with Initiating Shareholders are described in detail in the Management Information Circular of Granite Co. dated February 22, 2011 and such descriptions are hereby incorporated by reference herein. Copies of the Arrangement Agreement and the Agreement with Initiating Shareholders are available on SEDAR at www.sedar.com.

Immediately prior to the implementation of the 2011 Arrangement, a transfer agreement between Granite Co., the Stronach Shareholder, certain subsidiaries of the Stronach Shareholder and the Stronach Trust providing for the transfer to that purchaser of certain assumed liabilities relating to the Assets, substantially in the form attached as Schedule C to the Arrangement Agreement was declared effective. In addition, also prior to the implementation of the 2011 Arrangement, Granite Co. entered into a Forbearance Agreement pursuant to which Granite became restricted from entering into the horseracing or gaming business, making any debt or equity investment in, or otherwise giving financial assistance to, any entity primarily engaged in the horseracing or gaming business or entering into any transactions with, or providing any services or personnel to, any entity primarily engaged in the horseracing or gaming business, substantially in the form attached as Schedule D to the Arrangement Agreement. Each of the Transfer Agreement and the Forbearance Agreement are described in the Management Information Circular of Granite Co. dated February 22, 2011 and such descriptions are hereby incorporated by reference herein. Copies of the forms of Transfer Agreement and Forbearance Agreement are available on SEDAR at www.sedar.com.

Other Material Contracts

The following additional material contracts have been entered into by Granite and are still in effect:

i. the 2016 Indenture (as more fully described under "Credit Facility and Indebtedness – Other Unsecured Indebtedness");

ii. the 2020 First Indenture (as more fully described under the heading "Credit Facility and Indebtedness – Other Unsecured Indebtedness");

iii. the 2020 Second Indenture (as more fully described under the heading "Credit Facility and Indebtedness – Other Unsecured Indebtedness");

iv. the 2021 Indenture (as more fully described under the heading "Credit Facility and Indebtedness – Other Unsecured Indebtedness");

v. the Equity Distribution Agreement (as more fully described under the heading "General Development of the Business – 2021 – Other"); and

vi. the Support Agreement (as more fully described under the heading "Description of Stapled Units – Support Agreement").

Copies of the material contracts listed above may be found on SEDAR at www.sedar.com.

ADDITIONAL INFORMATION

Additional information relating to Granite REIT and Granite GP may be found on SEDAR at www.sedar.com under their respective SEDAR profiles. Additional information, including Trustees', Directors' and executive officers' remuneration and indebtedness, principal holders of securities and securities authorized for issuance under the equity compensation plans is contained in the joint Management Information Circular/Proxy Statement of Granite REIT and Granite GP dated April 13, 2022 for the joint annual general and special meetings of the REIT Unitholders and GP Shareholders held on June 9, 2022. Additional financial information is provided in the audited combined financial statements of Granite and related Management's Discussion and Analysis for the year ended December 31, 2022.

APPENDIX A
GRANITE REAL ESTATE INVESTMENT TRUST
AUDIT COMMITTEE CHARTER
As of March 8, 2023

I. Purpose and Scope

The audit committee (the "Committee") of Granite Real Estate Investment Trust (the "Trust") is a committee of the Board of Trustees (the "Board"). The Committee shall oversee the accounting and financial reporting processes of the Trust, the audits of the Trust's financial statements, and the Trust's risk management procedures, and shall otherwise exercise the responsibilities and duties set out in this Charter.

II. Membership

1. Number of Members

The Committee shall be composed of three or more members of the Board.

2. Audit Committees Commitment Limit

No member of the Committee shall serve on the audit committees of more than two other public companies, excluding Granite REIT Inc., unless the Board determines that such simultaneous service would not impair the ability of such member to effectively serve on the Committee and discloses such determination in the Company's management proxy circular.

3. Independence

Each member of the Committee must be independent in accordance with applicable law and the applicable rules and regulations of the Canadian Securities Administrators, the United States Securities and Exchange Commission, the New York Stock Exchange and any other regulator or authority having jurisdiction over the Trust from time to time (the "Applicable Requirements").

4. Financial Literacy

Each member of the Committee shall be financially literate and shall have such accounting or financial management expertise as is required to comply with the Applicable Requirements.

5. Term

The members of the Committee shall be appointed annually by the Board. Each member of the Committee shall serve at the pleasure of the Board until the member resigns, is removed or ceases to be a member of the Board.

6. Chair

The members of the Committee shall elect a Chair of the Committee from among their number, after receiving recommendations from the Compensation, Governance and Nominating Committee.

III. Duties and Responsibilities

The Committee shall have the functions and responsibilities set out below as well as any other functions that are specifically delegated to the Committee by the Board and that the Board is authorized to delegate by applicable laws and regulations. In addition to these functions and responsibilities, the Committee shall perform the duties required of an audit committee by any Applicable Requirements.

1. Financial Reports

(a) General

The Committee is responsible for overseeing the Trust's financial statements and financial disclosures. Management is responsible for the preparation, presentation and integrity of the Trust's financial statements and financial disclosures and for the appropriateness of the accounting principles and the reporting policies used by the Trust. The auditors are responsible for auditing the Trust's annual consolidated financial statements and for reviewing the Trust's unaudited interim financial statements.

(b) Review of Annual Financial Reports

The Committee shall review the annual audited combined financial statements of the Trust and Granite REIT Inc., the external auditor's report thereon and the related management's discussion and analysis of financial condition and results of operation ("MD&A"). After completing its review, if advisable, the Committee shall recommend for Board approval such annual financial statements and the related MD&A.

(c) Review of Interim Financial Reports

The Committee shall review the interim combined financial statements of the Trust and Granite REIT Inc., the external auditor's review report thereon and the related MD&A. After completing its review, if advisable, the Committee shall recommend for Board approval such interim financial statements and the related MD&A.

(d) Financial Statement Review Considerations

In conducting its review of the annual financial statements or the interim financial statements, the Committee shall:

i. meet with management and the external auditor to discuss the financial statements and MD&A;

ii. review the disclosures in the financial statements;

iii. review the audit report or review report, if any, prepared by the external auditor;

iv. discuss with management, the auditors and internal legal counsel, as requested, any litigation claim or other contingency that could have a material effect on the financial statements;

v. regularly review the critical accounting policies followed and critical accounting and other significant estimates and judgements underlying the financial statements as presented by management;

vi. consider the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus;

vii. review management's process for formulating significant accounting estimates and the reasonableness of these estimates;

viii. review significant recorded and unrecorded audit adjustments;

ix. review any material effects of regulatory accounting initiatives or off-balance sheet structures on the financial statements as presented by management, including requirements relating to complex or unusual transactions, significant changes to accounting principles and alternative treatments under applicable accounting principles;

x. review any material changes in accounting policies and any significant changes in accounting practices and their impact on the financial statements as presented by management;

xi. inquire at least annually of management, the accounting group and the auditors as to whether either has any concerns relative to the quality or aggressiveness of management's accounting policies;

xii. review with the auditors alternative accounting treatments that have been discussed with management;

xiii. review with management any emerging accounting and auditing issues, and their potential effects;

xiv. review with management matters that may have a material effect on the financial statements;

xv. review management's report on the effectiveness of internal controls over financial reporting;

xvi. review the factors identified by management as factors that may affect future financial results;

xvii. review responses received under the Trust's Whistleblower Policy (as defined below); and

xviii. review any other matters related to the Trust's financial statements that are brought forward by the auditors or management or which are required to be communicated to the Committee under accounting policies, auditing standards or Applicable Requirements.

(e) Review of Other Financial Disclosures

The Committee shall review and, if advisable, recommend for Board approval press releases disclosing, or based upon, financial results of the Trust, an annual information form and any other previously undisclosed material financial disclosure in a document that is publicly disseminated and if requested by the Board, financial disclosure in a prospectus or other securities offering document of the Trust.

(f) Review of Forward-Looking Information

The Committee shall review and, if advisable, recommend for Board approval any material future-oriented financial information or financial outlook and endeavour to ensure that there is a reasonable basis for drawing any conclusions or making any forecasts and projections set out in such disclosures.

2. Auditors

(a) General

The Committee shall be responsible for oversight of the work of the auditors, including the external auditor's work in preparing or issuing an audit report, performing other audit, review or attest services or any other related work. The external auditor will report directly to the Committee. When a change of auditors is proposed, the Committee shall review all issues related to the change, including the information required to be disclosed by applicable legal requirements and the planned steps for an orderly transition.

(b) Nomination and Compensation

The Committee shall review and, if advisable, select and recommend for Board approval the external auditor to be nominated and the compensation of such external auditor. The Committee shall have ultimate authority to approve the audit engagement terms, including the external auditor's audit plan.

(c) Resolution of Disagreements

The Committee shall assess the effectiveness of the working relationship of the Trust's external auditors with management and resolve any disagreements between management and the external auditors as to financial reporting matters brought to its attention.

The Committee shall review all reportable events, including disagreements, unresolved issues and consultations with the auditors, whether or not there is to be a change of auditors, and receive and review all reports prepared by the auditors.

(d) Discussions with External Auditor

The Committee shall periodically discuss with the external auditor such matters as are required by applicable auditing standards to be discussed by the external auditor with the Committee.

(e) Audit Plan

The Committee shall periodically review a summary of the external auditor's annual audit plan. The Committee shall consider and review with the external auditor any material changes to the scope of the plan.

(f) Independence of External Auditor

Before the external auditor issues its report on the annual financial statements, the Committee shall obtain from the external auditor a formal written statement describing all relationships between the external auditor and the Trust; discuss with the external auditor any disclosed relationships or services that may affect the objectivity and independence of the external auditor; and obtain written confirmation from the external auditor that it is objective and independent within the meaning of the applicable Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of chartered accountants to which the external auditor belongs and other Applicable Requirements. The Committee shall take appropriate action to oversee the independence of the external auditor.

(g) Evaluation of Lead Partner

The Committee shall periodically review the qualifications and performance of the lead partner(s) of the external auditor.

(h) Requirement for Pre-Approval of Non-Audit Services

The Committee shall approve in advance any permissible non-audit services to be performed by the auditors for the Trust or its subsidiary entities that it deems advisable in accordance with Applicable Requirements and Board approved policies and procedures, and adopt and implement policies for such pre-approval. The Committee shall have ultimate authority to approve all fees and compensation for non-audit services performed by the auditors of the Trust. The Committee shall consider the impact of such services and fees on the independence of the auditor. The Committee may delegate pre-approval authority to any member of the Committee. The decisions of any member of the Committee to whom this authority has been delegated must be presented to the full Committee at its next scheduled Committee meeting.

(i) Approval of Hiring Policies

The Committee shall review and approve the Trust's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Trust and the Committee shall be responsible for specified reporting and pre-approval functions thereunder.

3. Internal Controls

(a) General

The Committee shall review the Trust's system of internal controls.

(b) Establishment, Review and Approval

The Committee shall require management to implement and maintain appropriate systems of internal controls in accordance with Applicable Requirements, including internal controls over financial reporting and disclosure, and shall review, evaluate and approve these procedures. The Committee shall periodically consider and review with management and the auditors:

i. the effectiveness of, or weaknesses or deficiencies in: the design or operation of the Trust's internal controls (including computerized information system controls and security); the overall control environment for managing business risks; and accounting, financial and disclosure controls (including, without limitation, controls over financial reporting), non-financial controls, and legal and regulatory controls and the impact of any identified weaknesses in internal controls on management's conclusions;

ii. any significant changes in internal controls over financial reporting that are disclosed, or considered for disclosure, including those in the Trust's periodic regulatory filings;

iii. any material issues raised by any inquiry or investigation by regulators;

iv. the Trust's fraud prevention and detection program, including deficiencies in internal controls that may impact the integrity of financial information, or may expose the Trust to other significant internal or external fraud losses and the extent of those losses and any disciplinary action in respect of fraud taken against management or other employees who have a significant role in financial reporting; and

v. any related significant issues and recommendations of the auditors together with management's responses thereto, including the timetable for implementation of recommendations to correct weaknesses in internal controls over financial reporting and disclosure controls.

4. Internal Audit Function

The Committee shall periodically review and approve the internal audit function, including its plan, budget and resources. The Committee shall direct management to make changes it deems advisable in respect of the internal audit function.

5. Whistleblower Reporting Procedures

The Committee shall establish procedures (the "Whistleblower Policy") for (a) the receipt, retention, and treatment of complaints received by the Trust regarding accounting, internal accounting controls or auditing matters; and (b) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters. The Whistleblower Policy shall also be available for reports of breaches of the Code of Conduct and Ethics. Any such complaints or concerns that are received shall be submitted to the Chair of the Committee and, if the Chair of the Committee determines that the matter requires further investigation, it will engage outside advisors, as necessary or appropriate, to investigate the matter and will work with management to reach a satisfactory conclusion. The Chair of the Committee shall report periodically to the Committee on any complaints or concerns that are received and the Committee shall review investigations and any resolutions of complaints received and report to the Board thereon. The Committee shall be responsible for approving exceptions to the Whistleblower Policy.

6. Risk Management

The Committee shall be responsible for overseeing the identification and assessment of the principal risks to the operations of the Trust and the establishment and management of appropriate systems to manage such risks with a view to achieving a proper balance between risks incurred and potential return to holders of securities of the Trust and to the long-term viability of the Trust. In this regard, the Committee shall require management to report periodically to the Committee, and the Committee shall report periodically to the Board, on the principal risks faced by the Trust and the steps implemented by management to manage these risks.

7. Compliance with Legal and Regulatory Requirements

The Committee shall review reports from management members on: legal or compliance matters that may have a material impact on the Trust; the effectiveness of the Trust's compliance policies; and any material communications received from regulators. The Committee shall review management's evaluation of and representations relating to compliance with specific applicable law and guidance, and management's plans to remediate any deficiencies identified. The Committee shall be responsible for granting waivers to the Code of Conduct and Ethics of the Trust and Granite REIT Inc.

8. Conflicts of Interest and Related Party Transactions

The Committee shall review the Trust's policies relating to the avoidance of conflicts of interest and monitor conflicts of interest (real or perceived) of members of the Board and the board of directors of Granite REIT Inc. and management in accordance with the Code of Conduct and Ethics. The Committee will review and approve all payments to be made pursuant to any related party transactions involving executive officers and members of the Board and the board of directors of Granite REIT Inc., as may be necessary or desirable under the Applicable Requirements. The Committee shall consider the results of any review of these policies and procedures by the Trust's external auditors.

9. Audit Committee Disclosure

The Committee shall prepare, review and recommend for Board approval any audit committee disclosures required by Applicable Requirements in the Trust's disclosure documents.

10. Financial Executives

The Committee shall review and discuss with management the appointment of key financial executives and recommend qualified candidates to the Board, as appropriate.

11. Charter Review

The Committee shall review and assess the adequacy of this Charter from time to time, as required, to ensure compliance with Applicable Requirements and recommend to the Board for its approval any modifications to this Charter as are considered appropriate.

12. Expenses

The Chair of the Committee shall review and approve, as required, the expenses of the President and CEO and the Chairman of the Board.

IV. Meetings

1. Procedure

The time and place of the meetings of the Committee, the calling of meetings of the Committee and the procedure at such meetings in all respects shall be determined by the Committee; provided, however, that a majority of the members of the Committee shall constitute a quorum.

2. Reporting to the Board

The Chair shall provide a report to the Board on material matters considered by the Committee.

3. In Camera Sessions

The Committee shall hold meetings, or portions of meetings, at which management and non-independent trustees are not present. The Committee shall also periodically meet separately with management, the internal auditors and the external auditors.

V. Delegation

The Committee may, to the extent permissible by Applicable Requirements, designate a sub-committee to review any matter within this Charter as the Committee deems appropriate.

VI. Outside Advisors

The Committee shall have the authority to seek, retain and terminate external legal counsel, consultants or other advisors, from a source independent of management, to assist it in fulfilling its responsibilities and to set and pay the respective compensation for these advisors and other retention terms. The Trust shall provide appropriate funding, as determined by the Committee, for the services of these advisors.

APPENDIX B
GRANITE REIT INC.
AUDIT COMMITTEE CHARTER
As of March 8, 2023

I. Purpose and Scope

The audit committee (the "Committee") of Granite REIT Inc. (the "Company") is a committee of the Board of Directors (the "Board"). The Committee shall oversee the accounting and financial reporting processes of the Company, the audits of the Company's financial statements, and the Company's risk management procedures, and shall otherwise exercise the responsibilities and duties set out in this Charter.

II. Membership

1. Number of Members

The Committee shall be composed of three or more members of the Board.

2. Audit Committees Commitment Limit

No member of the Committee shall serve on the audit committees of more than two other public companies, excluding Granite Real Estate Investment Trust, unless the Board determines that such simultaneous service would not impair the ability of such member to effectively serve on the Committee and discloses such determination in the Company's management proxy circular.

3. Independence

Each member of the Committee must be independent in accordance with applicable law and the applicable rules and regulations of the Canadian Securities Administrators, the United States Securities and Exchange Commission, the New York Stock Exchange and any other regulator or authority having jurisdiction over the Company from time to time (the "Applicable Requirements").

4. Financial Literacy

Each member of the Committee shall be financially literate and shall have such accounting or financial management expertise as is required to comply with the Applicable Requirements.

5. Term

The members of the Committee shall be appointed annually by the Board. Each member of the Committee shall serve at the pleasure of the Board until the member resigns, is removed or ceases to be a member of the Board.

6. Chair

The members of the Committee shall elect a Chair of the Committee from among their number, after receiving recommendations from the Compensation, Governance and Nominating Committee.

III. Duties and Responsibilities

The Committee shall have the functions and responsibilities set out below as well as any other functions that are specifically delegated to the Committee by the Board and that the Board is authorized to delegate by applicable laws and regulations. In addition to these functions and responsibilities, the Committee shall perform the duties required of an audit committee by any Applicable Requirements.

1. Financial Reports

(a) General

The Committee is responsible for overseeing the Company's financial statements and financial disclosures. Management is responsible for the preparation, presentation and integrity of the Company's financial statements and financial disclosures and for the appropriateness of the accounting principles and the reporting policies used by the Company. The auditors are responsible for auditing the Company's annual consolidated financial statements and for reviewing the Company's unaudited interim financial statements.

(b) Review of Annual Financial Reports

The Committee shall review the annual audited combined financial statements of the Company and Granite Real Estate Investment Trust, the external auditor's report thereon and the related management's discussion and analysis of financial condition and results of operation ("MD&A"). After completing its review, if advisable, the Committee shall recommend for Board approval such annual financial statements and the related MD&A.

(c) Review of Interim Financial Reports

The Committee shall review the interim combined financial statements of the Company and Granite Real Estate Investment Trust, the external auditor's review report thereon and the related MD&A. After completing its review, if advisable, the Committee shall recommend for Board approval such interim financial statements and the related MD&A.

(d) Financial Statement Review Considerations

In conducting its review of the annual financial statements or the interim financial statements, the Committee shall:

i. meet with management and the external auditor to discuss the financial statements and MD&A;
ii. review the disclosures in the financial statements;
iii. review the audit report or review report, if any, prepared by the external auditor;
iv. discuss with management, the auditors and internal legal counsel, as requested, any litigation claim or other contingency that could have a material effect on the financial statements;
v. regularly review the critical accounting policies followed and critical accounting and other significant estimates and judgements underlying the financial statements as presented by management;
vi. consider the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus;

vii. review management's process for formulating significant accounting estimates and the reasonableness of these estimates;
viii. review significant recorded and unrecorded audit adjustments;
ix. review any material effects of regulatory accounting initiatives or off-balance sheet structures on the financial statements as presented by management, including requirements relating to complex or unusual transactions, significant changes to accounting principles and alternative treatments under applicable accounting principles;
x. review any material changes in accounting policies and any significant changes in accounting practices and their impact on the financial statements as presented by management;
xi. inquire at least annually of management, the accounting group and the auditors as to whether either has any concerns relative to the quality or aggressiveness of management's accounting policies;
xii. review with the auditors alternative accounting treatments that have been discussed with management;
xiii. review with management any emerging accounting and auditing issues, and their potential effects;
xiv. review with management matters that may have a material effect on the financial statements;
xv. review management's report on the effectiveness of internal controls over financial reporting;
xvi. review the factors identified by management as factors that may affect future financial results;
xvii. review responses received under the Company's Whistleblower Policy (as defined below); and
xviii. review any other matters related to the Company's financial statements that are brought forward by the auditors or management or which are required to be communicated to the Committee under accounting policies, auditing standards or Applicable Requirements.

(e) Review of Other Financial Disclosures

The Committee shall review and, if advisable, recommend for Board approval press releases disclosing, or based upon, financial results of the Company, an annual information form and any other previously undisclosed material financial disclosure in a document that is publicly disseminated and if requested by the Board, financial disclosure in a prospectus or other securities offering document of the Company.

(f) Review of Forward-Looking Information

The Committee shall review and, if advisable, recommend for Board approval any material future-oriented financial information or financial outlook and endeavour to ensure that there is a reasonable basis for drawing any conclusions or making any forecasts and projections set out in such disclosures.

2. Auditors

(a) General

The Committee shall be responsible for oversight of the work of the auditors, including the external auditor's work in preparing or issuing an audit report, performing other audit, review or attest services or any other related work. The external auditor will report directly to the

Committee. When a change of auditors is proposed, the Committee shall review all issues related to the change, including the information required to be disclosed by applicable legal requirements and the planned steps for an orderly transition.

(b) Nomination and Compensation

The Committee shall review and, if advisable, select and recommend for Board approval the external auditor to be nominated and the compensation of such external auditor. The Committee shall have ultimate authority to approve the audit engagement terms, including the external auditor's audit plan.

(c) Resolution of Disagreements

The Committee shall assess the effectiveness of the working relationship of the Company's external auditors with management and resolve any disagreements between management and the external auditors as to financial reporting matters brought to its attention.

The Committee shall review all reportable events, including disagreements, unresolved issues and consultations with the auditors, whether or not there is to be a change of auditors, and receive and review all reports prepared by the auditors.

(d) Discussions with External Auditor

The Committee shall periodically discuss with the external auditor such matters as are required by applicable auditing standards to be discussed by the external auditor with the Committee.

(e) Audit Plan

The Committee shall periodically review a summary of the external auditor's annual audit plan. The Committee shall consider and review with the external auditor any material changes to the scope of the plan.

(f) Independence of External Auditor

Before the external auditor issues its report on the annual financial statements, the Committee shall obtain from the external auditor a formal written statement describing all relationships between the external auditor and the Company; discuss with the external auditor any disclosed relationships or services that may affect the objectivity and independence of the external auditor; and obtain written confirmation from the external auditor that it is objective and independent within the meaning of the applicable Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of chartered accountants to which the external auditor belongs and other Applicable Requirements. The Committee shall take appropriate action to oversee the independence of the external auditor.

(g) Evaluation of Lead Partner

The Committee shall periodically review the qualifications and performance of the lead partner(s) of the external auditor.

(h) Requirement for Pre-Approval of Non-Audit Services

The Committee shall approve in advance any permissible non-audit services to be performed by the auditors for the Company or its subsidiary entities that it deems advisable in accordance with Applicable Requirements and Board approved policies and procedures, and adopt and implement policies for such pre-approval. The Committee shall have ultimate authority to approve all fees and compensation for non-audit services performed by the auditors of the Company. The Committee shall consider the impact of such services and fees on the independence of the auditor. The Committee may delegate pre-approval authority to any member of the Committee. The decisions of any member of the Committee to whom this authority has been delegated must be presented to the full Committee at its next scheduled Committee meeting.

(i) Approval of Hiring Policies

The Committee shall review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company and the Committee shall be responsible for specified reporting and pre-approval functions thereunder.

3. Internal Controls

(a) General

The Committee shall review the Company's system of internal controls.

(b) Establishment, Review and Approval

The Committee shall require management to implement and maintain appropriate systems of internal controls in accordance with Applicable Requirements, including internal controls over financial reporting and disclosure, and shall review, evaluate and approve these procedures. The Committee shall periodically consider and review with management and the auditors:

i. the effectiveness of, or weaknesses or deficiencies in: the design or operation of the Company's internal controls (including computerized information system controls and security); the overall control environment for managing business risks; and accounting, financial and disclosure controls (including, without limitation, controls over financial reporting), non-financial controls, and legal and regulatory controls and the impact of any identified weaknesses in internal controls on management's conclusions;

ii. any significant changes in internal controls over financial reporting that are disclosed, or considered for disclosure, including those in the Company's periodic regulatory filings;

iii. any material issues raised by any inquiry or investigation by regulators;

iv. the Company's fraud prevention and detection program, including deficiencies in internal controls that may impact the integrity of financial information, or may expose the Company to other significant internal or external fraud losses and the extent of those losses and any disciplinary action in respect of fraud taken against management or other employees who have a significant role in financial reporting; and

v. any related significant issues and recommendations of the auditors together with management's responses thereto, including the timetable for implementation of recommendations to correct weaknesses in internal controls over financial reporting and disclosure controls.

4. Internal Audit Function

The Committee shall periodically review and approve the internal audit function, including its plan, budget and resources. The Committee shall direct management to make changes it deems advisable in respect of the internal audit function.

5. Whistleblower Reporting Procedures

The Committee shall establish procedures (the "Whistleblower Policy") for (a) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and (b) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters. The Whistleblower Policy shall also be available for reports of breaches of the Code of Conduct and Ethics. Any such complaints or concerns that are received shall be submitted to the Chair of the Committee and, if the Chair of the Committee determines that the matter requires further investigation, it will engage outside advisors, as necessary or appropriate, to investigate the matter and will work with management to reach a satisfactory conclusion. The Chair of the Committee shall report periodically to the Committee on any complaints or concerns that are received and the Committee shall review investigations and any resolutions of complaints received and report to the Board thereon. The Committee shall be responsible for approving exceptions to the Whistleblower Policy.

6. Risk Management

The Committee shall be responsible for overseeing the identification and assessment of the principal risks to the operations of the Company and the establishment and management of appropriate systems to manage such risks with a view to achieving a proper balance between risks incurred and potential return to holders of securities of the Company and to the long-term viability of the Company. In this regard, the Committee shall require management to report periodically to the Committee, and the Committee shall report periodically to the Board, on the principal risks faced by the Company and the steps implemented by management to manage these risks.

7. Compliance with Legal and Regulatory Requirements

The Committee shall review reports from management members on: legal or compliance matters that may have a material impact on the Company; the effectiveness of the Company's compliance policies; and any material communications received from regulators. The Committee shall review management's evaluation of and representations relating to compliance with specific applicable law and guidance, and management's plans to remediate any deficiencies identified. The Committee shall be responsible for granting waivers to the Code of Conduct and Ethics of the Company and Granite Real Estate Investment Trust.

8. Conflicts of Interest and Related Party Transactions

The Committee shall review the Company's policies relating to the avoidance of conflicts of interest and monitor conflicts of interest (real or perceived) of members of the Board and the board of trustees of Granite Real Estate Investment Trust and management in accordance with the Code of Conduct and Ethics. The Committee will review and approve all payments to be made pursuant to any related party transactions involving executive officers and members of the Board and the board of trustees of Granite Real Estate Investment Trust, as may be necessary or desirable under the Applicable Requirements. The Committee shall consider the results of any review of these policies and procedures by the Company's external auditors.

9. Audit Committee Disclosure

The Committee shall prepare, review and recommend for Board approval any audit committee disclosures required by Applicable Requirements in the Company's disclosure documents.

10. Financial Executives

The Committee shall review and discuss with management the appointment of key financial executives and recommend qualified candidates to the Board, as appropriate.

11. Charter Review

The Committee shall review and assess the adequacy of this Charter from time to time, as required, to ensure compliance with Applicable Requirements and recommend to the Board for its approval any modifications to this Charter as are considered appropriate.

12. Expenses

The Chair of the Committee shall review and approve, as required, the expenses of the President and CEO and the Chairman of the Board.

IV. Meetings

1. Procedure

The time and place of the meetings of the Committee, the calling of meetings of the Committee and the procedure at such meetings in all respects shall be determined by the Committee; provided, however, that a majority of the members of the Committee shall constitute a quorum.

2. Reporting to the Board

The Chair shall provide a report to the Board on material matters considered by the Committee.

3. In Camera Sessions

The Committee shall hold meetings, or portions of meetings, at which management and non-independent directors are not present. The Committee shall also periodically meet separately with management, the internal auditors and the external auditors.

V. Delegation

The Committee may, to the extent permissible by Applicable Requirements, designate a sub-committee to review any matter within this Charter as the Committee deems appropriate.

VI. Outside Advisors

The Committee shall have the authority to seek, retain and terminate external legal counsel, consultants or other advisors, from a source independent of management, to assist it in fulfilling its responsibilities and to set and pay the respective compensation for these advisors and other retention terms. The Company shall provide appropriate funding, as determined by the Committee, for the services of these advisors.

Audited Combined Financial Statements of Granite Real Estate Investment Trust and Granite REIT Inc.

For the years ended December 31, 2022 and 2021

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Trustees and Unitholders of Granite Real Estate Investment Trust and the Board of Directors and Shareholders of Granite REIT Inc.

Opinion on the Financial Statements

We have audited the accompanying combined balance sheets of Granite Real Estate Investment Trust and subsidiaries and Granite REIT Inc. (collectively, the "Trust") as of December 31, 2022 and December 31, 2021, the related combined statements of net income, comprehensive income, unitholders' equity, and cash flows, for each of the two years in the period ended December 31, 2022, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust as of December 31, 2022 and 2021, and its financial performance and its cash flows for each of the two years in the period ended December 31, 2022, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Trust's internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 8, 2023, expressed an unqualified opinion on the Trust's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on the Trust's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Trust in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Fair Value of Investment Properties – Refer to Notes 2(d), 2(o) Estimates and Assumptions (i) and 4 of the financial statements

Critical Audit Matter Description

The Trust has elected the fair value model for all investment properties and, accordingly, measures all investment properties at fair value subsequent to initial recognition on the balance sheet. The Trust primarily uses a discounted cash flow model to estimate the fair value of investment properties. The critical assumptions relating to the Trust's estimates of fair values of investment properties include contractual rents, contractual renewal terms, expected future market rental rates, discount rates that reflect current market uncertainties, capitalization rates and recent investment property prices.

While there are several assumptions that are required to determine the fair value of all investment properties, the critical assumptions with the highest degree of subjectivity and impact on fair values are the expected future market rental rates, discount rates and capitalization rates, otherwise referred to herein as terminal capitalization rates. Auditing these critical assumptions required a high degree of auditor judgment as the estimations made by management contain significant measurement uncertainty. This resulted in an increased extent of audit effort, including the need to involve our fair value specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the expected future market rental rates, discount rates and terminal capitalization rates used to determine the fair value of the investment properties included the following, among others:

- Evaluated the effectiveness of controls over determining investment properties' fair value, including those over the determination of the expected future market rental rates, the discount rates and terminal capitalization rates.
- Evaluated the reasonableness of management's forecast of expected future market rental rates by comparing management's forecasts with historical results, internal communications to management and the Board of Trustees and contractual information, where applicable.
- With the assistance of our fair value specialists, evaluated the reasonableness of management's forecast of expected future market rental rates, discount rates and terminal capitalization rates by considering recent market transactions and industry surveys.

/s/ Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada
March 8, 2023

We have served as the Trust's auditor since 2012.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Trustees and Unitholders of Granite Real Estate Investment Trust and the Board of Directors and Shareholders of Granite REIT Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Granite Real Estate Investment Trust and subsidiaries and Granite REIT Inc. (collectively, the "Trust") as of December 31, 2022, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Trust maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the combined financial statements as at and for the year ended December 31, 2022, of the Trust and our report dated March 8, 2023, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Trust's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Trust's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Trust in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada
March 8, 2023

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of Granite Real Estate Investment Trust and Granite REIT Inc. (collectively the "Trust") is responsible for the preparation and presentation of the combined financial statements and all information included in the 2022 Annual Report. The combined financial statements were prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and where appropriate, reflect estimates based on management's best judgement in the circumstances. Financial information as presented elsewhere in the 2022 Annual Report has been prepared by management to ensure consistency with information contained in the combined financial statements. The combined financial statements have been audited by independent auditors and reviewed by the Audit Committees and approved by both the Board of Trustees of Granite Real Estate Investment Trust and the Board of Directors of Granite REIT Inc.

Management is responsible for the development and maintenance of systems of internal accounting and administrative controls of high quality. Such systems are designed to provide reasonable assurance that the financial information is accurate, relevant and reliable and that the Trust's assets are appropriately accounted for and adequately safeguarded. Management has determined that, as at December 31, 2022 and based on the framework set forth in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, internal control over financial reporting was effective. The Trust's President and Chief Executive Officer and Chief Financial Officer, in compliance with Section 302 of the U.S. Sarbanes-Oxley Act of 2002 ("SOX"), has provided a SOX-related certification in connection with the Trust's annual disclosure document in the U.S. (Form 40-F) to the U.S. Securities and Exchange Commission. In accordance with National Instrument 52-109, a similar certification has been provided to the Canadian Securities Administrators.

The Trust's Audit Committees are appointed by their respective Boards and are comprised solely of outside independent Directors or Trustees. The Audit Committees meet periodically with management, as well as with the independent auditors, to satisfy themselves that each is properly discharging its responsibilities to review the combined financial statements and the independent auditors' report and to discuss significant financial reporting issues and auditing matters. The Audit Committees report their findings to the Boards for consideration when approving the combined financial statements for issuance to the stapled unitholders.

The combined financial statements and the effectiveness of internal control over financial reporting have been audited by Deloitte LLP, the independent auditors, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States) on behalf of the stapled unitholders. The Auditors' Reports outline the nature of their examination and their opinion on the combined financial statements of the Trust and the effectiveness of the Trust's internal control over financial reporting. The independent auditors have full and unrestricted access to the Audit Committees.

Kevan Gorrie
President and Chief Executive Officer

Teresa Neto
Chief Financial Officer

Toronto, Canada,
March 8, 2023

Combined Balance Sheets

(Canadian dollars in thousands)

As at December 31,	Note		2022		2021
ASSETS					
Non-current assets:					
Investment properties	**4**	**$**	**8,839,571**	$	7,971,158
Acquisition deposits	**22**		**8,487**		26,053
Deferred tax assets	**15(c)**		**629**		4,452
Fixed assets, net			**4,037**		2,486
Derivatives	**8(c)**		**151,855**		62,768
Loan receivable	**7**		**–**		10,471
Other assets	**6**		**2,181**		2,780
			9,006,760		8,080,168
Current assets:					
Assets held for sale	**5**		**41,182**		64,612
Loan receivable	**7**		**69,186**		–
Accounts receivable			**12,176**		10,771
Income taxes receivable			**1,288**		1,437
Prepaid expenses and other			**14,681**		7,196
Cash and cash equivalents	**17(d)**		**135,081**		402,513
Total assets		**$**	**9,280,354**	$	8,566,697
LIABILITIES AND EQUITY					
Non-current liabilities:					
Unsecured debt, net	**8(a), (b)**	**$**	**2,583,930**	$	2,425,089
Derivatives	**8(c)**		**6,391**		18,624
Secured debt	**9**		**–**		763
Long-term portion of lease obligations	**10**		**32,977**		31,645
Deferred tax liabilities	**15(c)**		**557,391**		604,667
			3,180,689		3,080,788
Current liabilities:					
Unsecured debt, net	**8(a), (b)**		**399,707**		–
Derivatives	**8(c)**		**7,076**		–
Secured debt	**9**		**51,373**		–
Deferred revenue	**11**		**17,358**		12,099
Accounts payable and accrued liabilities	**11**		**114,775**		113,244
Distributions payable	**12**		**16,991**		16,969
Short-term portion of lease obligations	**10**		**746**		505
Income taxes payable			**11,292**		21,558
Total liabilities			**3,800,007**		3,245,163
Equity:					
Stapled unitholders' equity	**13**		**5,475,375**		5,318,653
Non-controlling interests			**4,972**		2,881
Total equity			**5,480,347**		5,321,534
Total liabilities and equity		**$**	**9,280,354**	$	8,566,697

Commitments and contingencies (note 22)
See accompanying notes

On behalf of the Boards:

/s/ Kelly Marshall
Director/Trustee

/s/ Gerald J. Miller
Director/Trustee

Combined Statements of Net Income

(Canadian dollars in thousands)

Years ended December 31,	Note	2022	2021
Rental revenue	14(a)	$ 455,579	$ 393,488
Property operating costs	14(b)	75,221	60,812
Net operating income		380,358	332,676
General and administrative expenses	14(c)	29,465	38,400
Depreciation and amortization		1,598	1,320
Interest income		(1,625)	(3,109)
Interest expense and other financing costs	14(d)	50,967	47,226
Foreign exchange gains, net		(1,215)	(5,110)
Fair value losses (gains) on investment properties, net	4,5	219,728	(1,298,865)
Fair value (gains) losses on financial instruments, net	14(e)	(11,383)	1,214
Loss on sale of investment properties	5	666	761
Income before income taxes		92,157	1,550,839
Income tax (recovery) expense	15	(63,665)	240,567
Net income		$ 155,822	$1,310,272
Net income attributable to:			
Stapled unitholders		$ 155,768	$1,309,937
Non-controlling interests		54	335
		$ 155,822	$1,310,272

See accompanying notes

Combined Statements of Comprehensive Income

(Canadian dollars in thousands)

Years ended December 31,	Note	2022	2021
Net income		**$ 155,822**	$1,310,272
Other comprehensive income (loss):			
Foreign currency translation adjustment[1]		**309,410**	(136,194)
Unrealized gain on net investment hedges, including income taxes of nil[1]	**8(c)**	**32,244**	112,235
Total other comprehensive income (loss)		**341,654**	(23,959)
Comprehensive income		**$ 497,476**	$1,286,313

(1) Items that may be reclassified subsequently to net income if a foreign subsidiary is disposed of or hedges are terminated or no longer assessed as effective (note 2(h)).

Comprehensive income attributable to:		
Stapled unitholders	**$ 497,349**	$1,285,988
Non-controlling interests	**127**	325
	$ 497,476	$1,286,313

See accompanying notes

Combined Statements of Unitholders' Equity

(Canadian dollars in thousands)

Year Ended December 31, 2022	Number of units (000s)	Stapled units	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Stapled unitholders' equity	Non-controlling interests	Equity
As at January 1,2022	**65,694**	**$ 3,444,418**	**$ 53,326**	**$ 1,748,958**	**$ 71,951**	**$ 5,318,653**	**$ 2,881**	**$ 5,321,534**
Net income	–	–	–	155,768	–	155,768	54	155,822
Other comprehensive income	–	–	–	–	341,581	341,581	73	341,654
Distributions (note 12)	–	–	–	(202,306)	–	(202,306)	(41)	(202,347)
Contributions from non-controlling interests	–	–	–	–	–	–	3,417	3,417
Disposition of non-controlling interests (note 5)	–	–	–	–	–	–	(1,412)	(1,412)
Units issued under the stapled unit plan (note 13(b))	44	4,089	–	–	–	4,089	–	4,089
Stapled units issued, net of issuance costs (note 13(e))	136	13,115	–	–	–	13,115	–	13,115
Units repurchased for cancellation (note 13(c))	(2,166)	(113,800)	(41,725)	–	–	(155,525)	–	(155,525)
As at December 31, 2022	**63,708**	**$ 3,347,822**	**$ 11,601**	**$ 1,702,420**	**$ 413,532**	**$ 5,475,375**	**$ 4,972**	**$ 5,480,347**

Year Ended December 31, 2021	Number of units (000s)	Stapled units	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Stapled unitholders' equity	Non-controlling interests	Equity
As at January 1, 2021	**61,688**	**$ 3,139,194**	**$ 53,326**	**$ 631,649**	**$ 95,900**	**$ 3,920,069**	**$ 2,135**	**$ 3,922,204**
Net income	–	–	–	1,309,937	–	1,309,937	335	1,310,272
Other comprehensive loss	–	–	–	–	(23,949)	(23,949)	(10)	(23,959)
Distributions (note 12)	–	–	–	(192,628)	–	(192,628)	(154)	(192,782)
Contributions from non-controlling interests	–	–	–	–	–	–	575	575
Units issued under the stapled unit plan (note 13(b))	27	2,164	–	–	–	2,164	–	2,164
Stapled units issued, net of issuance costs (note 13(d))	3,979	303,060	–	–	–	303,060	–	303,060
As at December 31, 2021	**65,694**	**$ 3,444,418**	**$ 53,326**	**$ 1,748,958**	**$ 71,951**	**$ 5,318,653**	**$ 2,881**	**$ 5,321,534**

See accompanying notes

Combined Statements of Cash Flows

(Canadian dollars in thousands)

Years ended December 31,	Note	2022	2021
OPERATING ACTIVITIES			
Net income		**$ 155,822**	$ 1,310,272
Items not involving operating cash flows	**17(a)**	**135,088**	(1,051,650)
Current income tax expense	**15(a)**	**7,380**	11,619
Income taxes paid		**(18,090)**	(7,039)
Interest expense		**49,892**	41,591
Interest paid		**(52,494)**	(40,483)
Changes in working capital balances	**17(b)**	**(102)**	(2,046)
Cash provided by operating activities		**277,496**	262,264
INVESTING ACTIVITIES			
Investment properties:			
Property acquisitions	**3**	**(492,717)**	(925,447)
Proceeds from disposals, net	**4, 5**	**63,943**	35,428
Leasing costs paid		**(8,739)**	(6,244)
Tenant allowances paid		**(558)**	(821)
Additions to income-producing properties		**(54,933)**	(28,003)
Additions to properties under development		**(212,245)**	(71,168)
Construction funds (in) released from escrow		**(4,720)**	8,341
Loan receivable advances	**7**	**(55,780)**	(10,455)
Acquisition deposits paid		**–**	(26,466)
Fixed asset additions		**(807)**	(589)
Cash used in investing activities		**(766,556)**	(1,025,424)
FINANCING ACTIVITIES			
Monthly distributions paid		**(202,284)**	(191,082)
Proceeds from secured debt	**9**	**48,439**	774
Proceeds from unsecured credit facility draws		**254,804**	–
Repayment of unsecured credit facility draws		**(264,060)**	–
Proceeds from unsecured term loan, net of financing costs	**8(b)**	**527,441**	–
Proceeds from unsecured debenture, net of financing costs	**8(b)**	**–**	497,289
Repayment of unsecured debenture, including early redemption premium	**8(b)**	**–**	(253,963)
Settlement of cross currency interest rate swap	**8(b), (c)**	**(6,563)**	(18,787)
Repayment of lease obligations	**10**	**(767)**	(748)
Financing costs paid		**–**	(2,914)
Distributions to non-controlling interests		**(41)**	(154)
Proceeds from stapled unit offerings, net of issuance costs	**13(d), (e)**	**13,115**	303,060
Repurchase of stapled units	**13(c)**	**(155,525)**	–
Cash provided by financing activities		**214,559**	333,475
Effect of exchange rate changes on cash and cash equivalents		**7,069**	918
Net decrease in cash and cash equivalents during the year		**(267,432)**	(428,767)
Cash and cash equivalents, beginning of year		**402,513**	831,280
Cash and cash equivalents, end of year		**$ 135,081**	$ 402,513

See accompanying notes

Notes to Combined Financial Statements

(All amounts in thousands of Canadian dollars unless otherwise noted)

1. NATURE AND DESCRIPTION OF THE TRUST

Effective January 3, 2013, Granite Real Estate Inc. ("Granite Co.") completed its conversion from a corporate structure to a stapled unit real estate investment trust ("REIT") structure. All of the common shares of Granite Co. were exchanged, on a one-for-one basis, for stapled units, each of which consists of one unit of Granite Real Estate Investment Trust ("Granite REIT") and one common share of Granite REIT Inc. ("Granite GP"). Granite REIT is an unincorporated, open-ended, limited purpose trust established under and governed by the laws of the province of Ontario and created pursuant to a Declaration of Trust dated September 28, 2012 as subsequently amended and restated on June 9, 2022. Granite GP was incorporated on September 28, 2012 under the *Business Corporations Act* (British Columbia). Granite REIT, Granite GP and their subsidiaries (together "Granite" or the "Trust") are carrying on the business previously conducted by Granite Co**.**

The stapled units trade on the Toronto Stock Exchange and on the New York Stock Exchange. The principal office of Granite REIT is 77 King Street West, Suite 4010, P.O. Box 159, Toronto-Dominion Centre, Toronto, Ontario, M5K 1H1, Canada. The registered office of Granite GP is Suite 2600, Three Bentall Centre, 595 Burrard Street, P.O. Box 49314, Vancouver, British Columbia, V7X 1L3, Canada.

The Trust is a Canadian-based REIT engaged in the acquisition, development, ownership and management of logistics, warehouse and industrial properties in North America and Europe.

These combined financial statements were approved by the Board of Trustees of Granite REIT and Board of Directors of Granite GP on March 8, 2023.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies described below were applied consistently to all periods presented in these combined financial statements.

(a) Basis of Presentation and Statement of Compliance

The combined financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

(b) Combined Financial Statements and Basis of Consolidation

As a result of the REIT conversion described in note 1, the Trust does not have a single parent; however, each unit of Granite REIT and each share of Granite GP trade as a single stapled unit and accordingly, Granite REIT and Granite GP have identical ownership. Therefore, these financial statements have been prepared on a combined basis whereby the assets, liabilities and results of Granite GP and Granite REIT have been combined. The combined financial statements include the subsidiaries of Granite GP and Granite REIT. Subsidiaries are fully consolidated by Granite GP or Granite REIT from the date of acquisition, being the date on which control is obtained. The subsidiaries continue to be consolidated until the date that such control ceases. Control exists when Granite GP or Granite REIT have power, exposure or rights to variable returns and the ability to use their power over the entity to affect the amount of returns it generates.

All intercompany balances, income and expenses and unrealized gains and losses resulting from intercompany transactions are eliminated.

(c) Trust Units

The stapled units are redeemable at the option of the holder and, therefore, are required to be accounted for as financial liabilities, except where certain exemption conditions are met, in which case redeemable instruments may be classified as equity. The attributes of the stapled units meet the exemption conditions set out in IAS 32, *Financial Instruments: Presentation* and are, therefore, presented as equity on the combined balance sheets.

(d) Investment Properties

The Trust accounts for its investment properties, which include income-producing properties, properties under development and land held for development, in accordance with IAS 40, *Investment Property*. For acquired investment properties that meet the definition of a business, the acquisition is accounted for as a business combination (note 2(e)); otherwise they are initially measured at cost including directly attributable expenses. Subsequent to acquisition, investment properties are carried at fair value, which is determined based on available market evidence at the balance sheet date including, among other things, rental revenue from current leases and reasonable and supportable assumptions that represent what knowledgeable, willing parties would assume about rental revenue from future leases less future cash outflows in respect of capital expenditures. Gains and losses arising from changes in fair value are recognized in net income in the period of change.

Income-Producing Properties

The carrying value of income-producing properties includes the impact of straight-line rental revenue (note 2(l)), tenant incentives and deferred leasing costs since these amounts are incorporated in the determination of the fair value of income-producing properties.

When an income-producing property is disposed of, the gain or loss is determined as the difference between the disposal proceeds, net of selling costs, and the carrying amount of the property and is recognized in net income in the period of disposal.

Properties Under Development

The Trust's development properties are classified as such until the property is substantially completed and available for occupancy. The initial cost of properties under development includes the acquisition cost of the land and direct development or expansion costs, including construction costs, borrowing costs and indirect costs wholly attributable to development. Borrowing costs are capitalized to projects under development or construction based on the average accumulated expenditures outstanding during the period multiplied by the Trust's average borrowing rate on existing debt. Where borrowings are associated with specific developments, the amount capitalized is the gross borrowing cost incurred on such borrowings less any investment income arising on temporary investment of these borrowings. The capitalization of borrowing costs is suspended if there are prolonged periods that development activity is interrupted. The Trust capitalizes direct and indirect costs, including property taxes and insurance of the development property, if activities necessary to ready the development property for its intended use are in progress. Costs of internal personnel and other indirect costs that are wholly attributable to a project are capitalized as incurred.

If considered reliably measurable, properties under development are carried at fair value. Properties under development are measured at cost if fair value is not reliably measurable. In determining the fair value of properties under development consideration is given to, among other things, remaining construction costs, development risk, the stage of project completion and the reliability of cash inflows after project completion.

(e) Business Combinations

The Trust accounts for property acquisitions as a business combination if the particular assets and set of activities acquired can be operated and managed as a business in their current state for the purpose of providing a return to the unitholders. In accordance with IFRS 3, *Business Combinations*, the acquired set of activities and assets in an acquisition must include an input and a substantive process to qualify as a business. IFRS 3 amendments, effective January 1, 2020, provide for an optional concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The Trust applies the acquisition method to account for business combinations. The consideration transferred for a business combination is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Trust. The total consideration includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired as well as liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date.

The Trust recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets.

Acquisition related costs are expensed as incurred.

Any contingent consideration is recognized at fair value at the acquisition date. Subsequent changes to the fair value of contingent consideration that is recorded as an asset or liability is recognized in net income.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the identifiable net assets acquired. If the consideration transferred is lower than the fair value of the net assets acquired, the difference is recognized in net income.

(f) Assets Held for Sale

Non-current assets (and disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is satisfied when the asset is available for immediate sale in its present condition, management is committed to the sale and the sale is highly probable to occur within one year.

(g) Foreign Currency Translation

The assets and liabilities of the Trust's foreign operations are translated into Canadian dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case, for material transactions, the exchange rates at the dates of those transactions are used. Exchange differences arising are recognized in other comprehensive income and accumulated in equity.

In preparing the financial statements of each entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the average rates of exchange prevailing in the period. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognized in net income in the period in which they arise except for:

- The effective portion of exchange differences on transactions entered into in order to hedge certain foreign currency risks are recognized in other comprehensive income;
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation) are recognized in other comprehensive income; and
- Exchange differences on foreign currency borrowings related to capitalized interest for assets under construction are recognized in investment properties.

(h) Financial Instruments and Hedging

Financial Assets and Financial Liabilities

The following summarizes the Trust's classification and measurement basis of its financial assets and liabilities:

	Classification and Measurement Basis
Financial assets	
Long-term receivables included in other assets	Amortized Cost
Derivatives	Fair Value
Loan receivable	Amortized Cost
Accounts receivable	Amortized Cost
Cash and cash equivalents	Amortized Cost
Financial liabilities	
Unsecured debentures, net	Amortized Cost
Unsecured term loans, net	Amortized Cost
Secured debt	Amortized Cost
Derivatives	Fair Value
Accounts payable and accrued liabilities	Amortized Cost
Foreign exchange collar contracts	Fair Value
Distributions payable	Amortized Cost

The Trust recognizes an allowance for expected credit losses ("ECL") for financial assets measured at amortized cost. The impact of the credit loss modeling process is summarized as follows:

- The Trust did not record an ECL allowance against long-term receivables as historical experience of loss on these balances is insignificant and, based on the assessment of forward-looking information, no significant increases in losses are expected. The Trust will continue to assess the valuation of these instruments.
- The Trust did not record an ECL allowance against accounts receivable and loan receivable and has determined that its internal processes of evaluating each receivable on a specific basis for collectability using historical experience and adjusted for forward-looking information, would appropriately allow the Trust to determine if there are significant increases in credit risk to then record a corresponding ECL allowance.

For financial liabilities measured at amortized cost, the liability is amortized using the effective interest rate method. Under the effective interest rate method, any transaction fees, costs, discounts and premiums directly related to the financial liabilities are recognized in net income over the expected life of the obligation.

In regards to modifications to financial liabilities, when a financial liability measured at amortized cost is modified or exchanged, and such modification or exchange does not result in derecognition, the adjustment to the amortized cost of the financial liability as a result of the modification or exchange is recognized in net income.

Derivatives and Hedging

Derivative instruments, such as the cross currency interest rate swaps, interest rate swaps and foreign exchange collar contracts, are recorded in the combined balance sheet at fair value, including those derivatives that are embedded in financial or non-financial contracts. Changes in the fair value of derivative instruments which are not designated as hedges for accounting purposes are recognized in the combined statements of net income. The Trust utilizes derivative financial instruments from time to time in the management of its foreign currency and interest rate exposures. The Trust's policy is not to utilize derivative financial instruments for trading or speculative purposes.

The Trust applies hedge accounting to certain derivative and non-derivative financial instruments designated as hedges of net investments in subsidiaries with a functional currency other than the Canadian dollar. Hedge accounting is discontinued prospectively when the hedge relationship is terminated or no longer qualifies as a hedge, or when the hedging item is sold or terminated. In a net investment hedging relationship, the effective portion of foreign exchange gains or losses on the hedging instruments is recognized in other comprehensive income and the ineffective portion is recognized in net income. The amounts recorded in accumulated other comprehensive income are recognized in net income when there is a disposition or partial disposition of the foreign subsidiary.

Interest Rate Benchmark Reform

In August 2020, the IASB issued Interest Rate Benchmark Reform – Phase 2 Amendments to IFRS 9, *Financial Instruments*; IFRS 7, *Financial Instruments: Disclosures*; IAS 39, *Financial Instruments: Recognition and Measurement*; IFRS 4, *Insurance Contracts* and IFRS 16, *Leases,* which addresses issues that might affect financial reporting once an existing interest rate benchmark is replaced with an alternative benchmark interest rate and provides specific disclosure requirements. The amendments introduce a practical expedient for modifications of financial instruments, where the basis for determining the contractual cash flows changes as a result of the Interbank Offer Rate ("IBOR") reform, allowing for prospective application of the alternative benchmark interest rate. In addition, the amendments relate to the application of hedge accounting, providing an exception such that changes in the formal designation and documentation of hedge accounting relationships that are needed to reflect the changes required by IBOR reform do not result in the discontinuation of hedge accounting or the designation of new hedging relationships.

The amendments are effective for annual reporting periods beginning on or after January 1, 2021. As some of the Trust's unsecured debt and related derivatives will be impacted by the IBOR reform, the reformed IFRS guidance has been adopted. However, accounting under the adopted standard will take place once the IBOR related arrangements are modified, which constitutes as an accounting event. As no accounting events have occurred to date, the Trust has determined there is no impact on its combined financial statements as of December 31, 2022. Refer to note 8 for details of the unsecured debt and related derivatives that will be affected by the IBOR reform and progress of the Trust's current transition plan to alternative benchmark interest rates.

(i) Cash and Cash Equivalents

Cash and cash equivalents include cash and short-term investments with original maturities of three months or less.

(j) Fixed Assets

Fixed assets include computer hardware and software, furniture and fixtures and leasehold improvements, which are recorded at cost less accumulated depreciation. Depreciation expense is recorded on a straight-line basis over the estimated useful lives of the fixed assets, which typically range from 3 to 5 years for computer hardware and software and 5 to 7 years for other furniture and fixtures. Leasehold improvements are amortized over the term of the applicable lease. Fixed assets also include right-of-use assets identified in accordance with IFRS 16, *Leases*. Refer to note 2(k) for the measurement basis of right-of-use assets.

(k) Leases

The Trust recognizes a right-of-use asset and a lease obligation at the lease commencement date, in accordance with IFRS 16, *Leases*. The Trust accounts for its right-of-use assets that do not meet the definition of investment property as fixed assets. The right-of-use asset is initially measured at cost and, subsequently, at cost less any accumulated depreciation and impairment, and adjusted for certain remeasurements of the lease obligation. When a right-of-use asset meets the definition of investment property, it is initially measured at cost and subsequently measured at fair value (note 2(d)).

The lease liability is initially measured at the present value of the lease payments at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, at the Trust's incremental borrowing rate. Generally, the Trust uses its incremental borrowing rate as the discount rate.

The lease obligation is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee or, as appropriate, a change in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

(l) Revenue Recognition

Where Granite has retained substantially all the benefits and risks of ownership of its rental properties, leases with its tenants are accounted for as operating leases. Where substantially all the benefits and risks of ownership of the Trust's rental properties have been transferred to its tenants, the Trust's leases are accounted for as finance leases. All of the Trust's current leases are operating leases.

Revenue from investment properties includes base rents earned from tenants under lease agreements, property tax and operating cost recoveries and other incidental income. Rents from tenants may contain rent escalation clauses or free rent periods which are recognized in revenue on a straight-line basis over the term of the lease. The difference between the revenue recognized and the contractual rent is included in investment properties as straight-line rents receivable. In addition, tenant incentives including cash allowances provided to tenants are recognized as a reduction in rental revenue on a straight-line basis over the term of the lease where it is determined that the tenant fixturing has no benefit to the property beyond the existing tenancy. Property tax and operating cost recoveries from tenants are recognized as revenue in the period in which applicable costs are incurred.

(m) Unit-based Compensation Plans

Incentive Stock Option Plan

Compensation expense for option grants is based on the fair value of the options at the grant date and is recognized over the period from the grant date to the date the award is vested. A liability is recognized for outstanding options based upon the fair value as the Trust is an open-ended trust making its units redeemable. During the period in which options are outstanding, the liability is adjusted for changes in the fair value with such adjustments being recognized as compensation expense in general and administrative expenses in the period in which they occur. The liability balance is reduced as options are exercised and recorded in equity as stapled units along with the proceeds received on exercise.

Executive Deferred Stapled Unit Plan

The executive deferred stapled unit plan is measured at fair value at the date of grant and amortized to compensation expense from the effective date of the grant to the final vesting date. Compensation expense is recognized on a proportionate basis consistent with the vesting features of each tranche of the grant. Compensation expense for executive deferred stapled units granted under the plan is recognized in general and administrative expenses with a corresponding liability recognized based upon the fair value of the Trust's stapled units as the Trust is an open-ended trust making its units redeemable. During the period in which the executive deferred stapled units are outstanding, for grants with no performance criteria, the liability is adjusted for changes in the market value of the Trust's stapled unit, and for grants with performance criteria, the liability is measured at fair value using the Monte Carlo simulation model (note 13), with both such adjustments being recognized as compensation expense in general and administrative expenses in the period in which they occur. The liability balance is reduced as deferred stapled units are settled for stapled units and recorded in equity.

Director/Trustee Deferred Share Unit Plan

The compensation expense and a corresponding liability associated with the director/trustee deferred share unit plan are measured based on the market value of the underlying stapled units. During the period in which the awards are outstanding, the liability is adjusted for changes in the market value of the underlying stapled unit, with such positive or negative adjustments being recognized in general and administrative expenses in the period in which they occur. The liability balance is settled for cash or stapled units when a director/trustee ceases to be a member of the Board.

(n) Income Taxes

Operations in Canada

Granite qualifies as a mutual fund trust under the Income Tax Act (Canada) (the "Act") and as such the Trust itself will not be subject to income taxes provided it continues to qualify as a REIT for purposes of the Act. A REIT is not taxable and not considered to be a Specified Investment Flow-through Trust provided it complies with certain tests and it distributes all of its taxable income in a taxation year to its unitholders.

The Trust's qualification as a REIT results in no current or deferred income tax being recognized in the combined financial statements for income taxes related to the Canadian investment properties.

Operations in the United States

The Trust's investment property operations in the United States are conducted in a qualifying United States REIT ("US REIT") for purposes of the Internal Revenue Code of 1986, as amended. As a qualifying US REIT, it is not taxable provided it complies with certain tests in addition to the requirement to distribute substantially all of its taxable income.

As a qualifying US REIT, current income taxes on U.S. taxable income have not been recorded in the combined financial statements. However, the Trust has recorded deferred income taxes that may arise on the disposition of its investment properties as the Trust will likely be subject to entity level income tax in connection with such transactions pursuant to the Foreign Investment in Real Property Tax Act.

Operations in Europe

The Trust consolidates certain entities that continue to be subject to income tax.

Income taxes for taxable entities in Europe, as well as other entities in Canada or the United States subject to tax, are recorded as follows:

Current Income Tax

The current income tax expense is determined on the basis of enacted or substantively enacted tax rates and laws at each balance sheet date.

Deferred Income Tax

Deferred income tax is recorded, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and the amounts reported on the combined financial statements. Deferred income tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Deferred income tax assets are recognized to the extent that it is probable that deductions, tax credits or tax losses will be utilized.

Each of the current and deferred tax assets and liabilities are offset when they are levied by the same taxation authority in either the same taxable entity or different taxable entities within the same reporting group that settle on a net basis.

(o) Significant Accounting Judgments, Estimates and Assumptions

The preparation of the combined financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts and disclosures made in the financial statements and accompanying notes.

Management believes that the judgments, estimates and assumptions utilized in preparing the combined financial statements are reasonable and prudent; however, actual results could be materially different and require an adjustment to the reported results.

Judgments

The following are the critical judgments that have been made in applying the Trust's accounting policies and that have the most significant effect on the amounts recognized in the combined financial statements:

(i) Leases

The Trust's policy for revenue recognition is described in note 2(l). The Trust makes judgments in determining whether certain leases are operating or finance leases, in particular tenant leases with long contractual terms or leases where the property is a large square-footage and/or architecturally specialized. The Trust also makes judgments in determining the lease term for some lease contracts in which it is a lessee that include renewal or termination options. The assessment of whether the Trust is reasonably certain to exercise such options impacts the lease term which, in turn, significantly affects the amount of lease obligations and right-of-use assets recognized.

(ii) Investment Properties

The Trust's policy relating to investment properties is described in note 2(d). In applying this policy, judgment is used in determining whether certain costs incurred for tenant improvements are additions to the carrying amount of the property or represent incentives, identifying the point at which practical completion of properties under development occurs and determining borrowing costs to be capitalized to the carrying value of properties under development. Judgment is also applied in determining the use, extent and frequency of independent appraisals.

(iii) Income Taxes

The Trust applies judgment in determining whether it will continue to qualify as a REIT for both Canadian and U.S. tax purposes for the foreseeable future. However, should it at some point no longer qualify, it would be subject to income tax and would be required to recognize current and deferred income taxes.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities include the following:

(i) Valuation of Investment Properties

The fair value of investment properties is determined by management using primarily the discounted cash flow method in which the income and expenses are projected over the anticipated term of the investment plus a terminal value discounted using an appropriate discount rate. The Trust obtains, from time to time, appraisals from independent qualified real estate valuation experts. However, the Trust does not measure its investment properties based on these appraisals but uses them as data points, together with other external market information accumulated by management, in arriving at its own conclusions on values. Management uses valuation assumptions such as discount rates, terminal capitalization rates and market rental rates applied in external appraisals or sourced from valuation experts; however, the Trust also uses its historical renewal experience with tenants, its direct knowledge of the specialized nature of certain of Granite's portfolio and tenant profile and the actual condition of the properties in making business judgments about lease renewal probabilities, renewal rents and capital expenditures. The critical assumptions relating to the Trust's estimates of fair values of investment properties include contractual rents, contractual renewal terms, expected future market rental rates, discount rates that reflect current market uncertainties, capitalization rates and recent investment property prices. If there is any change in these assumptions or regional, national or international economic conditions, the fair value of investment properties may change materially. Refer to note 4 for further information on the estimates and assumptions made by management.

(ii) Fair Value of Financial Instruments

Where the fair value of financial assets or liabilities recorded on the balance sheet or disclosed in the notes cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow method. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as credit risk and volatility. Changes in assumptions about these factors could materially affect the reported fair value of financial instruments.

(iii) Income Taxes

The Trust operates in a number of countries and is subject to the income tax laws and related tax treaties in each of its operating jurisdictions. These laws and treaties can be subject to different interpretations by relevant taxation authorities. Significant judgment is required in the estimation of Granite's income tax expense, the interpretation and application of the relevant tax laws and treaties and the provision for any exposure that may arise from tax positions that are under audit by relevant taxation authorities.

The recognition and measurement of deferred tax assets or liabilities is dependent on management's estimate of future taxable profits and income tax rates that are expected to be in effect in the period the asset is realized or the liability is settled. Any changes in management's estimate can result in changes in deferred tax assets or liabilities as reported in the combined balance sheets and also the deferred income tax expense in the combined statements of net income.

(p) Future Accounting Policy Changes

As at December 31, 2022, there are no new accounting standards with a material effect issued but not yet applicable to the combined financial statements.

3. ACQUISITIONS

During the years ended December 31, 2022 and 2021, Granite made the following property acquisitions:

2022 Acquisitions

Property	Location	Date acquired	Property purchase price	Transaction costs	Total acquisition cost
Income-producing properties:					
Georg-Beatzel Straße 15	Wiesbaden, Germany	February 3, 2022	$ **62,033**	$ **3,919**	$ **65,952**
Raiffeisenstraße 28-32	Korbach, Germany	February 3, 2022	**60,295**	**3,819**	**64,114**
In der Langen Else 4	Erfurt, Germany	February 3, 2022	**17,636**	**1,225**	**18,861**
10566 Gateway Pt.	Clayton, IN	April 14, 2022	**121,258**	**98**	**121,356**
2128 Gateway Pt.	Clayton, IN	April 14, 2022	**57,886**	**105**	**57,991**
102 Parkshore Dr.	Brampton, ON	May 24, 2022	**20,850**	**696**	**21,546**
195 Steinway Blvd.	Etobicoke, ON	May 26, 2022	**17,700**	**1,266**	**18,966**
Swaardvenstraat 75	Tilburg, Netherlands	July 1, 2022	**102,141**	**185**	**102,326**
			459,799	**11,313**	**471,112**
Property under development:					
905 Belle Ln.	Bolingbrook, IL	May 5, 2022	**14,516**	**87**	**14,603**
Development land:					
161 Markel Dr.	Brant County, ON	August 19, 2022	**6,368**	**210**	**6,578**
			$ **480,683**	$ **11,610**	$ **492,293**

2021 Acquisitions

Property	Location	Date acquired	Property purchase price	Transaction costs	Total acquisition cost
Income-producing properties:					
3090 Highway 42[1]	Locust Grove, GA	March 12, 2021	$ 85,138	$ 401	$ 85,539
3801 Rock Creek Blvd.	Joliet, IL	June 25, 2021	30,247	75	30,322
3900 Rock Creek Blvd.	Joliet, IL	June 25, 2021	34,673	85	34,758
1695-1701 Crossroads Dr.	Joliet, IL	June 25, 2021	50,657	118	50,775
US Portfolio (four properties):					
1243 Gregory Dr.	Antioch, IL				
60 Logistics Blvd.	Richwood, KY				
8740 South Crossroads Dr.	Olive Branch, MS				
12577 State Line Rd.	Olive Branch, MS	September 3, 2021	243,697	337	244,034
1600 Rock Creek Blvd.	Joliet, IL	September 7, 2021	20,705	616	21,321
Sophialaan 5	Utrecht, Netherlands	September 17, 2021	42,125	3,432	45,557
100 Ronson Dr.	Toronto, ON	December 13, 2021	18,436	818	19,254
110 Ronson Dr.	Toronto, ON	December 13, 2021	16,164	1,001	17,165
115 Sinclair Blvd.	Brantford, ON	December 17, 2021	66,000	1,491	67,491
Hazeldonk 6520-6524	Breda, Netherlands	December 17, 2021	87,931	7,030	94,961
Hazeldonk 6526-6530	Breda, Netherlands	December 17, 2021	54,699	4,373	59,072
5400 E. 500 S.	Whitestown, IN	December 22, 2021	87,478	212	87,690
			837,950	19,989	857,939
Properties under development:					
2120 Logistics Way	Murfreesboro, TN	June 30, 2021	17,308	213	17,521
Highway 109	Lebanon, TN	September 8, 2021	6,505	67	6,572
			23,813	280	24,093
Development land:					
375/395 Hardy Rd.	Brantford, ON	August 16, 2021	62,201	1,491	63,692
			$ 923,964	$ 21,760	$ 945,724

(1) The Trust acquired the leasehold interest in the property which resulted in the recognition of a right-of-use asset, including transaction costs, of $85,539. The Trust will acquire freehold title to the property on December 1, 2028.

During the year ended December 31, 2022, transaction costs of $11.6 million (2021 — $21.8 million), which included land transfer taxes, and legal and advisory costs, were first capitalized to the cost of the respective properties and then subsequently expensed to net fair value losses (gains) on investment properties on the combined statements of net income as a result of measuring the properties at fair value.

4. INVESTMENT PROPERTIES

As at December 31,	2022	2021
Income-producing properties	$ 8,486,105	$ 7,727,368
Properties under development	272,504	162,817
Land held for development	80,962	80,973
	$ 8,839,571	$ 7,971,158

Changes in investment properties are shown in the following table:

Years ended December 31,	2022			2021		
	Income-producing properties	Properties under development	Land held for development	Income-producing properties	Properties under development	Land held for development
Balance, beginning of year	$7,727,368	$ 162,817	$ 80,973	$ 5,786,338	$ 31,488	$ 37,757
Maintenance or improvements	9,680	–	–	10,897	–	–
Leasing costs	10,153	–	–	2,456	3,298	–
Tenant allowances	574	–	–	3,439	–	–
Developments or expansions	43,940	228,099	2,853	8,726	88,729	1,906
Acquisitions (note 3)	471,112	14,603	6,578	857,939	24,093	63,692
Costs to complete acquired property	–	–	–	8,344	–	–
Disposals	–	–	–	(36,793)	–	–
Transfer to properties under development	–	17,549	(17,549)	–	16,812	(16,812)
Transfer to income-producing properties	223,040	(223,040)	–	–	–	–
Amortization of straight-line rent	10,591	–	–	8,889	–	–
Amortization of tenant allowances	(4,149)	–	–	(5,105)	–	–
Other changes	374	21	14	350	–	–
Fair value (losses) gains, net	(285,127)	56,536	6,929	1,300,499	(280)	(1,354)
Foreign currency translation, net	321,078	15,919	1,164	(157,468)	(1,323)	(747)
Classified as assets held for sale (note 5)	(42,529)	–	–	(61,143)	–	(3,469)
Balance, end of year	$8,486,105	$ 272,504	$ 80,962	$ 7,727,368	$ 162,817	$ 80,973

The Trust determines the fair value of an income-producing property based upon, among other things, rental income from current leases and assumptions about rental income from future leases reflecting market conditions and lease renewals at the applicable balance sheet dates, less future cash outflows in respect of such leases. Fair values are primarily determined by discounting the expected future cash flows, generally over a term of 10 years, plus a terminal value based on the application of a capitalization rate to estimated year 11 cash flows. The fair values of properties under development are measured using a discounted cash flow model, net of costs to complete, as of the balance sheet date. The Trust measures its investment properties using valuations prepared by management. The Trust does not measure its investment properties based on valuations prepared by external appraisers but uses such external appraisals as data points, together with other external market information accumulated by management, in arriving at its own conclusions on values. Management uses valuation assumptions such as discount rates, terminal capitalization rates and market rental rates applied in external appraisals or sourced from valuation experts; however, the Trust also uses its historical renewal experience with tenants, its direct knowledge of the specialized nature of certain of Granite's portfolio and tenant profile and its knowledge of the actual condition of the properties in making business judgments about lease renewal probabilities, renewal rents and capital expenditures. There has been no change in the valuation methodology during the year.

Included in investment properties as at December 31, 2022 is $48.6 million (2021 — $35.7 million) of net straight-line rent receivables arising from the recognition of rental revenue on a straight-line basis over the lease term.

Details about contractual obligations to purchase, construct and develop properties can be found in the commitments and contingencies note (note 22).

Tenant minimum rental commitments payable to Granite on non-cancellable operating leases as at December 31, 2022 are as follows:

2023	$	**413,975**
2024		**365,694**
2025		**338,939**
2026		**298,168**
2027		**267,601**
2028 and thereafter		**1,111,127**
	$	**2,795,504**

Valuations are most sensitive to changes in discount rates and terminal capitalization rates. The key valuation metrics for income-producing properties by country are set out below:

As at December 31,	2022[1]			2021[1]		
	Weighted average[2]	Maximum	Minimum	Weighted average[2]	Maximum	Minimum
Canada						
Discount rate	**6.26 %**	**7.25 %**	**5.25 %**	5.14 %	6.50 %	4.50 %
Terminal capitalization rate	**5.19 %**	**6.50 %**	**4.25 %**	4.54 %	5.75 %	4.00 %
United States						
Discount rate	**6.45 %**	**10.25 %**	**5.50 %**	5.54 %	9.25 %	4.75 %
Terminal capitalization rate	**5.57 %**	**9.25 %**	**4.75 %**	4.79 %	8.50 %	3.75 %
Germany						
Discount rate	**6.48 %**	**11.00 %**	**4.90 %**	6.48 %	9.75 %	4.90 %
Terminal capitalization rate	**5.50 %**	**10.00 %**	**4.30 %**	5.38 %	8.75 %	3.90 %
Austria						
Discount rate	**8.59 %**	**9.90 %**	**8.15 %**	8.28 %	9.50 %	7.90 %
Terminal capitalization rate	**7.32 %**	**7.90 %**	**6.75 %**	7.16 %	7.65 %	6.65 %
Netherlands						
Discount rate	**5.43 %**	**6.85 %**	**4.75 %**	4.44 %	6.25 %	3.60 %
Terminal capitalization rate	**5.73 %**	**8.50 %**	**5.00 %**	4.94 %	7.40 %	3.80 %
Total						
Discount rate	**6.50 %**	**11.00 %**	**4.75 %**	5.67 %	9.75 %	3.60 %
Terminal capitalization rate	**5.66 %**	**10.00 %**	**4.25 %**	5.03 %	8.75 %	3.75 %

(1) Excludes assets held for sale (note 5).
(2) Weighted based on income-producing property fair value.

The table below summarizes the sensitivity of the fair value of income-producing properties to changes in either the discount rate or terminal capitalization rate:

	Discount Rate		Terminal Capitalization Rate	
Rate sensitivity	**Fair value**	**Change in fair value**	**Fair value**	**Change in fair value**
+50 basis points	$ 8,166,669	$ (319,436)	$ 8,043,519	$ (442,586)
+25 basis points	8,324,712	(161,393)	8,255,203	(230,902)
Base rate	**8,486,105**	–	**8,486,105**	–
-25 basis points	8,652,412	166,307	8,740,637	254,532
-50 basis points	$ 8,822,283	$ 336,178	$ 9,020,938	$ 534,833

5. ASSETS HELD FOR SALE AND DISPOSITIONS

Assets Held for Sale

At December 31, 2022, two income-producing properties located in Canada and the United States having a total fair value of $41.2 million were classified as assets held for sale, and are expected to be disposed within the next 12 months. At December 31, 2021, two income-producing properties and one piece of land located in Poland and the Czech Republic having a total fair value of $64.6 million were classified as assets held for sale.

Dispositions

During the year ended December 31, 2022, Granite disposed of two income-producing properties and one piece of land located in Poland and the Czech Republic. The details of the disposed properties and land are as follows:

Property	Location	Date disposed	Sale price
10 Topolowa	Mirków, Poland	February 18, 2022	$ **34,486**
378 10 Hospodářský Park, České Velenice[1]	Třeboň, Czech Republic	June 9, 2022	**31,535**
			$ **66,021**

(1) In conjunction with the disposal of the income-producing property, the associated carrying value of the non-controlling interest of $1.4 million was derecognized on June 9, 2022.

During the year ended December 31, 2021, Granite disposed of three income-producing properties located in the United Kingdom and Austria for gross proceeds totaling $36.8 million.

During the year ended December 31, 2022, Granite incurred $0.7 million (2021 — $0.8 million) of broker commissions and legal and advisory costs associated with the disposals which are included in loss on sale of investment properties on the combined statements of net income.

The following table summarizes the fair value changes in properties classified as assets held for sale:

Years ended December 31,	2022	2021
Balance, beginning of year	$ **64,612**	$ —
Fair value gains, net	**1,934**	—
Foreign currency translation, net	**(1,877)**	—
Other changes	**5**	—
Disposals	**(66,021)**	—
Classified as assets held for sale	**42,529**	64,612
Balance, end of year	$ **41,182**	$ 64,612

6. OTHER ASSETS

As at December 31,	2022	2021
Deferred financing costs associated with the revolving credit facility	$ **1,890**	$ 2,472
Long-term receivables	**291**	308
	$ **2,181**	$ 2,780

7. LOAN RECEIVABLE

The loan receivable represents a loan to the developer of two industrial properties being constructed in Indiana, United States. As at December 31, 2022, the loan balance is $69.2 million (US$51.1 million). The loan, due upon completion of the development which is expected to be completed in the next 12 months, is secured by the properties under construction and related land for which Granite has a commitment to purchase upon completion (note 22(b)). As at December 31, 2021, the loan balance was $10.5 million (US$8.3 million) and was included in non-current assets on the combined balance sheet.

8. UNSECURED DEBT AND RELATED DERIVATIVES

(a) Unsecured Revolving Credit Facility

The Trust has an unsecured revolving credit facility (the ''Credit Facility'') with a limit of $1.0 billion, maturing March 31, 2026. Draws on the Credit Facility are available by way of Canadian dollar, US dollar or Euro denominated loans or Canadian dollar or US dollar denominated letters of credit. The Credit Facility provides Granite the ability to increase the amount of the commitment by an additional aggregate principal amount of up to $500.0 million with the consent of the participating lenders. As at December 31, 2022, the Trust had no amounts drawn (2021 — nil) on the Credit Facility and $3.5 million (2021 — $1.7 million) in letters of credit issued against the Credit Facility.

On March 3, 2023, Granite amended the Credit Facility to extend the maturity date for a new five-year term to March 31, 2028 (note 23(b)). Included in the amendment, Granite also updated the benchmark rates from the London Interbank Offered Rate ("LIBOR") to the Secured Overnight Financing Rate ("SOFR"), including a fixed spread for the basis difference between LIBOR and SOFR, for US dollar denominated draws and from LIBOR to the Euro Interbank Offered Rate ("EURIBOR") for Euro denominated draws. Such amendments to the benchmark rates result in no economic impact to Granite’s borrowing rates. As it is anticipated that the administrator of the Canadian Dollar Offered Rate ("CDOR") will cease publication of CDOR by June 28, 2024 and the Canadian financial benchmark will be replaced by the Canadian Overnight Repo Rate Average ("CORRA"), Granite's Credit Facility contains fallback provisions to transition from CDOR to CORRA for Canadian denominated draws when CDOR is discontinued.

(b) Unsecured Debentures and Term Loans, Net

As at December 31,			2022		2021
	Maturity Date	Amortized Cost[1]	Principal issued and outstanding	Amortized Cost[1]	Principal issued and outstanding
2023 Debentures	November 30, 2023	**$ 399,707**	**$ 400,000**	$ 399,387	$ 400,000
2027 Debentures	June 4, 2027	**498,057**	**500,000**	497,618	500,000
2028 Debentures	August 30, 2028	**497,806**	**500,000**	497,420	500,000
2030 Debentures	December 18, 2030	**497,616**	**500,000**	497,317	500,000
2024 Term Loan	December 19, 2024	**250,088**	**250,351**	233,740	234,136
2025 Term Loan	September 15, 2025	**540,677**	**541,300**	–	–
2026 Term Loan	December 11, 2026	**299,686**	**300,000**	299,607	300,000
		$ 2,983,637	**$ 2,991,651**	$ 2,425,089	$ 2,434,136

(1) The amounts outstanding are net of deferred financing costs and, in the case of the term loans, debt modification losses. The deferred financing costs and debt modification losses are amortized using the effective interest method and are included in interest expense.

As at December 31,	2022	2021
Unsecured Debentures and Term Loans, Net		
Non-current	**$ 2,583,930**	$ 2,425,089
Current	**399,707**	–
	$ 2,983,637	$ 2,425,089

2021 Debentures

On January 4, 2021, Granite REIT Holdings Limited Partnership ("Granite LP"), a wholly-owned subsidiary of Granite, redeemed in full the outstanding $250.0 million aggregate principal amount of the 2021 Debentures. Upon redemption in 2021, Granite incurred an early redemption premium of $4.0 million, which had been recorded in interest expense and other financing costs in the combined statement of net income (note 14(d)). In conjunction with the redemption, the 2021 Cross Currency Interest Rate Swap was terminated on January 4, 2021, and the related mark to market liability of $18.8 million was settled.

2023 Debentures

On December 20, 2016, Granite LP issued $400.0 million aggregate principal amount of 3.873% Series 3 senior debentures due November 30, 2023 (the “2023 Debentures”) at a nominal premium. Interest on the 2023 Debentures is payable semi-annually in arrears on May 30 and November 30 of each year. Deferred financing costs of $2.2 million were incurred and recorded as a reduction against the principal owing.

The 2023 Debentures are redeemable, in whole or in part, at Granite’s option at any time and from time to time, at a price equal to accrued and unpaid interest plus the greater of (a) 100% of the principal amount of the 2023 Debentures to be redeemed; and (b) the Canada Yield Price. The Canada Yield Price means, in respect of a 2023 Debenture, a price equal to which, if the 2023 Debenture were to be issued at such price on the redemption date, would provide a yield thereon from the redemption date to its maturity date equal to 62.5 basis points above the yield that a non-callable Government of Canada bond, trading at par, would carry if issued on the redemption date with a maturity date of November 30, 2023. Granite also has the option to redeem the 2023 Debentures at par plus any accrued and unpaid interest within two months of the maturity date of November 30, 2023.

2027 Debentures

On June 4, 2020, Granite LP issued at par $500.0 million aggregate principal amount of 3.062% Series 4 senior debentures due June 4, 2027 (the “2027 Debentures”). Interest on the 2027 Debentures is payable semi-annually in arrears on June 4 and December 4 of each year. Deferred financing costs of $3.0 million were incurred in connection with the issuance of the 2027 Debentures and are recorded as a reduction against the principal owing.

The 2027 Debentures are redeemable, in whole or in part, at Granite’s option at any time and from time to time, at a price equal to accrued and unpaid interest plus the greater of (a) 100% of the principal amount of the 2027 Debentures to be redeemed; and (b) the Canada Yield Price. The Canada Yield Price means, in respect of a 2027 Debenture, a price equal to which, if the 2027 Debenture were to be issued at such price on the redemption date, would provide a yield thereon from the redemption date to its maturity date equal to 65.0 basis points above the yield that a non-callable Government of Canada bond, trading at par, would carry if issued on the redemption date with a maturity date of June 4, 2027. Granite also has the option to redeem the 2027 Debentures at par plus any accrued and unpaid interest within two months of the maturity date of June 4, 2027.

2028 Debentures

On August 30, 2021, Granite LP issued at par $500.0 million aggregate principal amount of 2.194% Series 6 senior unsecured debentures due August 30, 2028 (the “2028 Debentures”). Interest on the 2028 Debentures is payable semi-annually in arrears on February 28 and August 30 of each year. Deferred financing costs of $2.7 million were incurred in connection with the issuance of the 2028 Debentures and are recorded as a reduction against the principal owing.

The 2028 Debentures are redeemable, in whole or in part, at Granite’s option at any time and from time to time, at a price equal to accrued and unpaid interest plus the greater of (a) 100% of the principal amount of the 2028 Debentures to be redeemed; and (b) the Canada Yield Price. The Canada Yield Price means, in respect of a 2028 Debenture, a price equal to which, if the 2028 Debenture were to be issued at such price on the redemption date, would provide a yield thereon from the redemption date to its maturity date equal to 28.5 basis points above the yield that a non-callable Government of Canada bond, trading at par, would carry if issued on the redemption date with a maturity date of August 30, 2028. Granite also has the option to redeem the 2028 Debentures at par plus any accrued and unpaid interest within two months of the maturity date of August 30, 2028.

2030 Debentures

On December 18, 2020, Granite LP issued at par $500.0 million aggregate principal amount of 2.378% Series 5 senior debentures due December 18, 2030 (the “2030 Debentures”). Interest on the 2030 Debentures is payable semi-annually in arrears on June 18 and December 18 of each year. Deferred financing costs of $3.0 million were incurred in connection with the issuance of the 2030 Debentures and are recorded as a reduction against the principal owing.

The 2030 Debentures are redeemable, in whole or in part, at Granite’s option at any time and from time to time, at a price equal to accrued and unpaid interest plus the greater of (a) 100% of the principal amount of the 2030 Debentures to be redeemed; and (b) the Canada Yield Price. The Canada Yield Price means, in respect of a 2030 Debenture, a price equal to which, if the 2030 Debenture were to be issued at such price on the redemption date, would provide a yield thereon from the redemption date to its maturity date equal to 39.5 basis points above the yield that a non-callable Government of Canada bond, trading at par, would carry if issued on the redemption date with a maturity date of December 18, 2030. Granite also has the option to redeem the 2030 Debentures at par plus any accrued and unpaid interest within three months of the maturity date of December 18, 2030.

2024 Term Loan

On December 19, 2018, Granite LP entered into and fully drew upon a US$185.0 million senior unsecured non-revolving term facility that originally matured on December 19, 2022. On October 10, 2019, Granite refinanced the US$185.0 million term facility and extended the maturity date two years to December 19, 2024 (the "2024 Term Loan"). The 2024 Term Loan is fully prepayable without penalty. Any amount repaid may not be re-borrowed. Interest on drawn amounts is calculated based on LIBOR plus an applicable margin determined by reference to the external credit rating of Granite LP and is payable monthly in arrears. Deferred financing costs of $0.8 million were incurred and are recorded as a reduction against the principal owing.

In conjunction with the extension, the previously existing cross currency interest rate swap associated with the term facility was terminated on September 24, 2019 and blended into a new cross currency interest rate swap (note 8(c)).

As the Federal Reserve Board has identified that the publication of the remainder of the US dollar LIBOR benchmark rates will be discontinued on June 30, 2023 and will be replaced by SOFR, Granite intends to amend the 2024 Term Loan and 2024 Cross Currency Interest Rate Swap before the end of June 2023 to update the benchmark rates in these agreements from LIBOR to SOFR without any economic impact.

2025 Term Loan

On September 15, 2022, Granite LP entered into and fully drew upon a US$400.0 million senior unsecured non-revolving term facility that will mature on September 15, 2025 (the "2025 Term Loan"). The 2025 Term Loan is fully prepayable without penalty. Any amount repaid may not be re-borrowed. Interest on drawn amounts is calculated based on the SOFR plus an applicable margin determined by reference to the external credit rating of Granite LP and is payable monthly in arrears. Deferred financing costs of $0.7 million were incurred and are recorded as a reduction against the principal owing.

2026 Term Loan

On December 12, 2018, Granite LP entered into and fully drew upon a $300.0 million senior unsecured non-revolving term facility that originally matured on December 12, 2025. On November 27, 2019, Granite refinanced the $300.0 million term facility and extended the maturity date one year to December 11, 2026 (the "2026 Term Loan"). The 2026 Term Loan is fully prepayable without penalty. Any amount repaid may not be re-borrowed. Interest on drawn amounts is calculated based on the Canadian Dollar Offered Rate ("CDOR") plus an applicable margin determined by reference to the external credit rating of Granite LP and is payable monthly in advance. Deferred financing costs of $1.5 million were incurred and are recorded as a reduction against the principal owing.

In conjunction with the extension, the previously existing cross currency interest rate swap associated with the term facility was settled on November 27, 2019 and a new cross currency interest rate swap was entered into (note 8(c)).

As a result of the anticipated cessation of the publication of CDOR by June 28, 2024 and the Canadian financial benchmark being replaced by CORRA, Granite intends to amend the 2026 Term Loan and 2026 Cross Currency Interest Rate Swap before the end of June 2024 to update the benchmark rates in these agreements from CDOR to CORRA without any economic impact.

The 2023 Debentures, 2027 Debentures, 2028 Debentures, 2030 Debentures, 2024 Term Loan, 2025 Term Loan and 2026 Term Loan rank pari passu with all of Granite LP's other existing and future senior unsecured indebtedness and are guaranteed by Granite REIT and Granite GP.

(c) Derivatives

As at December 31,								2022	2021
	Notional amount to be paid		Interest payment rate	Notional amount to be received		Interest receipt rate	Maturity date	Fair value assets (liabilities)	Fair value assets (liabilities)
2023 Cross Currency Interest Rate Swap	281,100	EUR	2.430 %	400,000	CAD	3.873 %	Nov. 30, 2023	**$ (7,076)**	$ (6,551)
2024 Cross Currency Interest Rate Swap	168,200	EUR	0.522 %	185,000	USD	LIBOR plus margin	Dec. 19, 2024	**24,891**	(5,056)
2025 Interest Rate Swap [1]	–	–	–	–	–	–	Sept. 15, 2025	**5,244**	–
2026 Cross Currency Interest Rate Swap	205,500	EUR	1.355 %	300,000	CAD	CDOR plus margin	Dec. 11, 2026	**39,264**	7,844
2027 Cross Currency Interest Rate Swap	370,300	USD	2.964 %	500,000	CAD	3.062 %	June 4, 2027	**8,123**	28,752
2028 Cross Currency Interest Rate Swap [2]	397,000	USD	2.096 %	500,000	CAD	2.194 %	Aug. 30, 2028	**–**	(7,017)
2028 Cross Currency Interest Rate Swap	119,100	USD	2.096 %	150,000	CAD	2.194 %	Aug. 30, 2028	**(6,391)**	–
2028 Cross Currency Interest Rate Swap [2]	242,100	EUR	0.536 %	350,000	CAD	2.194 %	Aug. 30, 2028	**19,450**	–
2030 Cross Currency Interest Rate Swap	319,400	EUR	1.045 %	500,000	CAD	2.378 %	Dec. 18, 2030	**54,883**	26,172
								$ 138,388	$ 44,144

(1) On September 15, 2022, Granite LP entered into a float to fixed interest rate swap (the "2025 Interest Rate Swap") to exchange the floating SOFR portion of the interest payments of the 2025 Term Loan for fixed interest payments resulting in an all-in fixed interest rate of 5.016%.

(2) On February 3, 2022, Granite terminated $350.0 million of a total $500.0 million principal of the 2028 Cross Currency Interest Rate Swap and simultaneously entered into a new $350.0 million cross-currency interest rate swap maturing August 30, 2028, to exchange the Canadian dollar denominated principal and interest payments of the 2028 Debentures for Euro denominated payments at a fixed interest rate of 0.536%. Upon termination, Granite paid $6.6 million to settle the mark-to-market liability relating to the $350.0 million principal portion of the 2028 Cross Currency Interest Rate Swap.

As at December 31,		2022		2021
Financial assets at fair value				
Non-current	**$**	**151,855**	$	62,768
Current		**—**		—
	$	**151,855**	$	62,768
Financial liabilities at fair value				
Non-current	**$**	**6,391**	$	18,624
Current		**7,076**		—
	$	**13,467**	$	18,624

For the year ended December 31, 2022, the cross currency interest rate swaps, the combination of the 2025 Term Loan and 2025 Interest Rate Swap and the US dollar draws under the Credit Facility are designated as net investment hedges of the Trust's investments in foreign operations. The effectiveness of the hedges is assessed quarterly. Gains and losses associated with the effective portion of the hedges are recognized in other comprehensive income. For the year ended December 31, 2022, the Trust has assessed the net investment hedge associated with each cross currency interest rate swap, the combination of the 2025 Term Loan and 2025 Interest Rate Swap and the US dollar draws under the Credit Facility, except for a portion of the 2024 Cross Currency Interest Rate Swap and a portion of the combination of the 2025 Term Loan and 2025 Interest Rate Swap, to be effective.

For the year ended December 31, 2022, a net fair value gain of $13.8 million has been recognized in fair value (gains) losses on financial instruments, net (note 14(e)) in the combined statement of net income, due to ineffectiveness relating to the interest rate portion of certain hedging relationships described above.

The Trust has elected to record the differences resulting from the interest rates associated with the derivatives in the combined statements of net income.

9. SECURED DEBT

On December 17, 2021, Granite entered into a secured construction loan relating to a development project in Texas, United States. The loan has a maximum draw amount of $59.9 million (US$44.3 million) and is secured by the property under construction and related land. The loan matures on December 17, 2023 and bears interest at the US prime rate minus 90 basis points. Granite has the option to extend the maturity date to December 17, 2024, subject to certain terms and conditions, which was not exercised as of December 31, 2022. As at December 31, 2022, the balance of the loan is $51.4 million (US$38.0 million) (2021 — $0.8 million (US$0.6 million) included in non-current liabilities on the combined balance sheet).

10. LEASE OBLIGATIONS

As at December 31, 2022, the Trust had leases for the use of office space, office and other equipment, and ground leases for the land upon which four income-producing properties in Europe and Canada are situated. The Trust recognized these leases as right-of-use assets and recorded related lease liability obligations. During the year ended December 31, 2022, Granite recorded a right-of-use asset and related lease obligation of $2.2 million for office space in Canada.

The present value of future minimum lease payments relating to the right-of-use assets as at December 31, 2022 in aggregate for the next five years and thereafter are as follows:

2023	**$ 746**
2024	**741**
2025	**739**
2026	**735**
2027	**458**
2028 and thereafter	**30,304**
	$ 33,723

During the year ended December 31, 2022, the Trust recognized $1.5 million (2021 — $1.6 million) of interest expense related to lease obligations (note 14(d)).

11. CURRENT LIABILITIES

Deferred Revenue

Deferred revenue relates to prepaid and unearned revenue received from tenants and fluctuates with the timing of rental receipts.

Accounts Payable and Accrued Liabilities

As at December 31,	2022	2021
Accounts payable	**$ 11,204**	$ 7,982
Commodity tax payable	**6,087**	8,385
Tenant security deposits	**7,257**	6,822
Employee unit-based compensation	**5,994**	11,525
Trustee/director unit-based compensation	**6,932**	8,935
Accrued salaries, incentives and benefits	**6,826**	5,875
Accrued interest payable	**9,974**	7,235
Accrued construction costs	**36,659**	21,817
Accrued professional fees	**1,445**	1,641
Acquisition related liabilities	**5,042**	19,963
Accrued property operating costs	**8,750**	5,768
Other tenant related liabilities	**5,104**	5,511
Other accrued liabilities	**3,501**	1,785
	$ 114,775	$ 113,244

12. DISTRIBUTIONS TO STAPLED UNITHOLDERS

Total distributions declared to stapled unitholders in the year ended December 31, 2022 were $202.3 million (2021 — $192.6 million) or $3.11 per stapled unit (2021 — $3.01 per stapled unit).

Distributions payable at December 31, 2022 of $17.0 million (26.7 cents per stapled unit), representing the December 2022 monthly distribution, were paid on January 17, 2023.

Distributions payable at December 31, 2021 of $17.0 million were paid on January 14, 2022 and represented the December 2021 monthly distribution.

Subsequent to December 31, 2022, the distributions declared in January 2023 in the amount of $17.0 million or 26.7 cents per stapled unit were paid on February 15, 2023 and the distributions declared in February 2023 of $17.0 million or 26.7 cents per stapled unit will be paid on March 15, 2023.

13. STAPLED UNITHOLDERS' EQUITY

(a) Stapled Units

The stapled units consist of one unit of Granite REIT and one common share of Granite GP. Granite REIT is authorized to issue an unlimited number of units. Granite GP's authorized share capital consists of an unlimited number of common shares without par value. Each stapled unit is entitled to distributions and/or dividends in the case of Granite GP as and when declared and, in the event of termination of Granite REIT and Granite GP, to the net assets of Granite REIT and Granite GP remaining after satisfaction of all liabilities.

(b) Unit-Based Compensation

Incentive Stock Option Plan

The Incentive Stock Option Plan allows for the grant of stock options or stock appreciation rights to directors, officers, employees and consultants. As at December 31, 2022 and December 31, 2021, there were no options outstanding under this plan.

Director/Trustee Deferred Share Unit Plan

The Trust has two Non-Employee Director Share-Based Compensation Plans (the "DSPs") which provide for a deferral of up to 100% of each non-employee director's total annual remuneration, at specified levels elected by each director. The amounts deferred under the DSPs are reflected by notional deferred share units ("DSUs") whose value at the time that the particular payment to the director is determined reflects the fair market value of a stapled unit. The value of a DSU subsequently appreciates or depreciates with changes in the market price of the stapled units. The DSPs also provide for the accrual of notional distribution equivalents on any distributions paid on the stapled units. On June 9, 2022, amendments were made to the DSPs to allow, at the discretion of the Compensation, Governance and Nominating Committee (the "CGN Committee)" for the DSUs to be settled in cash or stapled units, equal to the value of the accumulated DSUs at such date.

A reconciliation of the changes in the DSUs outstanding is presented below:

	2022		2021	
	Number (000s)	**Weighted Average Grant Date Fair Value**	**Number (000s)**	**Weighted Average Grant Date Fair Value**
DSUs outstanding, January 1	**85**	**$58.50**	67	$52.93
New grants and distributions	**16**	**97.41**	18	79.64
DSUs outstanding, December 31	**101**	**$64.58**	85	$58.50

Executive Deferred Stapled Unit Plan

The Executive Stapled Unit Plan (the "Restricted Stapled Unit Plan") of the Trust provides for the issuance of Restricted Share Units ("RSUs") and Performance Share Units ("PSUs") and is designed to provide equity-based compensation in the form of stapled units to executives and other employees (the "Participants"). The maximum number of stapled units which may be issued pursuant to the Restricted Stapled Unit Plan is 1.0 million. The Restricted Stapled Unit Plan entitles a Participant to receive a stapled unit or a cash payment equal to the market value of the stapled unit, which on any date is the volume weighted average trading price of a stapled unit on the Toronto Stock Exchange or New York Stock Exchange over the preceding five trading days. The form of redemption of the stapled units is determined by the Compensation, Governance and Nominating Committee and is not at the option of the Participant. Vesting conditions in respect of a grant are determined by the Compensation, Governance and Nominating Committee at the time the grant is made and may result in the vesting of more or less than 100% of the number of stapled units. The Restricted Stapled Unit Plan also provides for the accrual of distribution equivalent amounts based on distributions paid on the stapled units. Stapled units are, unless otherwise agreed or otherwise required by the Restricted Stapled Unit Plan, settled within 60 days following vesting.

A reconciliation of the changes in notional stapled units outstanding under the Restricted Stapled Unit Plan is presented below:

	2022		2021	
	Number (000s)	**Weighted Average Grant Date Fair Value**	**Number (000s)**	**Weighted Average Grant Date Fair Value**
RSUs and PSUs outstanding, January 1	**128**	**$ 67.19**	128	$ 59.83
New grants and distributions[(1)]	**58**	**101.30**	51	78.91
Forfeited	**–**	**88.02**	–	–
PSUs added by performance factor	**27**	**96.22**	–	–
Settled in cash	**(45)**	**69.89**	(24)	59.38
Settled in stapled units	**(44)**	**69.89**	(27)	59.38
RSUs and PSUs outstanding, December 31[(2)]	**124**	**$ 87.18**	128	$ 67.19

(1) Includes 29.6 RSUs and 22.0 PSUs granted during the year ended December 31, 2022 (2021 – 18.7 RSUs and 25.0 PSUs).

(2) Total restricted stapled units outstanding at December 31, 2022 include a total of 47.3 RSUs and 76.2 PSUs granted (2021 – 50.2 RSUs and 78.1 PSUs).

The fair value of the outstanding RSUs was $2.6 million at December 31, 2022 and is based on the market price of the Trust's stapled unit. The fair value is adjusted for changes in the market price of the Trust's stapled unit and recorded as a liability in the employee unit-based compensation payables (note 11).

The fair value of the outstanding PSUs was $3.4 million at December 31, 2022 and is recorded as a liability in the employee unit-based compensation payables (note 11). The fair value is calculated using the Monte-Carlo simulation model based on the assumptions below as well as a market adjustment factor based on the total unitholder return of the Trust's stapled units relative to the S&P/TSX Capped REIT Index.

Grant date	January 1, 2022, January 1, 2021 and January 1, 2020
PSUs outstanding	76,189
Weighted average term to expiry	1.0 year
Average volatility rate	22.8%
Weighted average risk free interest rate	1.6%

The Trust's unit-based compensation (recovery) expense recognized in general and administrative expenses was:

Years ended December 31,		**2022**		**2021**
DSUs for trustees/directors[1]	**$**	**(2,002)**	$	3,693
Restricted Stapled Unit Plan for executives and employees		**1,835**		8,749
Unit-based compensation (recovery) expense	**$**	**(167)**	$	12,442
Fair value remeasurement (recovery) expense include in the above:				
DSUs for trustees/directors	**$**	**(3,534)**	$	2,275
Restricted Stapled Unit Plan for executives and employees		**(2,733)**		3,778
Total fair value remeasurement (recovery) expense	**$**	**(6,267)**	$	6,053

(1) In respect of fees mandated and elected to be taken as DSUs.

(c) Normal Course Issuer Bid

On May 19, 2022, Granite announced the acceptance by the Toronto Stock Exchange ("TSX") of Granite's Notice of Intention to Make a Normal Course Issuer Bid ("NCIB"). Pursuant to the NCIB, Granite proposes to purchase through the facilities of the TSX and any alternative trading system in Canada, from time to time and if considered advisable, up to an aggregate of 6,566,292 of Granite's issued and outstanding stapled units. The NCIB commenced on May 24, 2022 and will conclude on the earlier of the date on which purchases under the bid have been completed and May 23, 2023. Pursuant to the policies of the TSX, daily purchases made by Granite through the TSX may not exceed 39,046 stapled units, subject to certain exceptions. Granite has entered into an automatic securities purchase plan with a broker in order to facilitate repurchases of the stapled units under the NCIB during specified blackout periods. Pursuant to a previous notice of intention to conduct a NCIB, Granite received approval from the TSX to purchase stapled units for the period May 21, 2021 to May 20, 2022.

During the year ended December 31, 2022, Granite repurchased 2,165,600 stapled units at an average stapled unit cost of $71.81 for total consideration of $155.5 million, excluding commissions. The difference between the repurchase price and the average cost of the stapled units of $41.7 million was recorded to contributed surplus. During the year ended December 31, 2021, there were no stapled unit repurchases under the NCIB.

(d) Stapled Unit Offerings

During the year ended December 31, 2022, there were no stapled unit offerings. During the year ended December 31, 2021, Granite completed an offering of 3,979,000 stapled units at a price of $79.50 per unit for gross proceeds of $316.3 million, including 519,000 stapled units issued pursuant to the exercise of the over-allotment option granted to the underwriters. Costs related to the offering totaled $13.2 million and were recorded as a reduction to stapled unitholders' equity. The net proceeds received by Granite after deducting the total costs related to the offering were $303.1 million.

(e) At-The-Market Equity Distribution Program

On November 3, 2021, Granite filed a prospectus supplement to the base shelf prospectus of Granite REIT and Granite GP establishing an at-the-market equity distribution program (the "ATM Program"), in each of the provinces and territories of Canada, that allows it to issue and sell, at its discretion, up to $250.0 million of stapled units to the public, from time to time. Stapled units sold under the ATM Program will be sold at the prevailing market prices at the time of sale when issued, directly through the facilities of the Toronto Stock Exchange or any other recognized marketplace upon which the stapled units are listed or quoted or where the stapled units are traded in Canada.

During the year ended December 31, 2022, Granite issued 136,100 stapled units under the ATM Program at an average stapled unit price of $98.77 for gross proceeds of $13.4 million, and incurred issuance costs of $0.3 million, for net proceeds of $13.1 million. The issuance costs were recorded as a reduction to stapled unitholders' equity.

(f) Accumulated Other Comprehensive Income

Accumulated other comprehensive income consists of the following:

As at December 31,	2022	2021
Foreign currency translation gains on investments in subsidiaries, net of related hedging activities and non-controlling interests[1]	**$ 324,484**	$ 53,798
Fair value gains on derivatives designated as net investment hedges	**89,048**	18,153
	$ 413,532	$ 71,951

(1) Includes foreign currency translation gains and losses from non-derivative financial instruments designated as net investment hedges.

14. RENTAL REVENUE, RECOVERIES, COSTS AND EXPENSES

(a) Rental revenue consists of:

Years ended December 31,	2022	2021
Base rent	$ 376,296	$ 331,403
Straight-line rent amortization	10,596	8,889
Tenant incentive amortization	(4,149)	(5,105)
Property tax recoveries	48,147	38,898
Property insurance recoveries	4,947	3,290
Operating cost recoveries	19,742	16,113
	$ 455,579	$ 393,488

(b) Property operating costs consist of:

Years ended December 31,	2022	2021
Non-recoverable from tenants:		
Property taxes and utilities	$ 910	$ 656
Property insurance	776	449
Repairs and maintenance	420	331
Property management fees	339	451
Professional fees	83	199
Environmental and appraisals	404	294
Other	246	290
	$ 3,178	$ 2,670
Recoverable from tenants:		
Property taxes and utilities	$ 52,456	$ 42,961
Property insurance	5,538	4,282
Repairs and maintenance	10,079	7,642
Property management fees	3,818	2,951
Other	152	306
	$ 72,043	$ 58,142
Property operating costs	$ 75,221	$ 60,812

(c) General and administrative expenses consist of:

Years ended December 31,	2022	2021
Salaries, incentives and benefits	**$ 18,225**	$ 17,092
Audit, legal and consulting	**3,205**	3,444
Trustee/director fees including distributions, revaluations and expenses[1]	**(1,777)**	3,898
RSU and PSU compensation expense including distributions and revaluations[1]	**1,835**	8,749
Other public entity costs	**2,615**	1,961
Office rents including property taxes and common area maintenance costs	**491**	437
Capital tax	**867**	630
Information technology costs	**2,213**	1,825
Other	**2,779**	1,030
	$ 30,453	$ 39,066
Less: capitalized general and administrative expenses	**(988)**	(666)
	$ 29,465	$ 38,400

(1) For fair value remeasurement (recovery) expense amounts see note 13(b).

(d) Interest expense and other financing costs consist of:

Years ended December 31,	2022	2021
Interest and amortized issuance costs and modification losses relating to debentures and term loans	**$ 47,304**	$ 38,428
Early redemption premium relating to 2021 Debentures (note 8(b))	**–**	3,963
Amortization of deferred financing costs and other interest expense and charges	**5,784**	3,870
Interest expense related to lease obligations (note 10)	**1,549**	1,572
	$ 54,637	$ 47,833
Less: capitalized interest	**(3,670)**	(607)
	$ 50,967	$ 47,226

(e) Fair value (gains) losses on financial instruments, net, consist of:

Years ended December 31,	2022	2021
Foreign exchange collar contracts, net (note 18(a))	**$ 2,426**	$ 2,627
Derivatives (note 8(c))	**(13,809)**	(1,413)
	$ (11,383)	$ 1,214

For the year ended December 31, 2022, the net fair value gain on financial instruments of $11.4 million is comprised of the net fair value gain on the derivatives of $13.8 million which is associated with the fair value movements of the 2024 Cross Currency Interest Rate Swap and the combination of the 2025 Term Loan and 2025 Interest Rate Swap, offset partially by the net fair value loss on the foreign exchange collar contracts of $2.4 million. The Trust partially employed or did not employ hedge accounting for the derivatives and foreign exchange collars, therefore the change in fair value is recognized in fair value gains on financial instruments, net, in the combined statement of net income.

For the year ended December 31, 2021, the net fair value loss on financial instruments of $1.2 million was comprised of the net fair value loss on the foreign exchange collar contracts of $2.6 million, offset partially by the net fair value gain on the derivatives of $1.4 million which was associated with the fair value movements of the 2021 Cross Currency Interest Rate Swap and 2024 Cross Currency Interest Rate Swap. The Trust partially employed or did not employ hedge accounting for the derivatives and foreign exchange collars, therefore the change in fair value was recognized in fair value losses on financial instruments, net, in the combined statement of net income.

15. INCOME TAXES

(a) The major components of the income tax (recovery) expense are:

Years ended December 31,	**2022**	**2021**
Current income tax:		
Current taxes	**$ 8,079**	$ 13,572
Current taxes referring to previous periods	**(819)**	(1,916)
Withholding taxes and other	**120**	(37)
	$ 7,380	$ 11,619
Deferred income tax:		
Origination and reversal of temporary differences	**$ (71,195)**	$ 224,411
Impact of changes in tax rates	**(17,330)**	1,955
Benefits arising from a previously unrecognized tax loss that reduced:		
Deferred tax expense arising from the write-down, or reversal of a previous write-down, of a deferred tax asset	**16,771**	3,277
Other	**709**	(695)
	$ (71,045)	$ 228,948
Income tax (recovery) expense	**$ (63,665)**	$ 240,567

For the year ended December 31, 2022, there was no current tax expense associated with property dispositions. For the year ended December 31, 2021, there was $5.1 million of current tax expense associated with the disposition of two properties in Austria.

(b) The effective income tax rate reported in the combined statements of net income varies from the Canadian statutory rate for the following reasons:

Years ended December 31,	2022	2021
Income before income taxes	**$ 92,157**	$1,550,839
Expected income taxes at the Canadian statutory tax rate of 26.5% (2021 - 26.5%)	**$ 24,422**	$ 410,972
Income distributed and taxable to unitholders	**(92,252)**	(150,899)
Net foreign rate differentials	**9,145**	(22,772)
Net change in provisions for uncertain tax positions	**719**	(458)
Net permanent differences	**(6,151)**	176
Net effect of change in tax rates	**(17,330)**	628
Non-recognition of deferred tax assets	**16,770**	3,277
Withholding taxes and other	**1,012**	(357)
Income tax (recovery) expense	**$ (63,665)**	$ 240,567

(c) Deferred tax assets and liabilities consist of temporary differences related to the following:

As at December 31,	2022	2021
Deferred tax assets:		
Eligible capital expenditures	**$ –**	$ 1,964
Other	**629**	2,488
Deferred tax assets	**$ 629**	$ 4,452
Deferred tax liabilities:		
Investment properties	**$ 562,578**	$ 609,418
Other	**(5,187)**	(4,751)
Deferred tax liabilities	**$ 557,391**	$ 604,667

(d) Changes in the net deferred tax liabilities consist of the following:

Years ended December 31,	2022	2021
Balance, beginning of year	**$ 600,215**	$ 388,111
Deferred tax (recovery) expense recognized in net income	**(71,045)**	228,948
Foreign currency translation of deferred tax balances	**27,592**	(16,844)
Net deferred tax liabilities, end of year	**$ 556,762**	$ 600,215

(e) Net cash payments of income taxes amounted to a payment of $18.1 million for the year ended December 31, 2022 (2021 — $7.0 million) which included less than $0.1 million of withholding taxes paid (2021 — $0.3 million).

(f) The Trust conducts operations in a number of countries with varying statutory rates of taxation. Judgment is required in the estimation of income tax expense and deferred income tax assets and liabilities in each of the Trust's operating jurisdictions. This process involves estimating actual current tax exposure, assessing temporary differences that result from the different treatments of items for tax and accounting purposes, assessing whether it is more likely than not that deferred income tax assets will be realized and, based on all the available evidence, determining if a provision is required on all or a portion of such deferred income tax assets. The Trust reports a liability for uncertain tax positions (''unrecognized tax benefits'') taken or expected to be taken in a tax return. The Trust recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense.

As at December 31, 2022, the Trust had $10.3 million (2021 — $10.5 million) of unrecognized income tax benefits, (including $0.2 million (2021 — $0.3 million) related to accrued interest and penalties), all of which could ultimately reduce the Trust's effective tax rate should these tax benefits become recognized. The Trust believes that it has adequately provided for reasonably foreseeable outcomes related to tax examinations and that any resolution will not have a material effect on the combined financial position, results of operations, or cash flows. However, the Trust cannot predict with any level of certainty the exact nature of any future possible outcome.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows:

As at December 31,	**2022**	**2021**
Unrecognized tax benefits balance, beginning of year	**$ 10,470**	$ 11,568
Decreases for tax positions of prior years	**(1,692)**	(2,085)
Increases for tax positions of current year	**1,452**	1,859
Foreign currency impact	**49**	(872)
Unrecognized tax benefits balance, end of year	**$ 10,279**	$ 10,470

It is reasonably possible that the gross unrecognized tax benefits, as of December 31, 2022, could decrease in the next 12 months. The quantum of the decrease could range between a nominal amount and $2.6 million (2021 — a nominal amount and $2.0 million) and relates primarily to tax years becoming statute barred for purposes of future tax examinations by local taxing authorities and the outcome of current tax examinations. For the year ended December 31, 2022, $0.1 million of interest and penalties was recorded (2021 — $0.1 million) as part of the provision for income taxes in the combined statements of net income.

As at December 31, 2022, the following tax years remained subject to examination:

Major Jurisdictions	
Canada	2018 through 2022
United States	2018 through 2022
Austria	2017 through 2022
Germany	2016 through 2022
Netherlands	2017 through 2022

As at December 31, 2022, the Trust has approximately $285.5 million (2021 — $203.5 million) of losses and other deductible temporary differences in various tax jurisdictions that the Trust believes are not probable to be realized. As a result, no deferred tax asset has been recognized for these losses and other deductible temporary differences as of December 31, 2022. Included in this number are Canadian capital loss carryforwards that do not expire of $140.5 million (2021 — $140.5 million).

The aggregate amount of temporary differences associated with investments in subsidiaries for which deferred tax liabilities have not been recognized as at December 31, 2022 is approximately $194.7 million (2021 — approximately $321.4 million).

16. SEGMENTED DISCLOSURES INFORMATION

The Trust has one reportable segment – the ownership and rental of industrial real estate as determined by the information reviewed by the chief operating decision maker who is the President and Chief Executive Officer. The following tables present certain information with respect to geographic segmentation:

Revenue

Years ended December 31,	**2022**		**2021**	
Canada	**$ 75,934**	**17 %**	$ 65,542	17 %
United States	**251,746**	**55 %**	203,273	51 %
Austria	**59,523**	**13 %**	64,994	17 %
Germany	**31,823**	**7 %**	27,075	7 %
Netherlands	**34,945**	**8 %**	27,540	7 %
Other Europe	**1,608**	**– %**	5,064	1 %
	$ 455,579	**100 %**	$ 393,488	100 %

For the year ended December 31, 2022, revenue from Magna comprised approximately 25% (2021 – 31%) of the Trust's total revenue.

Investment Properties

As at December 31,	**2022**		**2021**	
Canada	**$ 1,918,822**	**22 %**	$ 1,712,946	21 %
United States	**4,757,867**	**54 %**	4,229,477	53 %
Austria	**759,977**	**8 %**	773,772	10 %
Germany	**588,804**	**7 %**	465,478	6 %
Netherlands	**814,101**	**9 %**	789,485	10 %
	$ 8,839,571	**100 %**	$ 7,971,158	100 %

17. DETAILS OF CASH FLOWS

(a) Items not involving operating cash flows are shown in the following table:

Years ended December 31,	2022	2021
Straight-line rent amortization	**$ (10,596)**	$ (8,889)
Tenant incentive amortization	**4,149**	5,105
Unit-based compensation (recovery) expense (note 13(b))	**(167)**	12,442
Fair value losses (gains) on investment properties, net	**219,728**	(1,298,865)
Depreciation and amortization	**1,598**	1,320
Fair value (gains) losses on financial instruments, net (note 14(e))	**(11,383)**	1,214
Loss on sale of investment properties	**666**	761
Amortization of issuance costs and modification losses relating to debentures and term loans	**1,729**	1,489
Amortization of deferred financing costs	**582**	1,033
Deferred income tax (recovery) expense (note 15(a))	**(71,045)**	228,948
Early redemption premium (note 8(b))	**–**	3,963
Other	**(173)**	(171)
	$ 135,088	$(1,051,650)

(b) Changes in working capital balances are shown in the following table:

Years ended December 31,	2022	2021
Accounts receivable	**$ 1,674**	$ (4,119)
Prepaid expenses and other	**(2,269)**	(2,899)
Accounts payable and accrued liabilities	**(4,209)**	4,781
Deferred revenue	**4,702**	191
	$ (102)	$ (2,046)

(c) Non-cash investing and financing activities

For the year ended December 31, 2022, 44 thousand stapled units (2021 – 27 thousand stapled units) with a value of $4.1 million (2021 – $2.2 million) were issued under the Restricted Stapled Unit Plan (note 13(b)) and are not recorded in the combined statements of cash flows.

In addition, for the year ended December 31, 2022, the total impact from the foreign currency translations on the secured debt, unsecured debt and related derivatives of $40.8 million gain (2021 – $1.8 million loss) are not recorded in the combined statements of cash flows.

(d) Cash and cash equivalents consist of:

As at December 31,	2022	2021
Cash	**$ 127,091**	$ 401,954
Short-term deposits	**7,990**	559
	$ 135,081	$ 402,513

18. FAIR VALUE AND RISK MANAGEMENT

(a) Fair Value of Financial Instruments

The following table provides the measurement basis of financial assets and liabilities as at December 31, 2022 and 2021:

As at December 31,	2022			2021		
	Carrying Value		Fair Value	Carrying Value		Fair Value
Financial assets						
Other assets	**$ 291**	[(1)]	**$ 291**	$ 308	[(1)]	$ 308
Derivatives	**151,855**		**151,855**	62,768		62,768
Loan receivable	**69,186**		**69,186**	10,471		10,471
Accounts receivable	**12,176**		**12,176**	10,771		10,771
Cash and cash equivalents	**135,081**		**135,081**	402,513		402,513
	$ 368,589		**$ 368,589**	$ 486,831		$ 486,831
Financial liabilities						
Unsecured debentures, net	**$1,893,186**	[(3)]	**$1,672,290**	$ 1,891,742		$ 1,914,560
Unsecured term loans, net	**1,090,451**		**1,090,451**	533,347		533,347
Secured debt	**51,373**		**51,373**	763		763
Derivatives	**13,467**	[(4)]	**13,467**	18,624		18,624
Accounts payable and accrued liabilities	**114,775**	[(2)]	**114,775**	113,244		113,244
Distributions payable	**16,991**		**16,991**	16,969		16,969
	$3,180,243		**$2,959,347**	$ 2,574,689		$ 2,597,507

(1) Long-term receivables included in other assets (note 6).
(2) Foreign exchange collars of $2.4 million included in accounts payable and accrued liabilities.
(3) Balance includes current and non-current portions (note 8(b)).
(4) Balance includes current and non-current portions (note 8(c)).

The fair values of the Trust's loan receivable, accounts receivable, cash and cash equivalents, accounts payable and accrued liabilities and distributions payable approximate their carrying amounts due to the relatively short periods to maturity of these financial instruments. The fair value of the long-term receivable included in other assets approximates its carrying amount as the receivable bears interest at rates comparable to current market rates. The fair values of the unsecured debentures are determined using quoted market prices. The fair values of the secured debt and term loans approximate their carrying amounts as the secured debt and term loans bear interest at rates comparable to the current market rates. The fair values of the derivatives and foreign exchange collars are determined using market inputs quoted by their counterparties.

The Trust periodically purchases foreign exchange collars to hedge specific anticipated foreign currency transactions and to mitigate its foreign exchange exposure on its net cash flows. At December 31, 2022, the Trust held 12 outstanding foreign exchange collar contracts with a notional value of US$72.0 million and contracts the Trust to sell US dollars and receive Canadian dollars if specific US dollar exchange rates relative to the Canadian dollar are met. At December 31, 2022, the Trust also held 18 outstanding foreign exchange collar contracts with a notional value of €24.0 million and contracts the Trust to sell Euros and receive Canadian dollars if specific Euro exchange rates relative to the Canadian dollar are met. For the year ended December 31, 2022, the Trust recorded a net fair value loss of $2.4 million related to the outstanding foreign exchange collar contracts (note 14(e)). The Trust did not employ hedge accounting for these financial instruments.

As at December 31, 2021, the Trust did not have any outstanding foreign exchange collar contracts. During the year ended December 31, 2021, the Trust held foreign exchange collar contracts to sell US dollars and Euros which resulted in a net fair value loss of $2.6 million (note 14(e)). The Trust did not employ hedge accounting for these financial instruments.

(b) Fair Value Hierarchy

Fair value measurements are based on inputs of observable and unobservable market data that a market participant would use in pricing an asset or liability. IFRS establishes a fair value hierarchy which is summarized below:

Level 1: Fair value determined using quoted prices in active markets for identical assets or liabilities.

Level 2: Fair value determined using significant observable inputs, generally either quoted prices in active markets for similar assets or liabilities or quoted prices in markets that are not active.

Level 3: Fair value determined using significant unobservable inputs, such as pricing models, discounted cash flows or similar techniques.

The following tables represent information related to the Trust's assets and liabilities measured or disclosed at fair value on a recurring and non-recurring basis and the level within the fair value hierarchy in which the fair value measurements fall.

As at December 31, 2022	**Level 1**	**Level 2**	**Level 3**
ASSETS AND LIABILITIES MEASURED OR DISCLOSED AT FAIR VALUE			
Assets measured at fair value			
Investment properties (note 4)	**$ –**	**$ –**	**$ 8,839,571**
Assets held for sale (note 5)	**–**	**–**	**41,182**
Derivatives (note 8)	**–**	**151,855**	**–**
Loan receivable (note 7)	**–**	**69,186**	**–**
Liabilities measured or disclosed at fair value			
Unsecured debentures, net (note 8)	**1,672,290**	**–**	**–**
Unsecured term loans, net (note 8)	**–**	**1,090,451**	**–**
Secured debt (note 9)	**–**	**51,373**	**–**
Foreign exchange collars included in accounts payable and accrued liabilities	**–**	**2,426**	–
Derivatives (note 8)	**–**	**13,467**	**–**
Net (liabilities) assets measured or disclosed at fair value	**$ (1,672,290)**	**$ (936,676)**	**$ 8,880,753**

As at December 31, 2021	Level 1	Level 2	Level 3
ASSETS AND LIABILITIES MEASURED OR DISCLOSED AT FAIR VALUE			
Assets measured at fair value			
Investment properties (note 4)	$ –	$ –	$ 7,971,158
Assets held for sale (note 5)	–	–	64,612
Derivatives (note 8)	–	62,768	–
Loan receivable (note 7)	–	10,471	–
Liabilities measured or disclosed at fair value			
Unsecured debentures, net (note 8)	1,914,560	–	–
Unsecured term loans, net (note 8)	–	533,347	–
Secured debt (note 9)	–	763	–
Derivatives (note 8)	–	18,624	–
Net (liabilities) assets measured or disclosed at fair value	**$ (1,914,560)**	**$ (479,495)**	**$ 8,035,770**

For assets and liabilities that are measured at fair value on a recurring basis, the Trust determines whether transfers between the levels of the fair value hierarchy have occurred by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the years ended December 31, 2022 and 2021, there were no transfers between the levels.

Refer to note 4, Investment Properties, for a description of the valuation technique and inputs used in the fair value measurement and for a reconciliation of the fair value measurements of investment properties which are recognized in Level 3 of the fair value hierarchy.

(c) Risk Management

The main risks arising from the Trust's financial instruments are credit, interest rate, foreign exchange and liquidity risks. The Trust's approach to managing these risks is summarized below:

(i) Credit risk

The Trust's financial assets that are exposed to credit risk consist primarily of cash and cash equivalents, loan receivable and accounts receivable.

Cash and cash equivalents include short-term investments, such as term deposits, which are invested in governments and financial institutions with a minimum credit rating of BBB+ (based on Standard & Poor's ("S&P") rating scale) or Baa1 (based on Moody's Investor Services' ("Moody's") rating scale). Concentration of credit risk is further reduced by limiting the amount that is invested in any one government or financial institution according to its credit rating. Further credit risk arises in the event that a borrower of a loan receivable defaults on the repayment of amount owing to the Trust. The Trust endeavours to ensure adequate security has been provided in support of the loan receivable.

Magna accounted for approximately 25% of the Trust's rental revenue during the year ended December 31, 2022. Although its operating subsidiaries are not individually rated, Magna International Inc. has an investment grade credit rating from Moody's, S&P and

DBRS Morningstar which mitigates the Trust's credit risk. Substantially all of the Trust's accounts receivable are collected within 30 days. The balance of accounts receivable past due is not significant.

(ii) Interest rate risk

As at December 31, 2022, the Trust's exposure to interest rate risk is limited. Approximately 62% of the Trust's interest bearing debt consists of fixed rate debt in the form of the 2023 Debentures, the 2027 Debentures, the 2028 Debentures and the 2030 Debentures. After taking into account the related derivatives, the 2023 Debentures, the 2027 Debentures, the 2028 Debentures and the 2030 Debentures have effective fixed interest rates of 2.430%, 2.964%, 1.004% and 1.045%, respectively. The remaining 38% of the Trust's interest bearing debt consists of variable rate debt in the form of the 2024 Term Loan, the 2025 Term Loan, the 2026 Term Loan and secured debt. After taking into account the related derivatives, the 2024 Term Loan, the 2025 Term Loan and the 2026 Term Loan have effective fixed interest rates of 0.272%, 5.016% and 1.105%, respectively. The secured debt is carried at a variable rate of interest equal to the US prime rate less 90 basis points.

(iii) Foreign exchange risk

As at December 31, 2022, the Trust is exposed to foreign exchange risk primarily in respect of movements in the Euro and the US dollar. The Trust is structured such that its foreign operations are primarily conducted by entities with a functional currency which is the same as the economic environment in which the operations take place. As a result, the net income impact of currency risk associated with financial instruments is limited as its financial assets and liabilities are generally denominated in the functional currency of the subsidiary that holds the financial instrument. However, the Trust is exposed to foreign currency risk on its net investment in its foreign currency denominated operations and certain Trust level foreign currency denominated assets and liabilities. At December 31, 2022, the Trust's foreign currency denominated net assets are $6.4 billion primarily in US dollars and Euros. A 1% change in the US dollar and Euro exchange rates relative to the Canadian dollar would result in a gain or loss of approximately $44.5 million and $19.5 million, respectively, to comprehensive income.

Granite generates rental income that is not all denominated in Canadian dollars. Since the financial results are reported in Canadian dollars, the Trust is subject to foreign currency fluctuations that could, from time to time, have an impact on the operating results. For the year ended December 31, 2022, a 1% change in the US dollar and Euro exchange rates relative to the Canadian dollar would have impacted revenue by approximately $2.5 million and $1.3 million, respectively.

For the year ended December 31, 2022, the Trust has designated its derivatives relating to the $1.3 billion of unsecured debentures and $550.4 million of unsecured term loans as hedges of its net investment in the European operations (note 8(c)). Furthermore, the Trust has designated its derivatives relating to the $650.0 million of unsecured debentures, the combination of the $541.3 million of unsecured term loan and its related derivative, and the US dollar draws under the Credit Facility, as hedges of its net investment in the United States operations (note 8(c)).

(iv) Liquidity risk

Liquidity risk is the risk the Trust will encounter difficulties in meeting its financial obligations as they become due. The Trust may also be subject to the risks associated with debt financing, including the risks that the unsecured debentures, term loans and credit facility may not be able to be refinanced. The Trust's objectives in minimizing liquidity risk are to maintain prudent levels of leverage on its investment properties, maintaining ample capacity on its Credit Facility, staggering its debt maturity profile and maintaining an investment grade credit rating. In addition, the Declaration of Trust establishes certain debt ratio limits.

The estimated contractual maturities of the Trust's financial liabilities are summarized below:

		Payments due by year					
As at December 31, 2022	**Total**	**2023**	**2024**	**2025**	**2026**	**2027**	**Thereafter**
Unsecured debentures	**$ 1,900,000**	$ 400,000	$ –	$ –	$ –	$ 500,000	$1,000,000
Unsecured term loans	**1,091,651**	–	250,351	541,300	300,000	–	–
Derivatives	**13,467**	7,076	–	–	–	–	6,391
Secured debt	**51,373**	51,373	–	–	–	–	–
Interest payments[1]:							
Unsecured debentures, net of derivatives	**146,891**	34,798	24,971	24,971	24,971	17,516	19,664
Unsecured term loans, net of derivatives	**88,275**	31,563	31,714	24,998	–	–	–
Accounts payable and accrued liabilities	**114,775**	112,755	1,458	562	–	–	–
Distributions payable	**16,991**	16,991	–	–	–	–	–
	$ 3,423,423	**$654,556**	**$308,494**	**$591,831**	**$324,971**	**$517,516**	**$1,026,055**

(1) Represents aggregated interest expense expected to be paid over the term of the debt, on an undiscounted basis, based on actual current interest rates and average foreign exchange rates.

19. CAPITAL MANAGEMENT

The Trust's capital structure comprises the total of the stapled unitholders' equity and debt. The total managed capital of the Trust is summarized below:

As at December 31,	**2022**	**2021**
Unsecured debentures, net	**$ 1,893,186**	$ 1,891,742
Unsecured term loans, net	**1,090,451**	533,347
Derivative (assets) liabilities, net[1]	**(138,388)**	(44,144)
Secured debt	**51,373**	763
Total debt	**2,896,622**	2,381,708
Stapled unitholders' equity	**5,475,375**	5,318,653
Total managed capital	**$ 8,371,997**	$ 7,700,361

(1) Balance represents derivative (assets) net of derivative liabilities (note 8(c)).

The Trust manages, monitors and adjusts its capital balances in response to the availability of capital, economic conditions and investment opportunities with the following objectives in mind:

- Compliance with investment and debt restrictions pursuant to the Amended and Restated Declaration of Trust;
- Compliance with existing debt covenants;

- Maintaining investment grade credit ratings;
- Supporting the Trust's business strategies including ongoing operations, property development and acquisitions;
- Generating stable and growing cash distributions; and
- Building long-term unitholder value.

The Amended and Restated Declaration of Trust contains certain provisions with respect to capital management which include:

- The Trust shall not incur or assume any indebtedness if, after giving effect to the incurring or assumption of the indebtedness, the total indebtedness of the Trust would be more than 65% of the Gross Book Value (as defined in the Amended and Restated Declaration of Trust); and
- The Trust shall not invest in raw land for development, except for (i) existing properties with additional development, (ii) the purpose of renovating or expanding existing properties or (iii) the development of new properties, provided that the aggregate cost of the investments of the Trust in raw land, after giving effect to the proposed investment, will not exceed 15% of Gross Book Value.

At December 31, 2022, the Trust's combined debt consists of the unsecured debentures, the term loans, the secured debt and the credit facility when drawn, each of which have various financial covenants. These covenants are defined within the trust indenture, the term loan agreements, the secured debt agreement and the credit facility agreement and, depending on the debt instrument, include a total indebtedness ratio, a secured indebtedness ratio, an interest coverage ratio, an unencumbered asset ratio, and a minimum equity threshold. The Trust monitors these provisions and covenants and was in compliance with their respective requirements as at December 31, 2022 and 2021.

Distributions are made at the discretion of the Board of Trustees (the "Board") and Granite REIT intends to distribute each year all of its taxable income pursuant to its Amended and Restated Declaration of Trust as calculated in accordance with the Income Tax Act. For the fiscal year 2022, the Trust declared a monthly distribution of $0.258 per stapled unit from January to November and a monthly distribution of $0.267 per stapled unit for the month of December. The Board determines monthly distribution levels having considered, among other factors, estimated 2022 and 2023 cash generated from operations and capital requirements, the alignment of its current and targeted payout ratios with the Trust's strategic objectives and compliance with the above noted provisions and financial covenants.

20. RELATED PARTY TRANSACTIONS

For the year ended December 31, 2022, key management personnel include the Trustees/ Directors, the President and Chief Executive Officer, the Chief Financial Officer, the Executive Vice President, Head of Global Real Estate, the Executive Vice President, Global Real Estate and Head of Investments and the Executive Vice President, General Counsel. For the year ended December 31, 2021, key management personnel include the Trustees/ Directors, the President and Chief Executive Officer, the Chief Financial Officer, the Executive Vice President, Head of Global Real Estate and the Executive Vice President, Global Real Estate and Head of Investments. Information with respect to the Trustees'/Directors' fees is included in notes 13(b) and 14(c). The compensation paid or payable to the Trust's key management personnel was as follows:

Years ended December 31,	**2022**	2021
Salaries, incentives and short-term benefits	**$ 5,760**	$ 4,793
Unit-based compensation expense including fair value adjustments	**2,102**	4,673
	$ 7,862	$ 9,466

21. COMBINED FINANCIAL INFORMATION

The combined financial statements include the financial position and results of operations and cash flows of each of Granite REIT and Granite GP. Below is a summary of the financial information for each entity along with the elimination entries and other adjustments that aggregate to the combined financial statements:

Balance Sheet	**As at December 31, 2022**			
	Granite REIT	**Granite GP**	**Eliminations/ Adjustments**	**Granite REIT and Granite GP Combined**
ASSETS				
Non-current assets:				
Investment properties	$8,839,571	–	–	$8,839,571
Investment in Granite LP[1]	–	40	(40)	–
Other non-current assets	167,189	–	–	167,189
	9,006,760	40	(40)	9,006,760
Current assets:				
Assets held for sale	41,182	–	–	41,182
Other current assets	97,310	21	–	97,331
Intercompany receivable[2]	–	15,594	(15,594)	–
Cash and cash equivalents	135,020	61	–	135,081
Total assets	$9,280,272	15,716	(15,634)	$9,280,354
LIABILITIES AND EQUITY				
Non-current liabilities:				
Unsecured debt, net	$2,583,930	–	–	$2,583,930
Other non-current liabilities	596,759	–	–	596,759
	3,180,689	–	–	3,180,689
Current liabilities:				
Unsecured debt, net	399,707	–	–	399,707
Intercompany payable[2]	15,594	–	(15,594)	–
Other current liabilities	203,935	15,676	–	219,611
Total liabilities	3,799,925	15,676	(15,594)	3,800,007
Equity:				
Stapled unitholders' equity	5,475,335	40	–	5,475,375
Non-controlling interests	5,012	–	(40)	4,972
Total liabilities and equity	$9,280,272	15,716	(15,634)	$9,280,354

(1) Granite REIT Holdings Limited Partnership ("Granite LP") is 100% owned by Granite REIT and Granite GP.
(2) Represents employee and trustee/director compensation related amounts which will be reimbursed by Granite LP.

Balance Sheet	As at December 31, 2021			
	Granite REIT	Granite GP	Eliminations/ Adjustments	Granite REIT and Granite GP Combined
ASSETS				
Non-current assets:				
Investment properties	$7,971,158	–	–	$7,971,158
Investment in Granite LP[1]	–	38	(38)	–
Other non-current assets	109,010	–	–	109,010
	8,080,168	38	(38)	8,080,168
Current assets:				
Assets held for sale	64,612	–	–	64,612
Other current assets	19,404	–	–	19,404
Intercompany receivable[2]	–	21,429	(21,429)	–
Cash and cash equivalents	402,059	454	–	402,513
Total assets	**$8,566,243**	**21,921**	**(21,467)**	**$8,566,697**
LIABILITIES AND EQUITY				
Non-current liabilities:				
Unsecured debt, net	$2,425,089	–	–	$2,425,089
Other non-current liabilities	655,699	–	–	655,699
	3,080,788	–	–	3,080,788
Current liabilities:				
Intercompany payable[2]	21,429	–	(21,429)	–
Other current liabilities	142,492	21,883	–	164,375
Total liabilities	3,244,709	21,883	(21,429)	3,245,163
Equity:				
Stapled unitholders' equity	5,318,615	38	–	5,318,653
Non-controlling interests	2,919	–	(38)	2,881
Total liabilities and equity	**$8,566,243**	**21,921**	**(21,467)**	**$8,566,697**

(1) Granite LP is 100% owned by Granite REIT and Granite GP.
(2) Represents employee and trustee/director compensation related amounts which will be reimbursed by Granite LP.

Income Statement	Year Ended December 31, 2022			
	Granite REIT	Granite GP	Eliminations/ Adjustments	Granite REIT and Granite GP Combined
Revenue	**$455,579**	**–**	**–**	**$455,579**
General and administrative expenses	**29,465**	**–**	**–**	**29,465**
Interest expense and other financing costs	**50,967**	**–**	**–**	**50,967**
Other costs and expenses, net	**73,979**	**–**	**–**	**73,979**
Share of (income) loss of Granite LP	**–**	**(2)**	**2**	**–**
Fair value losses on investment properties, net	**219,728**	**–**	**–**	**219,728**
Fair value gains on financial instruments, net	**(11,383)**	**–**	**–**	**(11,383)**
Loss on sale of investment properties	**666**	**–**	**–**	**666**
Income before income taxes	**92,157**	**2**	**(2)**	**92,157**
Income tax recovery	**(63,665)**	**–**	**–**	**(63,665)**
Net income	**155,822**	**2**	**(2)**	**155,822**
Less net income attributable to non-controlling interests	**56**	**–**	**(2)**	**54**
Net income attributable to stapled unitholders	**$155,766**	**2**	**–**	**$155,768**

Income Statement	Year Ended December 31, 2021			
	Granite REIT	Granite GP	Eliminations/ Adjustments	Granite REIT and Granite GP Combined
Revenue	$393,488	–	–	$393,488
General and administrative expenses	38,400	–	–	38,400
Interest expense and other financing costs	47,226	–	–	47,226
Other costs and expenses, net	53,913	–	–	53,913
Share of (income) loss of Granite LP	–	(13)	13	–
Fair value gains on investment properties, net	(1,298,865)	–	–	(1,298,865)
Fair value losses on financial instruments, net	1,214	–	–	1,214
Loss on sale of investment properties	761	–	–	761
Income before income taxes	1,550,839	13	(13)	1,550,839
Income tax expense	240,567	–	–	240,567
Net income	1,310,272	13	(13)	1,310,272
Less net income attributable to non-controlling interests	348	–	(13)	335
Net income attributable to stapled unitholders	**$1,309,924**	**13**	**–**	**$1,309,937**

Statement of Cash Flows	Year Ended December 31, 2022			
	Granite REIT	Granite GP	Eliminations/ Adjustments	Granite REIT and Granite GP Combined
OPERATING ACTIVITIES				
Net income	$155,822	2	(2)	$155,822
Items not involving operating cash flows	135,088	(2)	2	135,088
Changes in working capital balances	292	(394)	–	(102)
Other operating activities	(13,312)	–	–	(13,312)
Cash provided by (used in) operating activities	277,890	(394)	–	277,496
INVESTING ACTIVITIES				
Property acquisitions	(492,717)	–	–	(492,717)
Proceeds from disposals, net	63,943	–	–	63,943
Additions to income-producing properties	(54,933)	–	–	(54,933)
Additions to properties under development	(212,245)	–	–	(212,245)
Construction funds in escrow	(4,720)	–	–	(4,720)
Other investing activities	(65,884)	–	–	(65,884)
Cash used in investing activities	(766,556)	–	–	(766,556)
FINANCING ACTIVITIES				
Distributions paid	(202,284)	–	–	(202,284)
Other financing activities	416,843	–	–	416,843
Cash provided by financing activities	214,559	–	–	214,559
Effect of exchange rate changes	7,069	–	–	7,069
Net decrease in cash and cash equivalents during the year	$(267,038)	(394)	–	$(267,432)

Statement of Cash Flows	Year Ended December 31, 2021			
	Granite REIT	Granite GP	Eliminations/ Adjustments	Granite REIT and Granite GP Combined
OPERATING ACTIVITIES				
Net income	$1,310,272	13	(13)	$1,310,272
Items not involving operating cash flows	(1,051,650)	(13)	13	(1,051,650)
Changes in working capital balances	(1,675)	(371)	–	(2,046)
Other operating activities	5,688	–	–	5,688
Cash provided by (used in) operating activities	262,635	(371)	–	262,264
INVESTING ACTIVITIES				
Property acquisitions	(925,447)	–	–	(925,447)
Proceeds from disposals, net	35,428	–	–	35,428
Additions to income-producing properties	(28,003)	–	–	(28,003)
Additions to properties under development	(71,168)	–	–	(71,168)
Construction funds released from escrow	8,341	–	–	8,341
Other investing activities	(44,575)	–	–	(44,575)
Cash used in investing activities	(1,025,424)	–	–	(1,025,424)
FINANCING ACTIVITIES				
Distributions paid	(191,082)	–	–	(191,082)
Other financing activities	524,557	–	–	524,557
Cash provided by financing activities	333,475	–	–	333,475
Effect of exchange rate changes	918			918
Net decrease in cash and cash equivalents during the year	**$(428,396)**	**(371)**	**–**	**$(428,767)**

22. COMMITMENTS AND CONTINGENCIES

(a) The Trust is subject to various legal proceedings and claims that arise in the ordinary course of business. Management evaluates all claims with the advice of legal counsel. Management believes these claims are generally covered by Granite's insurance policies and that any liability from remaining claims is not probable to occur and would not have a material adverse effect on the combined financial statements. However, actual outcomes may differ from management's expectations.

(b) As at December 31, 2022, the Trust's contractual commitments totaled $177.9 million which comprised of construction and development projects of $143.1 million and the committed acquisitions of two properties in Indiana upon completion totaling $34.8 million. As at December 31, 2022, the Trust has made deposits of $8.5 million in respect of the above committed acquisitions. The deposits are recorded as acquisition deposits on the combined balance sheet.

(c) In connection with the acquisitions of investment properties located in Palmetto, Georgia on November 12, 2020 and in Locust Grove, Georgia on March 12, 2021, $131.4 million (US$97.1 million) of bonds were assumed. The authorized amount of the bonds is $140.7 million (US$104.0 million), of which $131.4 million (US$97.1 million) was outstanding as at December 31, 2022. The bonds provide for a real estate tax abatement for the acquired investment properties. Through a series of transactions, the Trust is both the bondholder and the obligor of the bonds. Therefore, in accordance with IAS 32, the bonds are not recorded in the combined balance sheet.

The Trust is involved, in the normal course of business, in discussions, and has various letters of intent or conditional agreements, with respect to possible acquisitions of new properties and dispositions of existing properties in its portfolio. None of these commitments or contingencies, individually or in aggregate, would have a material impact on the combined financial statements.

23. SUBSEQUENT EVENTS

(a) Subsequent to December 31, 2022, the Trust declared monthly distributions for January and February 2023 of $17.0 million each (note 12).

(b) On March 3, 2023, Granite amended its Credit Facility to extend the maturity date for a new five-year term to March 31, 2028.

REIT Information

Officers

Kevan Gorrie
President and Chief Executive Officer

Teresa Neto
Chief Financial Officer

Lorne Kumer
Executive Vice President,
Head of Global Real Estate

Michael Ramparas
Executive Vice President,
Global Real Estate and
Head of Investments

Lawrence Clarfield
Executive Vice President,
General Counsel and
Corporate Secretary

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Computershare Trust Company N.A.
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Louisville, Kentucky, USA 40202

Exchange Listings

Stapled Units – Toronto Stock Exchange (GRT.UN) and New York Stock Exchange (GRP.U)

Please refer to our website (www.granitereit.com) for information on Granite's compliance with the corporate governance standards of the New York Stock Exchange and applicable Canadian standards and guidelines.

Publicly Available Documents

Copies of the financial statements for the year ended December 31, 2022 are available through the Internet on the Electronic Data Gathering Analysis and Retrieval System (EDGAR), which can be accessed at www.sec.gov, and on the System for Electronic Document Analysis and Retrieval (SEDAR), which can be accessed at www.sedar.com. Other required securities filings can also be found on EDGAR and SEDAR.

Granite REIT

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GRANITE
REIT

Annual Report
2022

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LETTER TO UNITHOLDERS

Dear Unitholders:

2022 could be described as two distinct years that occurred over 365 days. The early part looked to be a continuation of the market recovery which began in 2021, fueled by ultra-low interest rates, easing of supply-chain disruptions and strong investor and user demand for modern logistics space. In stark contrast, the capital markets rapidly deteriorated in the second quarter, due to a rapid and significant increase in interest rates in response to rising inflation globally, combined with heightened geopolitical risk and economic uncertainty resulting from the Russian invasion of Ukraine. This rapid increase in interest rates negatively impacted discount rates and capitalization rates for all real estate sectors, but the overall impact on asset value was partially, if not fully, moderated by significant increases in Net Operating Income ("NOI") and market rents for logistics real estate. This divergence in the operating environment from the investment climate continued to widen through the end of 2022, as fundamentals in the sector remained strong in the face of weakening investment conditions.

Despite this challenging environment, portfolio quality remained a priority and continued to improve in 2022. Although we effectively ceased all acquisition activity in the second half of the year, Granite completed over $481 million of acquisitions in 2022 in its target markets of Germany, the U.S., Netherlands and the Greater Toronto Area (the "GTA"). In response to the market headwinds that appeared in the second quarter, Granite refocused its capital allocation accordingly on funding active developments and maintaining liquidity. During 2022, Granite invested over $330 million into its active development and expansion pipeline, including the completion of projects comprising 1.8 million of additional square feet, which were fully occupied as of December 31, 2022 and are expected to generate roughly $14.1 million initially in annualized revenue. Lastly, Granite completed the disposition of two non-core assets in Poland and the Czech Republic for total proceeds of $66 million, which helped to further enhance portfolio diversification.

As a result of external market factors, 2022 was a relatively quiet year for Granite from a financing perspective, but we were able to opportunistically exploit difficult market conditions to drive net asset value ("NAV") growth. In early 2022, Granite issued $13.4 million of equity using its at-the-market ("ATM") equity program at an average unit price of $98.77. Conversely, Granite also repurchased over $155.5 million of equity under its normal course issuer bid ("NCIB") program, representing over 2 million stapled units at an average cost of $71.81. In September 2022, Granite obtained a US$400 million, three year term loan to fully repay the outstanding balance on its Credit Facility with the remaining balance available to fund development and property acquisitions. Granite's balance sheet at the end of 2022 remains strong, with over $1.1 billion of liquidity and net leverage of 32%.

With respect to our financial performance, Funds from Operations ("FFO")[(1)] and Adjusted Funds from Operations ("AFFO")[(1)] per unit increased 11% and 8% over 2021 respectively, due primarily to solid increases in same property net operating income - cash basis ("SPNOI - cash basis")[(1)], contributions from acquisitions completed in the early part of the year and development stabilizations mentioned above. Granite recorded $220 million in net fair value losses in 2022, due to the expansion of discount and terminal capitalization rates in response to rising interest rates, partially offset by increases in NOI and fair market rents. Fair value reductions in Granite's investment properties were more than offset by development capital and unrealized foreign exchange gains, resulting in a net increase to investment properties of $0.9 million to $8.8 billion as at December 31, 2022.

2022 was a strong year operationally for Granite, as demonstrated by year over year growth in achieved rental rates and SPNOI. In all, Granite completed 12.7 million square feet of renewals and new leases in 2022 at an average increase in rental rates of 26% and finished the year with an occupancy rate of 99.6%.

ESG continued to be a major focus in 2022 and progress continued to be made in a number of key areas of our program. Most notably, Granite once again improved its performance in the Global Real Estate Sustainability Benchmark ("GRESB") Assessment for 2022, where Granite ranked 3rd out of 10 in the United States | Industrial GRESB peer group which evaluates the level of ESG disclosure by listed property companies and REITs. Granite also achieved 2nd out of 9 (improvement of 1 position over 2021) and was the sole Canadian entity, in the North American Industrial | Listed | Tenant Controlled GRESB peer group for Standing Investments with a score of 73 (+8 over 2021). As at December 31, 2022, Granite has allocated approximately $862 million of the net proceeds of the $1.0 billion of prior green bond offerings towards eligible green projects, such as the acquisition and construction of certified green buildings and energy-conservation measures. In 2022, Granite exceeded its initial target to support the production of new renewable energy through the installation of solar PV systems, and as such, has set a more ambitious renewable energy target of peak generation capacity of 24 MW by 2025. Lastly, in 2022, Granite added four properties having BREEAM In-Use certifications and another four properties with Institute of Real Estate Management (IREM) Certified Sustainable Properties (CSP) certifications. As at December 31, 2022 Granite has obtained green-building certifications at 24% of its portfolio by floor area and has committed to achieve 30% by 2030.

I would like to recognize our employees for their commitment and performance in 2022, achieving Granite's objectives in another challenging environment.

Before moving on to our outlook and a summary of our priorities for 2023, please see below for a recap of major results and activities from 2022.

HIGHLIGHTS FOR 2022

Unitholder Return and Increased Distribution

- -31.9% total return for 2022 (vs -17.0% for the S&P TSX Capped REIT Index and -5.8% for the S&P/TSX Composite Index); and
- 3.2% year-over-year increase in the annual amount distributed to unitholders to $3.20 per unit for 2023, marking our eleventh consecutive annual distribution increase. Granite's AFFO payout ratio remained conservative at 76.5% for 2022.

Strategic Allocation of Capital

- $460 million invested in modern assets in key e-commerce and distribution markets in the GTA, the U.S., Germany and Netherlands at an average stabilized yield of 3.9%;
- US$400.0 million of new unsecured term debt, issued for a 3-year term bearing a fixed interest rate of 5.016% including the impact of the interest rate swap;
- $13.4 million in gross proceeds from ATM equity program issuances, representing 136,100 stapled units issued at an average price of $98.77. Granite has $236.6 million of remaining availability under the ATM to selectively fund the ongoing development program and future acquisitions;
- $155.5 million of equity repurchased under Granite's NCIB representing 2,165,600 stapled units at an average stapled unit cost of $71.81;
- $1.0 billion of availability on the credit facility, which was amended to extend maturity by two years to March 31, 2028 to provide further liquidity and financial flexibility to execute the Strategic Plan;

- Net leverage ratio of 32%, providing approximately $0.5 billion in debt capacity and $1.1 billion in available liquidity at the end of the year; and
- Credit rating stable at BBB (high) stable by DBRS (Morningstar) and Baa2 Stable by Moody's, recognizing Granite's sector-leading credit metrics.

Portfolio Enhancement and Tenant Diversification

- 8 income-producing properties totaling 2.8 million square feet acquired (including 4 forward purchases committed in 2021) with an average age of 5.1 years and weighted average lease term of 9.3 years, in key distribution markets in the GTA, the U.S., Germany and Netherlands;
- 4 completed development and expansion projects contributing 1.8 million of additional square feet of gross leasable area which are fully leased as of December 31, 2022, generating $14.1 million in expected NOI annually at a yield on cost of 6.8%;
- 10 on-going active development and expansion projects and 2 forward property commitments having total projected costs of $489 million and remaining commitments of $158 million. These projects are expected to contribute 3.9 million of additional square feet of gross leasable area and generate a weighted average stabilized yield of 6.0%;
- 2 non-core properties disposed for gross proceeds of $66 million; and
- Magna concentration reduced from 22% to 20% as a percentage of gross leasable area and from 29% to 26% as a percentage of annualized revenue.

Financial and Operational Performance

- FFO and AFFO per unit of $4.43 and $4.05, respectively representing a year over year increase of 11% and 8%, respectively;
- SPNOI - cash basis average year-over-year growth, on a constant currency basis, of 4.3%;
- $220 million in net fair value losses taken due to expansion of discount and terminal capitalization rates across all of Granite's markets in response to rising interest rates, partially offset by fair market rent increases across the GTA and selective U.S. and European markets reflecting current market fundamentals. The negative impact on NAV as a result of the fair value losses was offset by contributions from development stabilization and unrealized foreign currency translation gains of $338 million as a result of the relative weakening of the Canadian dollar against the Euro and U.S. dollar from December 31, 2021 to December 31, 2022;
- 12.7 million square feet of space renewed or re-leased at an average increase in base rent of 26%; and
- Occupancy rate as at December 31, 2022 of 99.6%.

Environmental, Social, Governance and Resilience (ESG+R) Performance

- Ranked 3rd out of 10 in the United States of America | Industrial GRESB peer group which evaluates the level of ESG disclosure by listed property companies and REITs. Granite's score increased by 8 points (12%) compared to 2021 improving Granite's overall position from 3rd to 2nd place out of 9 in the North American Industrial | Listed | Tenant Controlled peer group in 2022. Granite also achieved a score of A in the 2022 GRESB Public Disclosure Report, an increase from 2021's score of B;
- Published Granite's 2nd annual comprehensive Corporate ESG+R Report;
- $862.3 million of green bond net proceeds allocated to date towards Eligible Green Projects, as defined by Granite's Green Bond Framework; representing 100% and 73% of the net proceeds of the 2027 Green Bond and the 2028 Green Bond, respectively; and
- Reinstated in-person connections with Granite's stakeholders including an establishment of hybrid working model for our staff, property tours, tenant site visits, resumption of an in-person annual general meeting and a company-wide conference in Dallas, Texas.

OUTLOOK

Despite a challenging economic background, Granite finished 2022 on a strong note, with SPNOI - cash basis growth of 6.0% in the fourth quarter as compared with the fourth quarter of 2021, with further growth expected in 2023. Leasing momentum is robust on the back of high demand and strong fundamentals for modern logistics real estate in all of Granite's markets, which has driven double digit leasing spreads overall on our new and renewal leasing activity. To date, Granite has renewed just over 80% of the 9.7 million square feet of 2023 lease maturities at an average increase in rental rate of approximately 20%. Primarily as a result of the ten-year lease extension of our facilities in Graz, Austria, we have already renewed roughly 55% of our 2024 maturities, which further improves the stability of our cash flow.

Construction continues at Granite's ten active development and expansion projects and two forward property commitments, with expected completion dates between Q1 2023 and Q1 2024. Leasing momentum remains strong, and pre-leasing currently sits at 53% following roughly 520,000 square feet of new leases signed to date in 2023. The completion of Granite's active development pipeline is expected to contribute significantly to FFO, AFFO and NAV growth in 2023 and 2024.

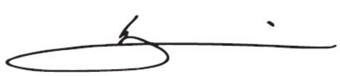
Thus far in 2023, risks associated with inflation and geopolitical instability remain elevated. However, as a result of prudent capital allocation, our liquidity and balance sheet capacity remain strong, and we are well positioned to fund our development projects in 2023 and deploy capital selectively on strategic opportunities in our target markets.

For the remainder of 2023, Granite will focus on the following priorities:

- Driving NAV, FFO and AFFO per unit growth while maintaining conservative capital ratios;
- Executing on development, redevelopment and expansion projects in the U.S., Europe and the GTA;
- Selectively pursuing strategic land and income-producing property acquisition opportunities in our target markets;
- Advancing our ESG program and delivering towards our detailed targets for 2023 and beyond; and
- Disposing of select non-core assets.

Successfully executing on these priorities, we believe, will continue to strengthen Granite's position as one of the sector's leaders and will ultimately maximize long-term value for our unitholders.

All of us at Granite wish you well and thank you for your continued trust and support.
Sincerely,



Kevan Gorrie,
President and Chief Executive Officer

FFO, AFFO and related per unit amounts, available liquidity, SPNOI – cash basis (same property net operating income – cash basis), constant currency SPNOI – cash basis (constant currency same property net operating income – cash basis) (each of which are non-IFRS performance measures) and net leverage ratio (which is a non-IFRS ratio) are not defined by International Financial Reporting Standards (''IFRS'') and do not have standard meanings. Please refer to the "Basis of Presentation", "Non-IFRS Performance Measures" and "Non-IFRS Ratios" sections in the attached MD&A for definitions and reconciliations to IFRS measures.

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BASIS OF PRESENTATION

Management's Discussion and Analysis of Results of Operations and Financial Position ("MD&A") of Granite Real Estate Investment Trust ("Granite REIT") and Granite REIT Inc. ("Granite GP") summarizes the significant factors affecting the combined operating results, financial condition, liquidity and cash flows of Granite REIT, Granite GP and their subsidiaries (collectively "Granite" or the "Trust") for the year ended December 31, 2022. Unless otherwise noted, all amounts are in millions of Canadian dollars. This MD&A should be read in conjunction with the accompanying audited combined financial statements for the year ended December 31, 2022 prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The MD&A was prepared as at March 8, 2023 and its contents were approved by the Board of Trustees of Granite REIT and Board of Directors of Granite GP on this date. Additional information relating to Granite, including the Annual Report and Annual Information Form ("AIF") for fiscal 2022 and dated March 8, 2023, can be obtained from the Trust's website at www.granitereit.com, on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

In addition to using financial measures determined in accordance with IFRS, Granite also uses certain non-IFRS performance measures and non-IFRS ratios in managing its business to measure financial and operating performance as well as for capital allocation decisions and valuation purposes. Granite believes that providing these measures on a supplemental basis to the IFRS amounts is helpful to investors in assessing the overall performance of Granite's business.

The non-IFRS performance measures include net operating income before lease termination and close-out fees, straight-line rent and tenant incentive amortization ("NOI - cash basis"), same property NOI - cash basis, constant currency same property NOI, funds from operations ("FFO"), adjusted funds from operations ("AFFO"), adjusted earnings before interest, income taxes, depreciation and amortization ("Adjusted EBITDA"), available liquidity, total debt and net debt. Refer to "*NON-IFRS PERFORMANCE MEASURES*" for definitions and reconciliations of non-IFRS measures to IFRS financial measures.

The non-IFRS performance ratios include FFO payout ratio, AFFO payout ratio, leverage ratio, interest coverage ratio, net leverage ratio, indebtedness ratio, unencumbered asset coverage ratio and any related per unit amounts. Refer to "*NON-IFRS RATIOS*" for definitions and reconciliations of non-IFRS ratios to IFRS financial measures.

Readers are cautioned that these measures do not have standardized meanings prescribed under IFRS and, therefore, should not be construed as alternatives to net (loss) income, cash provided by operating activities or any other measure calculated in accordance with IFRS. Additionally, because these terms do not have standardized meanings prescribed by IFRS, they may not be comparable to similarly titled measures presented by other reporting issuers.

FINANCIAL AND OPERATING HIGHLIGHTS

	Three Months Ended December 31,		Years Ended December 31,		Year Ended December 31,
(in millions, except as noted)	**2022**	**2021**	**2022**	**2021**	**2020**
Operating highlights					
Revenue	**$125.6**	$105.3	**$455.6**	$393.5	$340.2
NOI	**102.4**	86.3	**380.4**	332.7	293.0
NOI - cash basis[1]	**99.6**	85.7	**373.9**	329.0	289.5
Net (loss) income attributable to stapled unitholders	**(126.3)**	341.2	**155.8**	1,310.0	429.8
FFO[1]	**77.2**	66.8	**289.3**	251.3	225.4
AFFO[1]	**67.0**	59.2	**264.2**	235.2	215.7
Cash provided by operating activities	**65.5**	53.7	**277.5**	262.3	249.3
Monthly distributions paid	**49.7**	49.3	**202.3**	191.1	163.1
FFO payout ratio[1][2]	**65 %**	75 %	**70 %**	75 %	73 %
AFFO payout ratio[1][2]	**75 %**	84 %	**77 %**	80 %	77 %
Per unit amounts					
Diluted FFO[1]	**$1.20**	$1.02	**$4.43**	$3.93	$3.98
Diluted AFFO[1]	**$1.05**	$0.90	**$4.05**	$3.68	$3.81
Monthly distributions paid	**$0.78**	$0.75	**$3.10**	$3.00	$2.90
Diluted weighted average number of units	**64.1**	65.8	**65.3**	64.0	56.7

As at December 31,	2022	2021	2020
Financial highlights			
Investment properties - fair value [7]	**$8,839.6**	$7,971.2	$5,855.6
Assets held for sale[7]	**41.2**	64.6	–
Cash and cash equivalents	**135.1**	402.5	831.3
Total debt[3]	**2,930.3**	2,414.0	2,297.5
Trading price per unit (TSX: GRT.UN)	**$69.03**	$105.20	$77.90
Debt metrics, ratings and outlook			
Net leverage ratio[1]	**32 %**	25 %	25 %
Interest coverage ratio[1]	**7.1x**	6.8x	7.9x
Indebtedness ratio (total debt to adjusted EBITDA)[1]	**8.3x**	8.1x	8.7x
Weighted average cost of debt[4]	**2.28 %**	1.81 %	1.91 %
Weighted average debt term-to-maturity, in years[4]	**4.1**	5.5	5.6
DBRS rating and outlook	**BBB (high) stable**	BBB (high) stable	BBB stable
Moody's rating and outlook	**Baa2 Stable**	Baa2 stable	Baa2 stable
Property metrics [7]			
Number of investment properties	**140**	131	115
Income-producing properties	**128**	119	108
Properties under development	**8**	9	3
Land held for development	**4**	3	4
Gross leasable area ("GLA"), square feet	**59.4**	55.1	49.5
Occupancy, by GLA	**99.6 %**	99.7 %	99.6 %
Magna as a percentage of annualized revenue[5]	**26 %**	29 %	36 %
Magna as a percentage of GLA	**20 %**	22 %	27 %
Weighted average lease term in years, by GLA	**5.9**	5.8	6.3
Overall capitalization rate[6]	**4.9 %**	4.5 %	5.6 %

(1) For definitions of Granite's non-IFRS measures and ratios, refer to the sections "*NON-IFRS PERFORMANCE MEASURES*" and "*NON-IFRS RATIOS*".

(2) The FFO and AFFO payout ratios are calculated as monthly distributions, divided by FFO and AFFO, respectively, in a period.

(3) Total debt includes lease obligations recognized under IFRS 16, *Leases*.

(4) Excludes lease obligations recognized under IFRS 16, *Leases*.

(5) Annualized revenue presented is calculated as the contractual base rent for the month subsequent to the quarterly reporting period multiplied by 12 months. Annualized revenue excludes revenue from properties classified as assets held for sale.

(6) Refer to "Valuation Metrics by Asset Category" in the "*INVESTMENT PROPERTIES*" section.

(7) Assets held for sale are excluded from investment properties and related property metrics. Accordingly, two such assets that were held for sale at December 31, 2022 and three such assets that were held for sale at December 31, 2021 were excluded from investment properties and related metrics at December 31, 2022 and December 31, 2021, respectively, throughout this MD&A.

SIGNIFICANT MATTERS

Property Acquisitions

During the year ended December 31, 2022, Granite acquired eight income-producing industrial properties in Germany, the United States, Canada and Netherlands, one property under development in the United States and one parcel of development land in Canada. Property acquisitions consisted of the following:

Acquisitions *(in millions, except as noted)* Property Address	Location	Sq ft[1]	Weighted Average Lease Term, in years by sq ft[1][3]	Date Acquired	Property Purchase Price[2]	Stabilized Yield[1]
Income-producing properties:						
Georg-Beatzel Straße 15	Wiesbaden, GER	0.2	8.3	February 3, 2022	$ 62.0	3.4 %
Raiffeisenstraße 28-32	Korbach, GER	0.5	8.2	February 3, 2022	60.3	3.7 %
In der Langen Else 4	Erfurt, GER	0.1	1.9	February 3, 2022	17.6	4.1 %
10566 Gateway Pt.	Clayton, USA	0.9	9.8	April 14, 2022	121.3	4.2 %
2128 Gateway Pt.	Clayton, USA	0.4	10.3	April 14, 2022	57.9	4.4 %
102 Parkshore Dr.	Brampton, CAN	0.1	7.0	May 24, 2022	20.9	4.5 %
195 Steinway Blvd.	Etobicoke, CAN	0.1	15.0	May 26, 2022	17.7	5.0 %
Swaardvenstraat 75	Tilburg, NL	0.5	10.0	July 1, 2022	102.1	3.2 %
Property under development:						
905 Belle Ln.	Bolingbrook, USA	0.2	N/A	May 5, 2022	14.5	3.9 %
Development land:						
161 Markel Dr.	Brant County, CAN	N/A	N/A	August 19, 2022	6.4	N/A
		3.0			**$ 480.7**	**3.8 %**

(1) As at the date of acquisition except as noted in note 3 below.
(2) Purchase price does not include transaction costs associated with property acquisitions.
(3) Weighted average lease term applicable to the occupied space.

Property Dispositions

During the year ended December 31, 2022, Granite disposed of two income-producing properties and a parcel of land located in Poland and the Czech Republic for total proceeds of $66.0 million.

Dispositions *(in millions, except as noted)* Property Address	Location	Sq ft	Date Disposed	Sale Price[1]	Annualized Revenue[2]
Disposed during the year ended December 31, 2022:					
10 Topolowa	Mirków, Poland	0.3	February 18, 2022	$34.5	$ 1.6
378 10 Hospodářský Park, České Velenice[3]	Třeboň, Czech Republic	0.3	June 9, 2022	31.5	2.6
		0.6		**$66.0**	**$ 4.2**

(1) Sale price does not include transaction costs associated with disposition.
(2) As at the date of disposition.
(3) In conjunction with the disposal of the income producing property, the associated carrying value of the non-controlling interest of $1.4 million was derecognized on June 9, 2022.

Assets Held for Sale

As at December 31, 2022, two income-producing properties located in Canada and the United States were classified as assets held for sale. The properties, having a fair value of $41.2 million and annualized revenue of $1.6 million were classified as assets held for sale on the audited combined balance sheet at December 31, 2022 and were excluded from the value of investment properties. The properties are also excluded from references to investment properties and related property metrics as at December 31, 2022 throughout this MD&A.

Construction, Development and Property Commitments

Granite had the following property purchases and construction and development commitments as at December 31, 2022:

Commitments *(in millions, except as noted)* Property Location	Additional sq ft	Accruals/ Payments/ Deposits Made	Future Commitments [1]	Total Cost	Year-One Stabilized Yield [2]
As at December 31, 2022:					
Development, construction or expansion:					
Properties under development in Houston, TX	1.4	$ 132.3	$ 14.1	**$ 146.4**	6.4 %
Properties under development in Lebanon, TN	0.5	55.4	16.0	**71.4**	6.3 %
Property under development in Brantford, ON	0.4	5.7	63.4	**69.1**	6.8 %
Property under development in Bolingbrook, IL	0.2	24.6	12.9	**37.5**	3.9 %
Expansion of 555 Beck Cres., Ajax, ON	0.1	0.7	7.8	**8.5**	7.6 %
Expansion of 5400 E 500 S, Whitestown, IN	0.3	33.1	9.3	**42.4**	5.5 %
Other construction commitments	–	77.8	19.6	**97.4**	– %
	2.9	**$ 329.6**	**$ 143.1**	**$ 472.7**	**6.1 %**
Other property commitments:					
Development loan/acquisition of two completed properties in Indiana	1.0	$ 79.3	$ 34.8	**$ 114.1**	5.7 %
	3.9	**$ 408.9**	**$ 177.9**	**$ 586.8**	**6.0 %**

(1) Includes signed contracts and future budgeted expenditures not yet contracted.
(2) Yield based on total cost including land (see "Development and Expansion Projects").

During the fourth quarter, Granite achieved substantial completion of its 844,000 square foot, 40' clear height, state-of-the-art modern distribution facility in Murfreesboro, Tennessee that was fully leased starting December 1, 2022 to a leading investment-grade producer of specialized commercial vehicles. This property is included in income-producing properties as at December 31, 2022.

Subsequent to year end, Granite achieved substantial completion of phase one (in March 2023) and phase two (in January 2023) of its development in Houston, Texas. Granite has signed leases with third-party logistics operators for approximately 521,000 square feet of phase one, which consists of two buildings totaling 669,000 square feet. The leases executed range in length between 5 and 7 years. Phase two, comprising of one building that is approximately 689,000 square feet, was pre-leased to a leading e-commerce retailer, and upon completion the lease commenced for an initial term of 10.9 years.

On January 19, 2023, Granite completed the 329,000 square foot, value-enhancing expansion of its approximate 633,000 square foot modern distribution facility in Whitestown, Indiana. Upon completion the lease for the entire facility was extended for a ten year term.

Granite's other property commitments include a development loan and forward commitment to purchase two industrial properties in Indiana where construction of two buildings totaling 1.0 million square feet is expected to be completed in the first quarter of 2023.

Increase in Distributions

On November 9, 2022, Granite increased its targeted annualized distribution by 3.2% to $3.20 ($0.2667 per month) per stapled unit from $3.10 ($0.2583 per month) per stapled unit to be effective upon the declaration of the distribution in respect of the month of December 2022 and payable in mid-January 2023.

Normal Course Issuer Bid ("NCIB")

During the fourth quarter, Granite repurchased 1,022,000 stapled units under the NCIB at an average stapled unit cost of $67.60 for total consideration of $69.1 million, excluding commissions.

Subsequent Events

On February 1, 2023, the leases at Granite's properties in Graz, Austria (the "Graz Facilities"), comprising approximately 5.0 million square feet, were contractually extended for ten years to January 31, 2034. On February 1, 2024 the annual rent for the Graz Facilities for the initial five years of the extension will escalate by the increase in the consumer price index for the 60 month period preceding that date, to a maximum of ten percent.

On March 3, 2023, Granite amended its existing unsecured revolving credit facility (the "Credit Facility") agreement to extend the maturity date for a new five-year term to March 31, 2028.

Russian Invasion of Ukraine

Granite currently holds investments and operates in Western Europe, specifically in Netherlands, Germany and Austria. Since the commencement of the Russian invasion of Ukraine in late February 2022 and up to the date of this MD&A, the European real estate markets in which Granite operates have remained orderly and Granite has continued to realize stable net operating income growth while continuing to execute on its strategic initiatives.

During the year ended December 31, 2022, and up to the date of this MD&A, there has not been a significant impact on Granite's operations, assets or liabilities as a result of the war.

Although not directly impacted by the ongoing Russian/Ukraine war thus far, Granite and its tenants are exposed to a broad range of current and evolving risks including:

- slowdown of global economic growth and more specifically in the European region;
- inflationary pressures, including energy, labour and transportation/logistics;
- higher interest rates;
- energy security in Western Europe; and
- supply chain disruptions.

A material deterioration in any of the foregoing could have a material adverse effect on Granite's tenants and their ability to continue to operate and pay rent, and impact debt and equity markets, either of which could adversely impact Granite's operations and financial performance. Granite is continuing to monitor the situation in Ukraine and globally and assessing its potential impact on Granite's business.

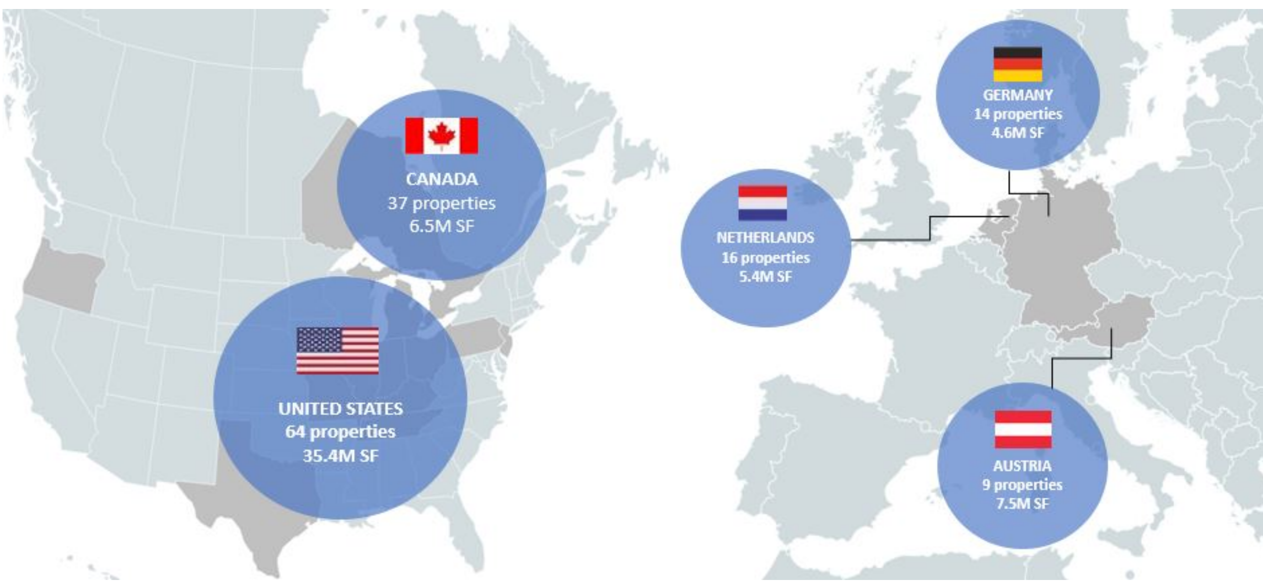
BUSINESS OVERVIEW AND STRATEGIC OUTLOOK

Business Overview

Granite is a Canadian-based real estate investment trust ("REIT") engaged in the acquisition, development, ownership and management of logistics, warehouse and industrial properties in North America and Europe. As at March 8, 2023, excluding assets held for sale, Granite owns 140 investment properties in five countries having approximately 59.4 million square feet of gross leasable area. Granite has a highly-integrated team of real estate professionals with extensive experience in operations, leasing, development, investment and asset management located at its head office in Toronto, Canada and regional offices in Dallas, United States; Vienna, Austria; and Amsterdam, Netherlands.

Granite's investment properties consist of income-producing properties, properties under development and land held for development (see "*INVESTMENT PROPERTIES*"). The income-producing properties consist primarily of logistics, e-commerce and distribution warehouses, and light industrial and heavy industrial manufacturing properties. Lease payments are primarily denominated in three currencies: the Canadian dollar ("$"), the Euro ("€") and the US dollar ("US$"). Granite's investment properties (excluding assets held for sale) by geographic location, property count and square footage as at March 8, 2023 are summarized below:

Investment Properties Summary
Five countries/140 properties/59.4 million square feet



Strategic Outlook

Management continues to identify and pursue value creation and investment opportunities that management believes will generate superior long-term total returns for unitholders.

Granite's long-term strategy is to continue to build an institutional quality and globally diversified industrial real estate business; to grow and diversify its asset base through acquisitions, development, re-development and dispositions; to maintain a conservative balance sheet; and to reduce its exposure to its largest tenant, Magna International Inc. and its operating subsidiaries (collectively, "Magna") and the special purpose properties (see "*INVESTMENT PROPERTIES*").

Granite has positioned itself financially to execute on its strategic plan including to capitalize on any strategic opportunities as they arise, and existing and future development activity within its targeted geographic footprint.

As Granite looks to 2023, its priorities are set out below:

- Driving FFO, AFFO and net asset value per unit growth while maintaining conservative capital ratios;
- Executing on development, redevelopment and expansion projects in the U.S., Europe, and the GTA;
- Selectively pursuing strategic land and income-producing property acquisition opportunities in our target markets;
- Advancing Granite's Environmental, Social, Governance and Resilience (ESG+R) program and meeting established targets for 2023 and beyond; and
- Disposing of select non-core assets.

ENVIRONMENTAL, SOCIAL, GOVERNANCE, AND RESILIENCE (ESG+R)

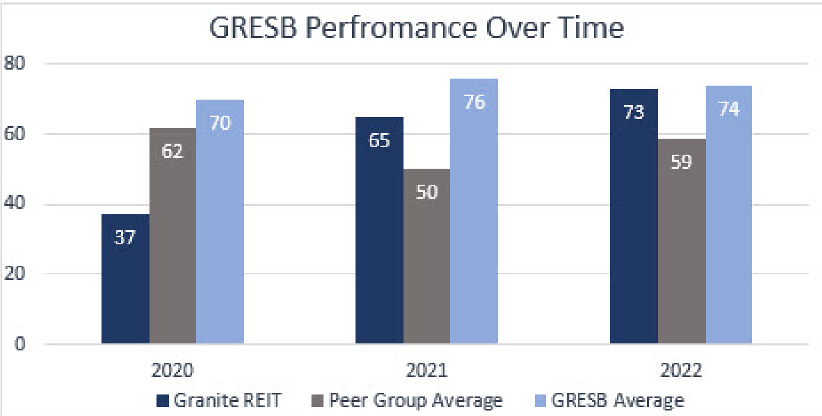
Granite recognizes the important role building owners can play in fostering the efficient use of resources and respecting our environment. As a good steward for investors, Granite seeks to practically incorporate sustainability in its actions and decision-making process, while generating returns for unitholders.

Consistent with this principle, Granite applies the following long-term ESG+R objectives in its business:

Environmental	Social	Governance	Resilience
Promote efficiency and sustainable practices at both our properties and our corporate offices	Engage with our investors, employees, tenants, property managers, and community	Disclose our ESG+R performance as a commitment to transparency and accountability	Identify and mitigate potential climate-related risks within our portfolio

Granite's ESG+R program is aligned with SASB[1], GRESB[2], GRI[3] and TCFD[4]. Data provided herein has been reviewed by a third-party ESG+R consultant and represents a snapshot of current performance.

GRESB



GRESB
REAL ESTATE

2022 GRESB Public Disclosure Report

GRESB assesses and scores the Environmental, Social, and Governance ("ESG") performance of real estate portfolios around the world and this year increased to over 1,800 participants. Granite completed its third annual GRESB Real Estate Assessment in June 2022.

In GRESB's Public Disclosure Report, which evaluates the level of ESG disclosure by listed property companies and REITs, Granite was ranked third in the North American Industrial sector comprised of 10 reporting entities. In comparison to Granite's 2021 results, its Standing Investments score significantly improved from 65 to 73 points, placing Granite second in the North American Industrial Listed sector comprised of nine reporting entities, Granite being the sole Canadian reporting entity in this sector.

[1] Sustainability Accounting Standards Board
[2] Global Real Estate Sustainability Benchmarking
[3] Global Reporting Initiative
[4] Task Force on Climate-related Financial Disclosures

Below is a selection of key actions and performance items of Granite's ESG+R Program:

Environmental – ***Actions & Performance***

- Work to reduce landlord-controlled energy, operational emissions (scope 1 and 2), and water by 25% on an intensity basis, per square foot, by the beginning of 2030 (or 2.5% annual reduction) at Granite's properties[5];
- Increase the energy, emissions, water and waste data coverage across Granite's portfolio to 50% of its income-producing portfolio by 2030 by collaborating with tenants, implementing green lease language, and obtaining data directly from the utility companies whenever available;
- Granite has exceeded its target to support the production of new renewable energy through the installation of on-site solar PV systems with the capacity to generate 5 MW of electricity by 2025[6] as solar PV systems with peak generation capacity of 8.5 MW are currently operational on Granite properties. Granite is setting a more ambitious renewable energy target to have solar PV systems with a peak generation capacity of 24 MW by 2025;
- Beehives have been installed at three properties to promote local biodiversity and engagement with tenants, with a fourth beehive planned to be added in 2023;
- Strategically evaluate and pursue applicable green building certifications at Granite's properties and achieve 30% third-party green building certifications by floor area by 2030;
- Four properties achieved BREEAM In-Use certifications in 2022. One of the properties, 100 Enterprise Parkway, West Jefferson, Ohio, was the first property to be BREEAM certified in the State of Ohio;
- Four properties achieved Institute of Real Estate Management (IREM) Certified Sustainable Property certifications in 2022;
- Commit that all development projects controlled by Granite will be built to standards consistent with the scope of Granite's Green Bond Framework and certify 100% of new developments to a third-party green building certification standard (such as LEED, BREEAM, Green Globes, DGNB); and
- Three properties received new construction certifications in 2022.

[5] Granite's emissions reduction targets are aligned with the Paris Climate Accords' goal of limiting global warming to two degrees Celsius above pre-industrial levels.

[6] Onsite solar projects are expected to be installed at 10 Granite assets by 2023.

Property	Size (Sq ft) in millions	Location	Certification Type	Level
12 Tradeport Rd.	1.4	Hanover Township, USA	BREEAM USA in Use	Good
15 Commerce Pkwy.	1.3	West Jefferson, USA	LEED New Construction and Major Renovation; BREEAM USA in Use	Certified; Good
100 Clyde Alexander Lane	0.7	Pooler, USA	LEED Core and Shell Development	Certified
100 Enterprise Parkway	1.2	West Jefferson, USA	BREEAM USA In Use	Good
101 Clyde Alexander Lane	0.3	Pooler, USA	LEED Core and Shell Development	Certified
1201 Allpoints Court	0.5	Plainfield, USA	Green Globes New Construction	2 Green Globes
201 Sunridge Boulevard	0.8	Wilmer, USA	IREM Certified Sustainable Property	Certified
501 Airtech Parkway	0.5	Plainfield, USA	IREM Certified Sustainable Property	Certified
1243 Gregory Dr.	0.5	Antioch, USA	LEED Core and Shell Development	Silver
1301 Chalk Hill Road	2.3	Dallas, USA	BREEAM USA In Use	Good
2020 Logistics Drive	0.8	Mississauga, Canada	IREM Certified Sustainable Property	Certified
Expansion to 2095 Logistics Drive	0.1	Mississauga, Canada	Green Globes New Construction	2 Green Globes
2100 Center Square Rd.	0.4	Logan Township, USA	LEED Core and Shell Development	Silver
3501 North Lancaster Hutchins Rd.	0.2	Lancaster, USA	LEED New Construction and Major Renovation	Silver
5000 Village Creek Rd.	0.6	Fort Worth, USA	Green Globes New Construction	2 Green Globes
8735 South Crossroads Dr.	0.9	Olive Branch, USA	LEED Core and Shell Development	Certified
8740 South Crossroads Dr.	0.9	Olive Branch, USA	LEED Core and Shell Development	Certified
18201 NE Portal Way	0.3	Portland, USA	IREM Certified Sustainable Property	Certified
Aquamarijnweg 2 & 4	0.2	Bleiswijk, Netherlands	BREEAM New Construction	Very Good
De Kroonstrat 1 (Phase 1), De Poosthoornstraat 2 (Phase 2)	0.5	Tilburg, Netherlands	BREEAM New Construction	Excellent
Francis Baconstraat 4	0.1	Ede, Netherlands	BREEAM New Construction	Very Good
Im Ghai 36	0.3	Altbach, Germany	DGNB New Construction Logistics Buildings	Gold
Oude Graaf 15	0.2	Weert, Netherlands	BREEAM New Construction	Excellent

Social – *Actions & Performance*

- Granite administered its 2021 Employee Engagement Survey in April 2021 to gain an understanding of employee engagement and the effectiveness of its workplace practices. Granite intends to follow up with a second employee engagement survey in 2023;
- In 2021, Granite conducted a survey of all tenants to gauge satisfaction levels and identify opportunities for improvement;
- In June 2022, Granite completed its tenant ESG+R surveys;

- Contribute at least $500 local currency (USD/CAD/EUR) per income-producing property in Granite's portfolio toward charitable donations;
- As part of Granite's due diligence process, assess 100% of potential acquisitions for ESG+R and identify areas for improvement;
- Granite established a hybrid working model in 2022, providing enhanced work from home flexibility during the work week; and
- Granite held a company-wide conference in Dallas, Texas during the third quarter of 2022 where third-party consultants, Re Tech Advisors (formerly LORD Green Strategies), presented updates and progress on Granite's ESG+R program and recent market trends and developments to all employees.

Governance – ***Actions & Performance***

- Provide leadership over Granite's ESG+R Program through the Granite ESG+R Committee;
- Provide transparency to investors by incorporating ESG+R into regular updates to unitholders and stakeholders and through formal reporting frameworks such as GRESB, SASB, CDP, and GRI;
- Monitor asset compliance with government benchmarking requirements and ESG+R related regulations;
- Granite's 2021 ESG+R Report was issued in August 2022 and follows the GRI framework with TCFD and SASB disclosures;
- Granite submitted to GRESB in June 2022 and is currently preparing for the 2023 submission;
- In June 2022, the Declaration of Trust was amended and restated to, among other things, (i) further align the Declaration of Trust with evolving governance best practices which includes introducing rights and remedies in favour of unitholders consistent with those available to shareholders of a corporation pursuant to the Business Corporations Act; and (ii) enhance unitholders' rights respecting the process for and procedures at unitholder meetings, including the submission of proposals by unitholders;
- Granite maintains robust policies governing the various aspects of its business activities, which are reviewed annually and updated from time to time in order to reflect regulatory compliance and industry best practices, as appropriate; and
- Granite submitted its second CDP report in 2022.

Resilience – ***Actions & Performance***

- Aligning Granite's resilience program with the TCFD framework;
- Assess physical and transition climate-change risks during the new acquisition due diligence process and evaluate measures to increase resiliency in Granite's underwriting process;
- Regular evaluation of Granite for physical and transition climate-change risks and evaluate strategies to mitigate risks; and
- Granite uses the Moody's ESG Solutions Climate on Demand tool to manage climate-related analytics which generate 1-100 risk scores in six physical categories of climate-related risks: sea-level rise, floods, hurricanes, heat stress, water stress and wildfires.

RESULTS OF OPERATIONS

Net (Loss) Income

The following is a summary of financial information from the combined statements of net (loss) income for the three months and years ended December 31, 2022 and 2021, respectively:

Net (Loss) Income

	Three Months Ended December 31,			Years Ended December 31,		
(in millions, except as noted)	**2022**	**2021**	**$ change**	**2022**	**2021**	**$ change**
Rental revenue	$ 125.6	$ 105.3	20.3	$ 455.6	$ 393.5	62.1
Revenue	**125.6**	**105.3**	**20.3**	**455.6**	**393.5**	**62.1**
Property operating costs	23.2	19.0	4.2	75.2	60.8	14.4
Net operating income	**102.4**	**86.3**	**16.1**	**380.4**	**332.7**	**47.7**
General and administrative expenses	8.6	12.4	(3.8)	29.5	38.4	(8.9)
Depreciation and amortization	0.4	0.2	0.2	1.6	1.3	0.3
Interest income	(1.1)	(0.9)	(0.2)	(1.6)	(3.1)	1.5
Interest expense and other financing costs	16.7	12.1	4.6	51.0	47.2	3.8
Foreign exchange gains, net	(0.8)	(2.1)	1.3	(1.2)	(5.1)	3.9
Fair value losses (gains) on investment properties, net	229.9	(349.1)	579.0	219.7	(1,298.9)	1,518.6
Fair value (gains) losses on financial instruments, net	(2.1)	(0.6)	(1.5)	(11.4)	1.2	(12.6)
Loss on sale of investment properties	–	0.2	(0.2)	0.7	0.8	(0.1)
(Loss) income before income taxes	**(149.2)**	**414.1**	**(563.3)**	**92.1**	**1,550.9**	**(1,458.8)**
Income tax (recovery) expense	(22.9)	72.8	(95.7)	(63.7)	240.6	(304.3)
Net (loss) income	**$ (126.3)**	**$ 341.3**	**(467.6)**	**$ 155.8**	**$1,310.3**	**(1,154.5)**
Net (loss) income attributable to:						
Stapled unitholders	(126.3)	341.2	(467.5)	155.8	1,310.0	(1,154.2)
Non-controlling interests	–	0.1	(0.1)	–	0.3	(0.3)
	$ (126.3)	**$ 341.3**	**(467.6)**	**$ 155.8**	**$1,310.3**	**(1,154.5)**

Foreign Currency Translation

The majority of Granite's investment properties are located in Europe and the United States and the cash flows derived from such properties are primarily denominated in Euros and US dollars. Accordingly, fluctuations in the Canadian dollar, Granite's reporting currency, relative to the Euro and US dollar will result in fluctuations in the reported values of revenues, expenses, cash flows, assets and liabilities. The most significant foreign currency exchange rates that impact Granite's business are summarized in the following table:

	Average Exchange Rates						Period End Exchange Rates		
	Three Months Ended December 31,			Years Ended December 31,			December 31,	December 31,	
	2022	**2021**	**Change**	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
$ per €1.00	**1.386**	1.441	(4%)	**1.370**	1.482	(8%)	**1.447**	1.440	–%
$ per US$1.00	**1.357**	1.261	8%	**1.302**	1.254	4%	**1.353**	1.266	7 %

For the three months and year ended December 31, 2022 compared to the prior year periods, the average exchange rate of the Euro relative to the Canadian dollar was lower, which on a comparative basis, decreased the Canadian dollar equivalent of revenue and expenses from Granite's European operations.

For the three months and year ended December 31, 2022 compared to the prior year periods, the average exchange rate of the US dollar relative to the Canadian dollar was higher, which on a comparative basis, increased the Canadian dollar equivalent of revenue and expenses from Granite's U.S. operations.

The period end exchange rates of the Euro and the US dollar relative to the Canadian dollar on December 31, 2022 were higher, when compared to the December 31, 2021 exchange rates. As a result, the Canadian dollar equivalent of assets and liabilities from Granite's European and U.S. operations were higher, when compared to December 31, 2021.

On a net basis, the effect of the changes in exchange rates on Granite's operating results for the three months and year ended December 31, 2022 was as follows:

Effects of Changes in Exchange Rates on Operating Results

	Three Months Ended December 31,	Years Ended December 31,
(in millions, except per unit information)	**2022 vs 2021**	**2022 vs 2021**
Increase (decrease) in revenue	$ 3.7	$ (1.0)
Increase (decrease) in NOI - cash basis	2.4	(3.2)
Decrease in net income	(1.4)	(14.0)
Increase in FFO	2.6	0.1
Increase (decrease) in AFFO	2.0	(1.1)
Increase in FFO per unit	$0.04	–
Increase (decrease) in AFFO per unit	$0.03	$(0.02)

Operating Results

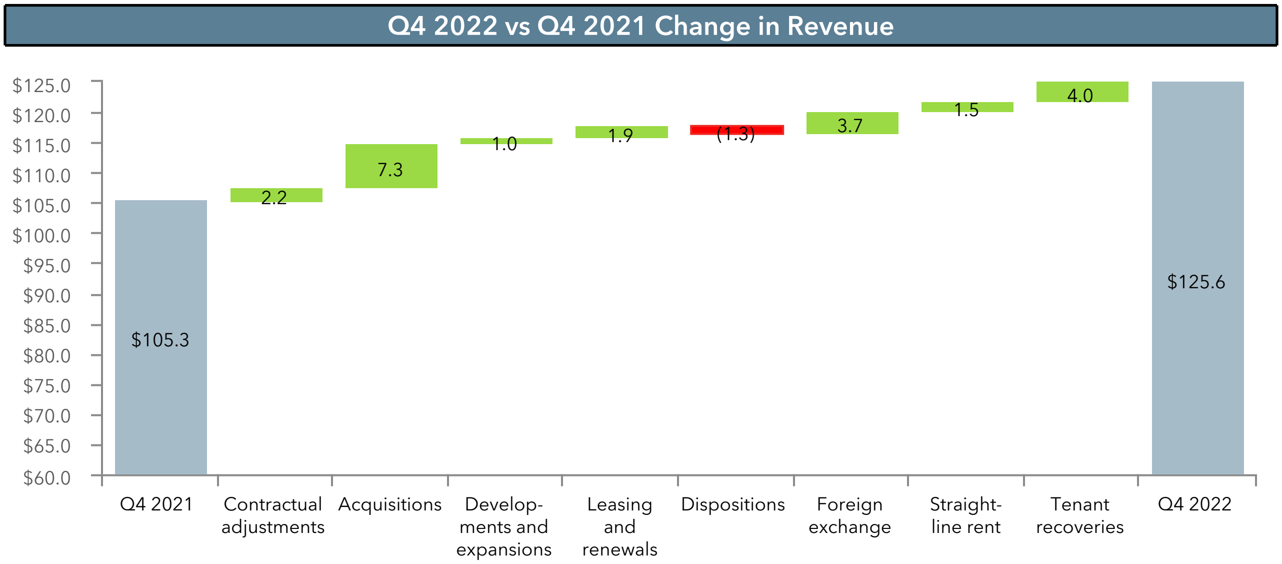
Revenue

Revenue

	Three Months Ended December 31,			Years Ended December 31,		
	2022	**2021**	**$ change**	**2022**	**2021**	**$ change**
Rental revenue and amortization[1]	**$ 103.2**	$ 87.6	15.6	**$ 382.7**	$ 335.2	47.5
Tenant recoveries	**22.4**	17.7	4.7	**72.9**	58.3	14.6
Revenue	**$ 125.6**	$ 105.3	20.3	**$ 455.6**	$ 393.5	62.1

(1) Rental revenue and amortization include base rent, straight-line rent amortization and tenant incentive amortization.

Revenue for the three month period ended December 31, 2022 increased by $20.3 million to $125.6 million from $105.3 million in the prior year period. The components contributing to the change in revenue are detailed below:



Additional details pertaining to the components of the change in revenue are as follows:

- contractual rent adjustments included $1.0 million from consumer price index based increases and $1.2 million from fixed contractual adjustments related to rent escalations;
- the acquisitions of properties located in the United States, Canada, Netherlands and Germany beginning in the fourth quarter of 2021 increased revenue by $7.3 million;
- the completion of one development and one expansion project in Germany and Canada, respectively, increased revenue by $1.0 million;
- revenue increased by $1.9 million due to renewal and re-leasing activities for properties primarily in Canada, the United States and Netherlands;
- the sale of properties located in Austria, Poland and the Czech Republic beginning in the fourth quarter of 2021 decreased revenue by $1.3 million;
- foreign exchange had a net $3.7 million positive impact to revenue primarily due to the relative weakening of the Canadian dollar against the US dollar, partially offset by the relative strengthening of the Canadian dollar against the Euro, which increased revenue by $5.0 million and decreased revenue by $1.3 million, respectively; and
- straight-line rent and tenant recoveries increased revenue by $1.5 million and $4.0 million, respectively.

Revenue for the year ended December 31, 2022 increased by $62.1 million to $455.6 million from $393.5 million in the prior year period. The components contributing to the change in revenue are detailed below:

Year 2022 vs Year 2021 Change in Revenue

Additional details pertaining to the components of the change in revenue are as follows:

- contractual rent adjustments included $3.5 million from consumer price index based increases and $5.0 million from fixed contractual adjustments related to rent escalations;
- the acquisitions of properties located in the United States, Canada, Netherlands and Germany during 2021 and 2022 increased revenue by $38.6 million;
- the completion of one development and one expansion projects in Germany and Canada, respectively, increased revenue by $1.3 million;
- revenue increased by $4.6 million due to renewal and re-leasing activities for properties primarily in Canada, the United States, Netherlands and Germany;
- the sale of properties located in Austria, the United Kingdom, Poland and the Czech Republic during 2021 and 2022 decreased revenue by $4.4 million;
- vacancies at two properties in the United States decreased revenue by $0.5 million;
- foreign exchange had a net $1.0 million negative impact to revenue primarily due to the relative strengthening of the Canadian dollar against the Euro, partially offset by the relative weakening of the Canadian dollar against the US dollar, which decreased revenue by $10.6 million and increased revenue by $9.6 million, respectively; and
- straight-line rent and tenant recoveries increased revenue by $1.3 million and $13.7 million, respectively.

Net Operating Income

Net operating income ("NOI") during the three months ended December 31, 2022 was $102.4 million compared to $86.3 million during the three months ended December 31, 2021. NOI for the year ended December 31, 2022 was $380.4 million compared to $332.7 million for the year ended December 31, 2021. NOI - cash basis excludes the impact of lease termination, close-out fees, straight-line rent and tenant incentive amortization and reflects the cash generated by the income-producing properties excluding lease termination and close-out fees on a period-over-period basis. NOI - cash basis was $99.6 million during the three months ended

December 31, 2022 compared with $85.7 million during the prior year period, an increase of 16.2%. NOI – cash basis was $373.9 million for the year ended December 31, 2022 compared with $329.0 million for the prior year period, an increase of 13.6%.

Same property NOI - cash basis refers to the NOI - cash basis for those properties owned by Granite throughout the entire current and prior year periods under comparison. Same property NOI - cash basis excludes the impact of properties that were acquired, disposed of and classified as held for sale, or properties under development during the periods under comparison. Same property NOI - cash basis for the three months ended December 31, 2022 was $90.6 million, compared with $83.3 million for the prior year period. Same property NOI – cash basis for the year ended December 31, 2022 was $318.9 million, compared to $311.6 million for the year ended December 31, 2021. The changes in NOI, NOI - cash basis and same property NOI - cash basis are detailed below:

Same Property NOI

	Sq ft[(1)]	Three Months Ended December 31,				Sq ft[(1)]	Years Ended December 31,			
	(in millions)	2022	2021	$ change	% change	(in millions)	2022	2021	$ change	% change
Revenue		**$125.6**	$ 105.3	20.3			**$455.6**	$ 393.5	62.1	
Less: Property operating costs		**23.2**	19.0	4.2			**75.2**	60.8	14.4	
NOI		**$102.4**	$ 86.3	16.1	18.7%		**$380.4**	$ 332.7	47.7	14.3 %
Add (deduct):										
Straight-line rent amortization		**(3.6)**	(1.8)	(1.8)			**(10.6)**	(8.8)	(1.8)	
Tenant incentive amortization		**0.8**	1.2	(0.4)			**4.1**	5.1	(1.0)	
NOI - cash basis	59.4	**$ 99.6**	$ 85.7	13.9	16.2%	59.4	**$373.9**	$ 329.0	44.9	13.6 %
Less NOI - cash basis for:										
Acquisitions	4.8	**(7.8)**	(0.5)	(7.3)		10.5	**(50.8)**	(9.2)	(41.6)	
Developments	0.9	**(0.6)**	–	(0.6)		0.9	**(0.5)**	(0.1)	(0.4)	
Dispositions and assets held for sale	1.1	**(0.6)**	(1.9)	1.3		1.1	**(3.7)**	(8.1)	4.4	
Same property NOI - cash basis	53.7	**$ 90.6**	$ 83.3	7.3	**8.8%**	48.0	**$318.9**	$ 311.6	7.3	**2.3 %**
Constant currency same property NOI - cash basis[(2)]	53.7	**$ 90.6**	$ 85.5	5.1	**6.0%**	48.0	**$318.9**	$ 308.5	10.4	**3.4 %**

(1) The square footage relating to the NOI – cash basis represents GLA of 59.4 million square feet as at December 31, 2022. The square footage relating to the same property NOI – cash basis represents the aforementioned GLA excluding the impact from the acquisitions, dispositions, assets held for sale and developments during the relevant period.

(2) Constant currency same property NOI - cash basis is calculated by converting the comparative same property NOI - cash basis at current period average foreign exchange rates.

Property operating costs include recoverable and non-recoverable costs from tenants and consist of property taxes, utilities, insurance, repairs and maintenance, legal and other property-related expenses.

Straight-line rent amortization represents the scheduled fixed rent changes or rent-free periods in leases that are recognized in revenue evenly on a straight-line basis over the term of the lease. Tenant incentive amortization mainly represents allowances provided to tenants that are recognized in revenue evenly on a straight-line basis over the term of the lease and primarily comprises the amortization associated with the cash allowance incentives paid to Magna in respect of the 10-year lease extensions exercised during the 2014 year at the Thondorf and Eurostar properties in Graz, Austria.

NOI - cash basis for the three months ended December 31, 2022 increased by $13.9 million to $99.6 million from $85.7 million in the prior year period, representing an increase of 16.2%. NOI - cash basis for the year ended December 31, 2022 increased by $44.9 million to $373.9 million from $329.0 million in the prior year period, representing an increase of 13.6%. The increase in NOI - cash basis was largely a result of the increase in rental revenue as noted previously, partially offset by an increase in property operating costs primarily relating to the properties acquired in 2021 and 2022.

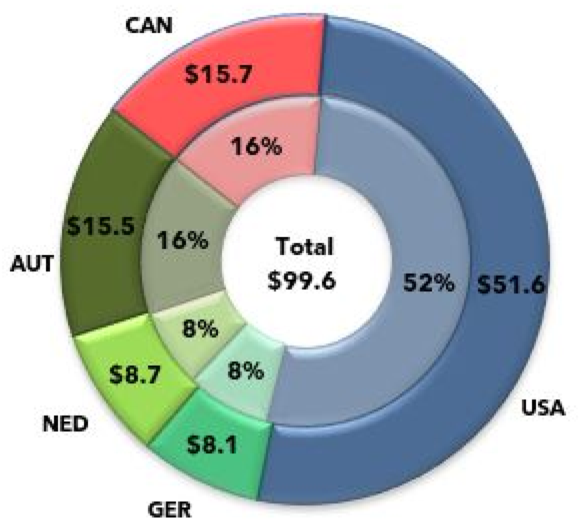
Same property NOI - cash basis for the three months ended December 31, 2022 increased by $7.3 million (8.8%) to $90.6 million from $83.3 million primarily due to the increase in contractual rents arising from both consumer price index and fixed rent increases, re-leasing and renewals of leases for properties primarily located in Canada, the United States, Germany and Netherlands, and the favourable foreign exchange impact from the weakening of the Canadian dollar against the US dollar, partially offset by the unfavourable foreign exchange impact from the strengthening of the Canadian dollar against the Euro. Excluding the impact of foreign exchange, same property NOI - cash basis for the three month period ended December 31, 2022 increased by $5.1 million (6.0%) from the prior year period.

Same property NOI - cash basis for the year ended December 31, 2022 increased by $7.3 million (2.3%) to $318.9 million from $311.6 million primarily due to the increase in contractual rents arising from both consumer price index and fixed rent increases, re-leasing and renewals of leases for properties primarily located in Canada, the United States, Netherlands and Germany, and the favourable foreign exchange impact from the weakening of the Canadian dollar against the US dollar, partially offset by the unfavourable foreign exchange impact from the strengthening of the Canadian dollar against the Euro. Excluding the impact of foreign exchange, same property NOI - cash basis for the year ended December 31, 2022 increased by $10.4 million (3.4%) from the prior year period.

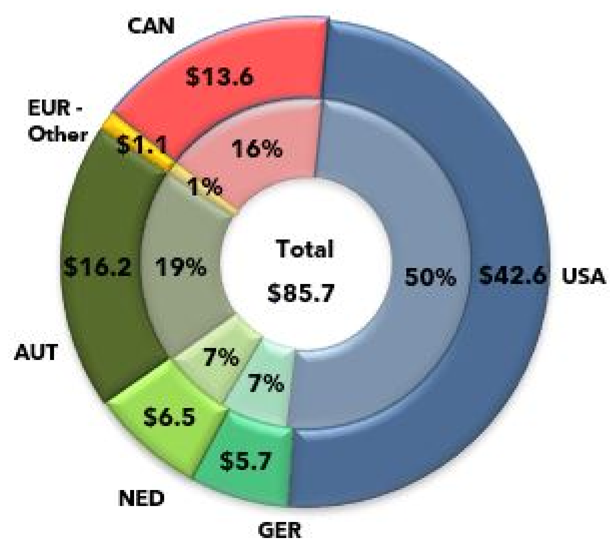
NOI - cash basis for the three month periods and years ended December 31, 2022 and 2021 by geography was as follows:

NOI - Cash Basis by Geography

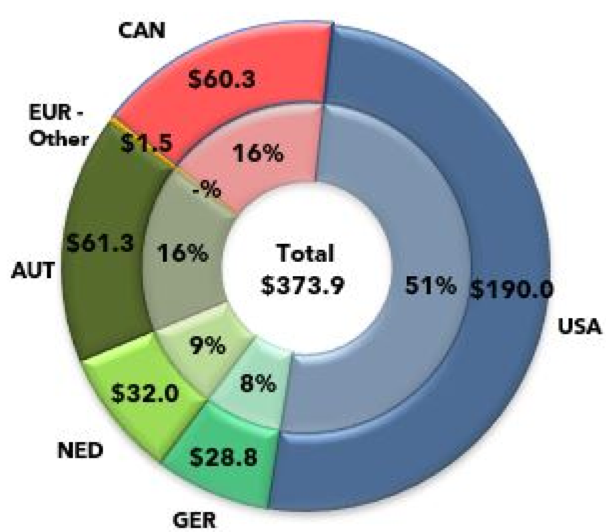
Fourth Quarter 2022



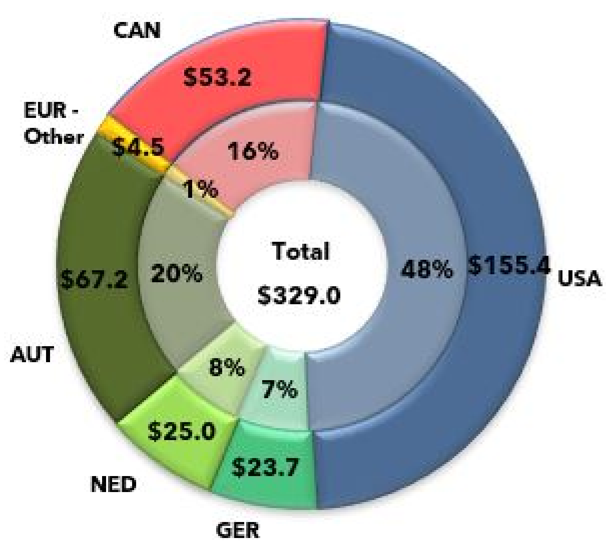
Fourth Quarter 2021



Year 2022



Year 2021



Granite's property portfolio and NOI - cash basis are geographically diversified, which reduces the risk to Granite's operating results from any particular country's economic downturn.

Same property NOI - cash basis for the three month periods and years ended December 31, 2022 and 2021 by geography was as follows:

Same Property NOI - Cash Basis by Geography

	Three Months Ended December 31,			Year Ended December 31,		
	2022	**2021**	**% change**	**2022**	**2021**	**% change**
Canada	**$14.0**	$13.2	6.1 %	**$54.3**	$52.3	3.8 %
United States	**48.4**	42.1	15.0 %	**156.1**	145.5	7.3 %
Austria	**15.6**	16.1	(3.1)%	**61.3**	65.7	(6.7)%
Germany	**6.1**	5.7	7.0 %	**23.5**	23.7	(0.8)%
Netherlands	**6.5**	6.2	4.8 %	**23.7**	24.4	(2.9)%
Same Property NOI - cash basis	**$90.6**	$83.3	8.8 %	**$318.9**	$311.6	2.3 %

Constant currency same property NOI - cash basis for the three month periods and years ended December 31, 2022 and 2021 by geography was as follows, which is calculated by converting the comparative same property NOI - cash basis at current foreign exchange rates:

Constant Currency Same Property NOI - Cash Basis by Geography

	Three Months Ended December 31,			Year Ended December 31,		
	2022	**2021**	**% change**	**2022**	**2021**	**% change**
Canada	**$14.0**	$13.2	6.1 %	**$54.3**	$52.3	3.8 %
United States	**48.4**	45.3	6.8 %	**156.1**	151.1	3.3 %
Austria	**15.6**	15.5	0.6 %	**61.3**	60.7	1.0 %
Germany	**6.1**	5.5	10.9 %	**23.5**	21.9	7.3 %
Netherlands	**6.5**	6.0	8.3 %	**23.7**	22.5	5.3 %
Constant Currency Same Property NOI - cash basis [1]	**$90.6**	$85.5	6.0 %	**$318.9**	$308.5	3.4 %

[1] Constant currency same property NOI - cash basis is calculated by converting the comparative same property NOI - cash basis at current period average foreign exchange rates.

General and Administrative Expenses

General and administrative expenses consisted of the following:

General and Administrative Expenses

	Three Months Ended December 31,			Year Ended December 31,		
	2022	**2021**	**$ change**	**2022**	**2021**	**$ change**
Salaries and benefits	**$ 4.5**	$ 4.9	(0.4)	**$ 18.2**	$ 17.1	1.1
Audit, legal and consulting	**0.6**	0.9	(0.3)	**3.2**	3.5	(0.3)
Trustee/director fees and related expenses	**0.4**	0.4	–	**1.7**	1.6	0.1
Executive unit-based compensation expense including distributions	**0.9**	1.2	(0.3)	**4.6**	5.0	(0.4)
Fair value remeasurement of trustee/director and executive unit-based compensation plans	**–**	3.6	(3.6)	**(6.3)**	6.1	(12.4)
Other public entity costs	**0.3**	0.5	(0.2)	**2.6**	2.0	0.6
Office rents including property taxes and common area maintenance costs	**0.2**	0.1	0.1	**0.5**	0.4	0.1
Capital tax	**0.3**	0.2	0.1	**0.9**	0.6	0.3
Information technology	**0.6**	0.5	0.1	**2.2**	1.8	0.4
Other	**1.0**	0.4	0.6	**2.8**	1.0	1.8
	$ 8.8	$ 12.7	(3.9)	**$ 30.4**	$ 39.1	(8.7)
Less: capitalized general and administrative expenses	**(0.2)**	(0.3)	0.1	**(0.9)**	(0.7)	(0.2)
General and administrative expenses	**$ 8.6**	$ 12.4	(3.8)	**$ 29.5**	$ 38.4	(8.9)

General and administrative expenses were $8.6 million for the three month period ended December 31, 2022 and decreased $3.8 million in comparison to the prior year period primarily as a result of the following:

- a decrease in the fair value remeasurement expense associated with the trustee/director and executive unit-based compensation plans resulting from a slight increase in the market price of the Trust's stapled units in the current year period compared to a larger increase in the market price of the Trust's stapled units in the fourth quarter of 2021;
- a decrease in salaries and benefits expense primarily due to higher incentive compensation recorded in the prior year period, partially offset by an increase in headcount in North America and Europe;
- a decrease in audit, legal and consulting expenses primarily due to a decrease in professional fees relating to higher transactional activity in the prior year period; and
- a decrease in executive unit-based compensation expense primarily due to the decrease in the fair value of the performance stapled units ("PSU") resulting in a lower compensation expense of the PSU grants, partially offset by;
- an increase in other general and administrative expenses primarily relating to the resumption of travel and property tours.

General and administrative expenses were $29.5 million for the year ended December 31, 2022 and decreased $8.9 million in comparison to the prior year period primarily as a result of the following:

- an increase in the fair value remeasurement recovery associated with the trustee/director and executive unit-based compensation plans resulting from a decrease in the market price of the Trust's stapled units in the current year period compared to the increase in the market price of the Trust's stapled units in the prior year period;
- a decrease in executive unit-based compensation expense primarily due to the decrease in the fair value of the performance stapled units ("PSU") resulting in a lower compensation expense of the PSU grants; and
- a decrease in audit, legal and consulting expenses primarily due to a decrease in professional fees relating to higher transactional activity in the prior year period, partially offset by;
- an increase in salaries and benefits expense primarily due to an increase in headcount in North America and Europe;
- an increase in other public entity costs primarily due to the special business conducted at Granite's in-person Annual General and Special Meeting, and higher public entity listing and ESG+R reporting fees; and
- an increase in other general and administrative expenses primarily relating to costs associated with the exploration of potential acquisitions, increased travelling expenses upon the resumption of property tours and staff travel, and recruiting fees as a result of the additional employees in North America and Europe.

Interest Income

Interest income for the three month period ended December 31, 2022 increased $0.2 million to $1.1 million from $0.9 million in the prior year period. The $0.2 million increase is primarily due to interest income earned from higher interest rates in the current year period relative to the prior year period, partially offset by lower invested cash balances on hand in the current year relative to the prior year. Interest income for the year ended December 31, 2022 decreased $1.5 million to $1.6 million from $3.1 million in the prior year period. The $1.5 million decrease is primarily due to lower invested cash balances on hand in the current year relative to the prior year, partially offset by higher interest rates in the current year.

Interest Expense and Other Financing Costs

Interest expense and other financing costs for the three month period ended December 31, 2022 increased $4.6 million to $16.7 million from $12.1 million in the prior year period. The increase was primarily due to the drawdown of the 2025 Term Loan (as defined herein) in September 2022 and higher interest costs due to an increase in borrowing rates in the current year period relative to the prior year period.

Interest expense and other financing costs for the year ended December 31, 2022 increased $3.8 million to $51.0 million from $47.2 million in the prior year period. The increase was primarily due to the issuance of the 2028 Debentures (as defined herein) in August 2021, draws on the Credit Facility, the drawdown of the 2025 Term Loan in September 2022 and higher interest costs due to an increase in borrowing rates in the current year relative to the prior year, partially offset by a decrease related to a $4.0 million early redemption premium for the $250.0 million aggregate principal amount of 3.788% Series 2 senior debentures due July 5, 2021 ("the 2021 Debentures") recorded in the first quarter of 2021.

As at December 31, 2022, Granite's weighted average cost of interest-bearing debt was 2.28% (December 31, 2021 - 1.81%) and the weighted average debt term-to-maturity was 4.1 years (December 31, 2021 - 5.5 years).

Foreign Exchange Gains and Losses, Net

Granite recognized net foreign exchange gains of $0.8 million and $2.1 million in the three months ended December 31, 2022 and 2021, respectively. The $1.3 million decrease in net foreign exchange gains is primarily due to the decrease in foreign exchange gains from the settlement of foreign exchange collar contracts of $0.7 million when compared to the prior year period and the remeasurement of certain monetary assets and liabilities of the Trust that are denominated in US dollars and Euros.

Granite recognized net foreign exchange gains of $1.2 million and $5.1 million in the years ended December 31, 2022 and 2021, respectively. The $3.9 million decrease in net foreign exchange gains is primarily due to the decrease in foreign exchange gains from the settlement of foreign exchange collar contracts of $4.5 million when compared to the prior year period, partially offset by the remeasurement of certain monetary assets and liabilities of the Trust that are denominated in US dollars and Euros.

Fair Value Gains and Losses on Investment Properties, Net

Net fair value losses on investment properties were $229.9 million and net fair value gains on investment properties were $349.1 million in the three months ended December 31, 2022 and 2021, respectively. In the three months ended December 31, 2022, net fair value losses of $229.9 million were primarily attributable to the expansion in discount and terminal capitalization rates across all of Granite's markets in response to rising interest rates, partially offset by fair market rent increases across the GTA and selective U.S. and European markets reflecting current market fundamentals.

Net fair value gains on investment properties in the three months ended December 31, 2021 of $349.1 million were primarily attributable to favourable changes in fair market rent assumptions as well as compression in discount and terminal capitalization rates for properties located in the GTA and across the United States and Europe.

Net fair value losses on investment properties were $219.7 million and net fair value gains on investment properties were $1,298.9 million in the years ended December 31, 2022 and 2021, respectively. The net fair value losses recorded in the second, third and fourth quarters of 2022 exceeded the net fair value gains on investment properties of $490.6 million recognized during the first quarter of 2022, resulting in a net fair value loss on investment properties of $219.7 million in the year ended December 31, 2022.

Net fair value gains on investment properties in the year ended December 31, 2021 of $1,298.9 million were primarily attributable to various factors including (i) favourable changes in leasing assumptions associated with fair market rent increases for properties located in Canada and the United States and (ii) compression in discount and terminal capitalization rates for properties located in the GTA, across the United States and Europe resulting from the continued market demand for industrial real estate properties.

Fair Value Gains and Losses on Financial Instruments, Net

The net fair value gains on financial instruments were $2.1 million and $0.6 million for the three month periods ended December 31, 2022 and 2021, respectively. The net fair value gains on financial instruments for the year ended December 31, 2022 were $11.4 million and the net fair value losses on financial instruments for the year ended December 31, 2021 were $1.2 million. The net fair value gains on financial instruments for the three months ended December 31, 2022 are related to fair value gains from the 2024 Cross Currency Interest Rate Swap (as defined herein) and net fair value gains on the foreign exchange collar contracts, partially offset by the fair value loss from the ineffective hedge portion of the combination of the 2025 Term Loan and 2025 Interest Rate Swap. The net fair value gains on financial instruments for the year ended December 31, 2022 are related to fair value gains from the 2024 Cross Currency Interest Rate Swap (as defined herein), partially offset by the net fair value losses on the foreign exchange collar contracts and fair value loss from the ineffective hedge portion of the combination of the 2025 Term Loan and 2025 Interest Rate Swap. The Trust partially employed or did not employ hedge accounting for the derivatives and foreign exchange collars, therefore the change in fair value is recognized in fair value (gains) losses on financial instruments, net, in the combined statements of net (loss) income.

The net fair value gains on financial instruments for the three months ended December 31, 2021 are related to the fair value movements of the 2024 Cross Currency Interest Rate Swap, partially offset by net fair value losses on foreign exchange collar contracts. The net fair value losses on financial instruments for the year ended December 31, 2021 are related the net fair value losses associated with the fair value movements of the 2021 Cross Currency Interest Rate Swap and the fair value losses on the foreign exchange collar contracts, partially offset by the fair value gains on the 2024 Cross Currency Interest Rate Swap. The Trust partially employed or did not employ hedge accounting for the derivatives and foreign exchange collars, therefore the change in fair value is recognized in fair value (gains) losses on financial instruments, net, in the combined statements of net (loss) income.

Loss on Sale of Investment Properties

There were no property dispositions during the three months ended December 31, 2022. The loss on sale of investment properties for the three months ended December 31, 2021 was $0.2 million and is primarily related to broker commissions and legal advisory costs associated with the disposition of the property in Ebergassing, Austria on November 20, 2021.

The loss on sale of investment properties for the year ended December 31, 2022 was $0.7 million and is primarily related to broker commissions and legal advisory costs associated with the disposition of the property in Třeboň, Czech Republic on June 9, 2022 and the property in Mirków, Poland on February 18, 2022. The loss on sale of investment properties for the year ended December 31, 2021 was $0.8 million and is primarily related to broker commissions and legal and advisory costs associated with the disposition of the property in Ebergassing, Austria previously mentioned, the property in Weikersdorf, Austria disposed on June 30, 2021 and the property in Redditch, United Kingdom disposed on January 28, 2021.

Income Tax (Recovery) Expense

Income tax (recovery) expense is comprised of the following:

Income Tax (Recovery) Expense						
	Three Months Ended December 31,			**Years Ended December 31,**		
	2022	**2021**	**$ change**	**2022**	**2021**	**$ change**
Foreign operations	**$ 2.0**	$ 1.4	0.6	**$ 6.7**	$ 6.8	(0.1)
Related to sale of investment properties	**–**	2.8	(2.8)	**–**	5.1	(5.1)
Other	**(0.5)**	(1.3)	0.8	**0.6**	(0.3)	0.9
Current tax expense	**1.5**	2.9	(1.4)	**7.3**	11.6	(4.3)
Deferred tax (recovery) expense	**(24.4)**	69.9	(94.3)	**(71.0)**	229.0	(300.0)
Income tax (recovery) expense	**$ (22.9)**	$ 72.8	(95.7)	**$ (63.7)**	$ 240.6	(304.3)

For the three months ended December 31, 2022, current tax expense decreased compared to the prior year period primarily due to the recognition of tax assets in Austria, offset partially by a provision made pertaining to a past tax year in Austria.

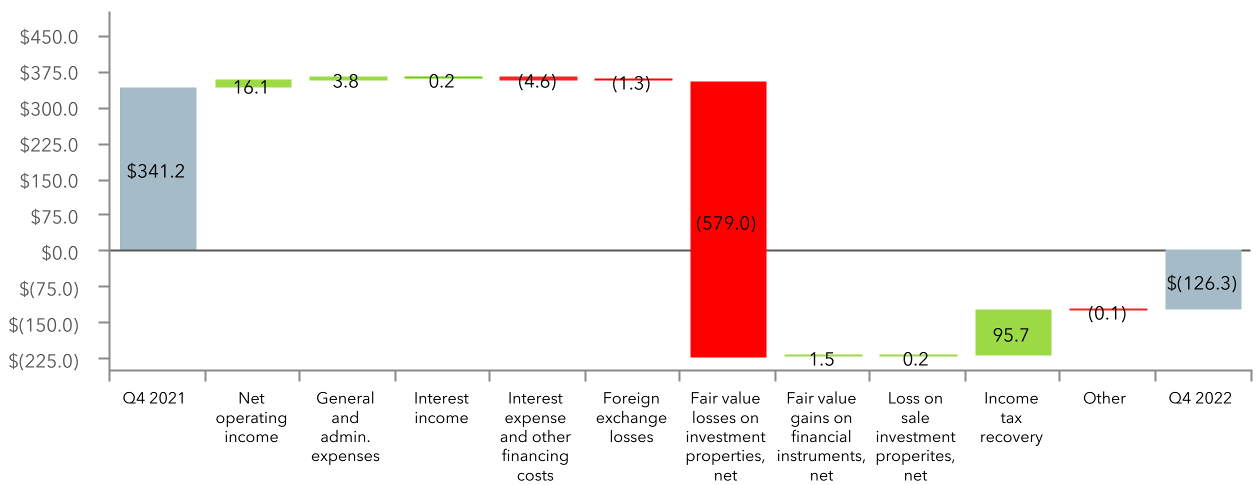
For the year ended December 31, 2022, current tax expense decreased compared to the prior year period primarily due to higher current tax expense relating to the sale of two assets in Austria in 2021, the impact of the stronger Canadian dollar on Euro denominated tax expense as compared to the prior year and the recognition of tax assets in Germany and Austria for taxation years that have gone statute barred during 2022, partially offset by a provision made pertaining to a past tax year in Austria.

The increase in the deferred tax recovery for the three months and year ended December 31, 2022 compared to the deferred tax expense in the prior year periods was primarily due to the fair value losses recognized in jurisdictions in which deferred taxes are recorded as compared to fair value gains recognized in prior year periods.

Net (Loss) Income Attributable to Stapled Unitholders

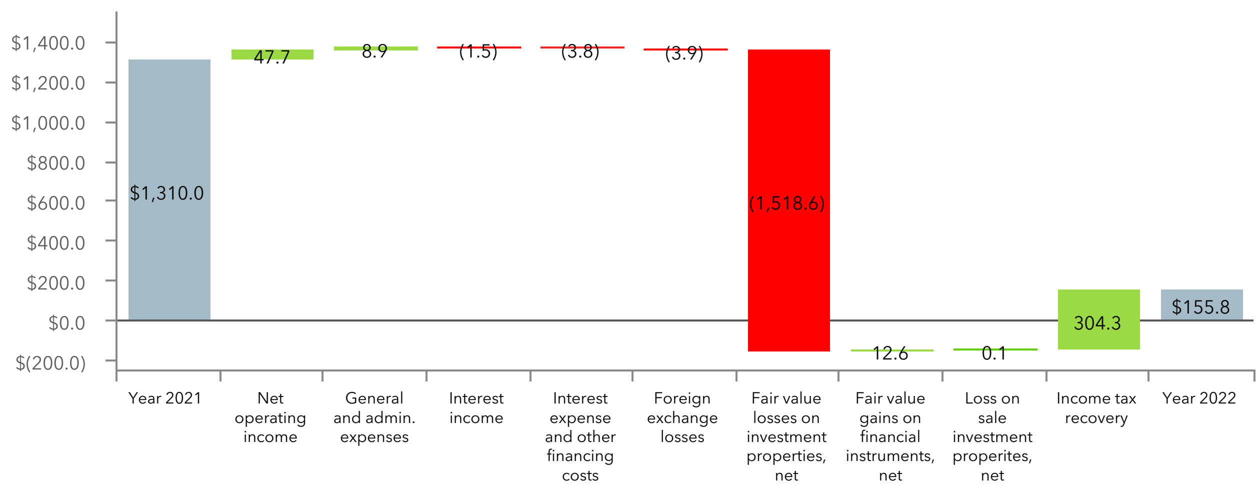
For the three month period ended December 31, 2022, net loss attributable to stapled unitholders was $126.3 million compared to net income of $341.2 million in the prior year period. The increase in net loss attributable to stapled unitholders was primarily due to a $579.0 million increase in fair value losses on investment properties, partially offset by a $16.1 million increase in net operating income and a $95.7 million increase in income tax recovery. The period-over-period variance is further summarized below:

Q4 2022 vs Q4 2021 Change in Net (Loss) Income Attributable to Stapled Unitholders



For the year ended December 31, 2022, net income attributable to stapled unitholders was $155.8 million compared to $1,310.0 million in the prior year period. The decrease in net income attributable to stapled unitholders was primarily due to a $1,518.6 million increase in fair value losses on investment properties, partially offset by a $47.7 million increase in net operating income and a $304.3 million increase in income tax recovery. The period-over-period variance is further summarized below:

Year 2022 vs Year 2021 Change in Net Income Attributable to Stapled Unitholders



Funds From Operations and Adjusted Funds From Operations

The reconciliation of net (loss) income attributable to stapled unitholders to FFO and AFFO for the three months and years ended December 31, 2022 and 2021, respectively, is presented below:

FFO and AFFO Reconciliation

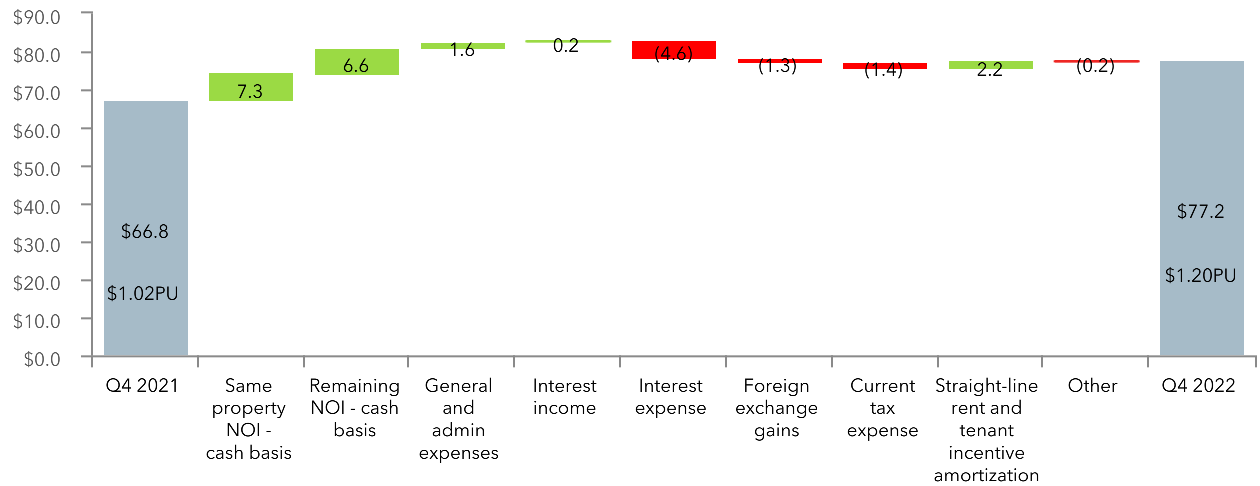
(in millions, except per unit information)		Three Months Ended December 31, 2022	Three Months Ended December 31, 2021	Years Ended December 31, 2022	Years Ended December 31, 2021
Net (loss) income attributable to stapled unitholders		**$ (126.3)**	$ 341.2	**$ 155.8**	$ 1,310.0
Add (deduct):					
Fair value losses (gains) on investment properties, net		**229.9**	(349.1)	**219.7**	(1,298.9)
Fair value (gains) losses on financial instruments, net		**(2.1)**	(0.6)	**(11.4)**	1.2
Loss on sale of investment properties		**–**	0.2	**0.7**	0.8
Current income tax expense associated with the sale of investment properties		**–**	2.8	**–**	5.1
Deferred tax (recovery) expense		**(24.4)**	69.9	**(71.0)**	229.0
Fair value remeasurement of the Executive Deferred Stapled Unit Plan		**–**	2.3	**(2.7)**	3.8
Fair value remeasurement of the Directors Deferred Stapled Unit Plan(1)		**0.1**	–	**(1.8)**	–
Non-controlling interests relating to the above		**–**	0.1	**–**	0.3
FFO	**[A]**	**$ 77.2**	$ 66.8	**$ 289.3**	$ 251.3
Add (deduct):					
Maintenance or improvement capital expenditures incurred		**(2.7)**	(6.7)	**(8.6)**	(9.4)
Leasing costs		**(4.5)**	–	**(9.4)**	(2.5)
Tenant allowances		**(0.2)**	(0.3)	**(0.6)**	(0.5)
Tenant incentive amortization		**0.8**	1.2	**4.1**	5.1
Straight-line rent amortization		**(3.6)**	(1.8)	**(10.6)**	(8.8)
AFFO	**[B]**	**$ 67.0**	$ 59.2	**$ 264.2**	$ 235.2
Per unit amounts:					
Basic FFO per stapled unit	**[A]/[C]**	**$ 1.21**	$ 1.02	**$ 4.44**	$ 3.93
Diluted FFO per stapled unit	**[A]/[D]**	**$ 1.20**	$ 1.02	**$ 4.43**	$ 3.93
Basic and diluted AFFO per stapled unit	**[B]/[C] and [B]/[D]**	**$ 1.05**	$ 0.90	**$ 4.05**	$ 3.68
Basic weighted average number of stapled units	**[C]**	**63.9**	65.7	**65.2**	64.0
Diluted weighted average number of stapled units	**[D]**	**64.1**	65.8	**65.3**	64.0

(1) On June 9, 2022, amendments were made to Granite's Directors Deferred Stapled Unit ("DSU") Plan (the "DSU Plan") to allow, at the discretion of the Compensation, Governance and Nominating Committee (the "CGN Committee") for the DSUs to be settled in cash or stapled units at the time of redemption. Accordingly, from the amendment date of June 9, 2022, fair value remeasurement of the DSU Plan has been included as an adjustment to FFO.

Funds From Operations

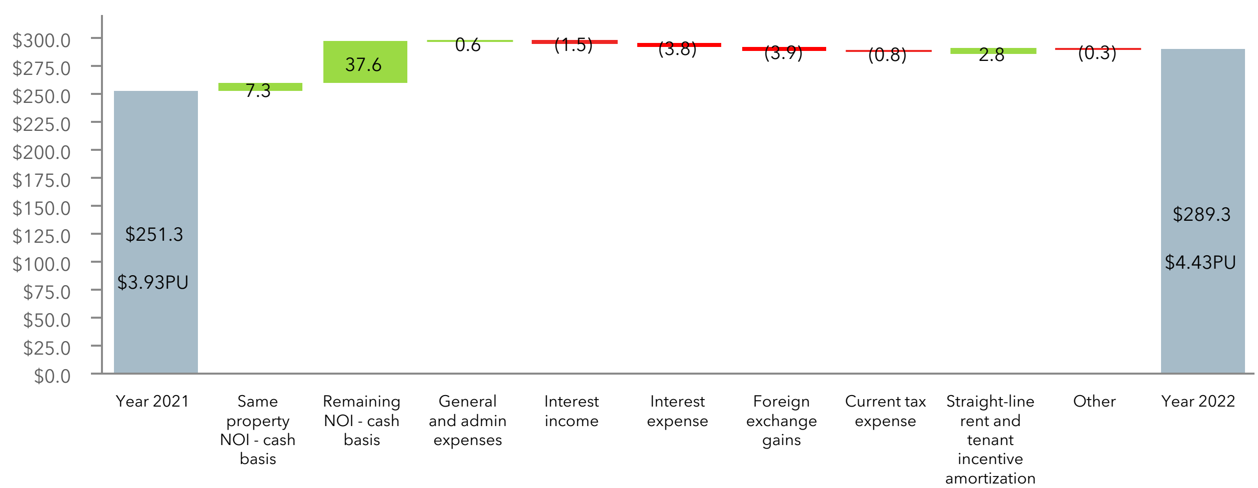
FFO for the three month period ended December 31, 2022 was $77.2 million ($1.20 per unit) compared to $66.8 million ($1.02 per unit) in the prior year period. The changes in the FFO components are summarized below:

Q4 2022 vs Q4 2021 Change in FFO



FFO for the year ended December 31, 2022 was $289.3 million ($4.43 per unit) compared to $251.3 million ($3.93 per unit) in the prior year period. The changes in the FFO components are summarized below:

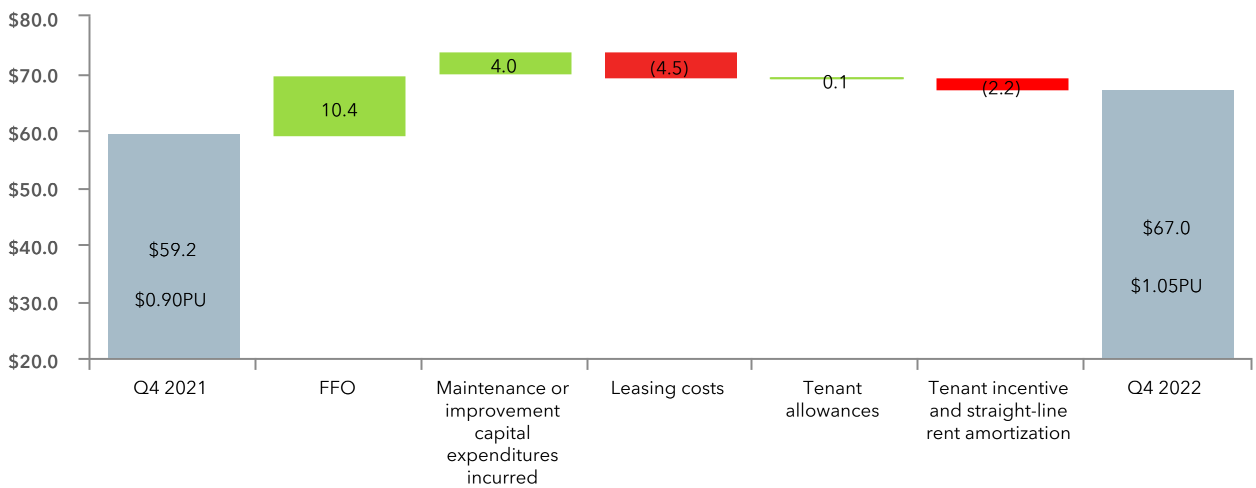
Year 2022 vs Year 2021 Change in FFO



Included in FFO for the year ended December 31, 2021 were $4.0 million of early redemption premium related to the 2021 Debentures and $0.5 million of accelerated amortization of original financing costs related to the refinancing of the Credit Facility. Excluding these refinancing costs, FFO would have been $255.8 million ($4.00 per unit).

AFFO for the three month period ended December 31, 2022 was $67.0 million ($1.05 per unit) compared to $59.2 million ($0.90 per unit) in the prior year period. The $7.8 million increase and $0.15 per unit increase in AFFO components are summarized below:

Q4 2022 vs Q4 2021 Change in AFFO

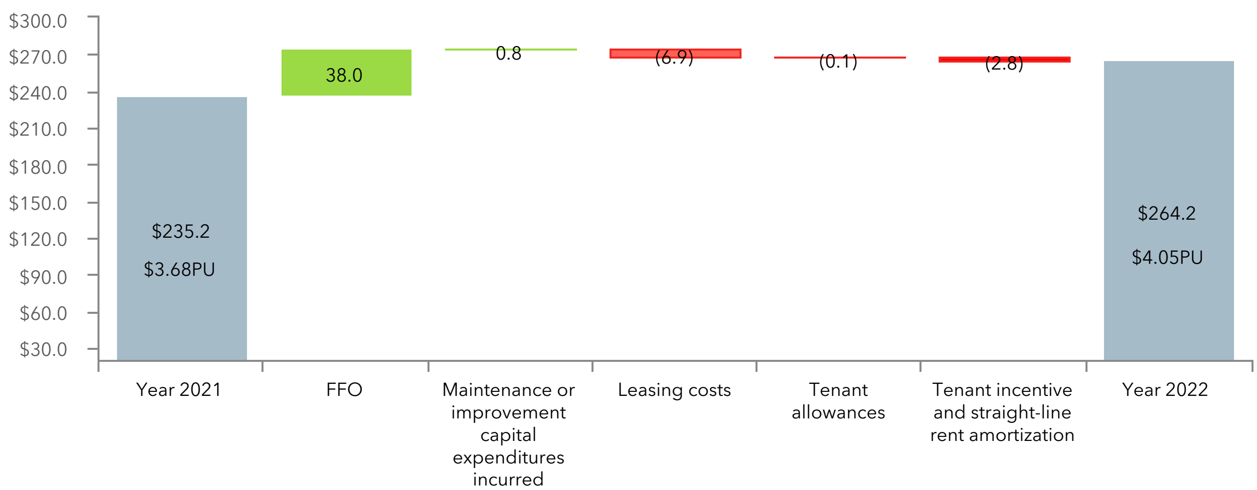


Additional details pertaining to the components of the change in AFFO are as follows:

- the $10.4 million increase in FFO, as noted previously; and
- a $4.0 million increase in AFFO from lower maintenance or improvement capital expenditures incurred in the current year period relative to the prior year period, partially offset by;
- a $4.5 million decrease in AFFO primarily from an increase in leasing costs, primarily due to an increase in lease renewal activities compared to the prior year period; and
- a $2.2 million decrease in AFFO from an increase in tenant incentive and straight-line rent amortization primarily due to higher free-rent offered in the current year period relative to the prior year period as a result of lease renewals primarily in the United States and Canada, and new leases relating to completed development properties in the United States in the current year.

AFFO for the year ended December 31, 2022 was $264.2 million ($4.05 per unit) compared to $235.2 million ($3.68 per unit) in the prior year period. The $29.0 million increase and $0.37 per unit increase in AFFO components are summarized below:

Year 2022 vs Year 2021 Change in AFFO



Additional details pertaining to the components of the change in AFFO are as follows:

- the $38.0 million increase in FFO, as noted previously; and
- a $0.8 million increase in AFFO from lower maintenance or improvement capital expenditures incurred in the current year period relative to the prior year period, partially offset by;
- a $6.9 million decrease in AFFO from an increase in leasing costs, primarily related to lease renewal activities in the United States and Canada; and
- a $2.8 million decrease in AFFO from an increase in tenant incentive and straight-line rent amortization primarily due to higher free-rent offered in the current year period relative to the prior year as a result of lease renewals primarily in the United States and Canada and new leases relating to completed development properties primarily in the United States.

Excluding the aforementioned early redemption and refinancing costs of $4.5 million recognized in the year ended December 31, 2021, AFFO would have been $239.7 million ($3.75 per unit).

INVESTMENT PROPERTIES

Granite's investment properties consist of income-producing properties, properties under development and land held for development. Substantially all of the income-producing properties are for industrial use and can be categorized as (i) distribution/e-commerce, (ii) industrial/warehouse, (iii) flex/office or (iv) special purpose properties designed and built with specialized features and leased primarily to Magna.

The attributes of the income-producing properties are versatile and are based on the needs of the tenant such that an industrial property used by a certain tenant for light or heavy manufacturing can be used by another tenant for other industrial uses after some retrofitting if necessary. Accordingly, the investment property portfolio is substantially for industrial use and, as such, Granite determined that its asset class comprises industrial properties for purposes of financial reporting. The fair value of the industrial properties, as noted below, is based upon the current tenanting, existing use and attributes of such properties.

Properties under development are comprised of:

i. a 89.0 acre greenfield site in Houston, Texas for which construction is underway on three modern industrial buildings totaling 1.4 million square feet, of which approximately 1.2 million square feet is pre-leased, and are expected to be completed in the first quarter of 2023;
ii. a 22.0 acre site in Brantford, Ontario where construction of a 0.4 million square foot, build-to-suit, 40' clear height, state-of-the-art distribution facility is underway with completion expected in the first quarter of 2024;
iii. a 39.0 acre site in Lebanon, Tennessee, where construction of three modern industrial buildings totaling 0.5 million square feet is expected to be completed in the first quarter of 2023; and
iv. a 13.0 acre site in Bolingbrook, Illinois where the vertical construction of a 0.2 million square foot built-to-suit modern distribution facility is underway and expected to be completed in the second quarter of 2023.

Land held for development is comprised of:

i. the remaining 101.0 acres of land in Houston, Texas held for the future development of up to a 1.3 million square foot multi-phased business park capable of accommodating buildings ranging from 0.3 million to 1.3 million square feet;
ii. 12.9 acres of development land in West Jefferson, Ohio;
iii. the remaining 70.0 acre parcel of land in Brantford, Ontario, for the development of a multi-phased business park comprising a total of approximately 1.3 million square feet of modern distribution and logistics space upon completion; and
iv. 10.1 acres of land in Brant County, Ontario for the development of a 0.2 million square foot modern distribution facility.

Summary attributes of the investment properties as at December 31, 2022 and December 31, 2021 are as follows:

Investment Properties Summary

As at December 31,	**2022**	**2021**
(in millions, except as noted)		
Investment properties - fair value	**$8,839.6**	$7,971.2
Income-producing properties	**8,486.1**	7,727.4
Properties under development	**272.5**	162.8
Land held for development	**81.0**	81.0
Overall capitalization rate[1]	**4.87 %**	4.53 %
Number of investment properties	**140**	131
Income-producing properties	**128**	119
Properties under development	**8**	9
Land held for development	**4**	3
Property metrics		
GLA, square feet	**59.4**	55.1
Occupancy, by GLA	**99.6 %**	99.7 %
Weighted average lease term in years, by square footage	**5.9**	5.8
Total number of tenants	**126**	123
Magna as a percentage of annualized revenue[2]	**26 %**	29 %
Magna as a percentage of GLA	**20 %**	22 %

(1) Overall capitalization rate pertains only to income-producing properties.

(2) Annualized revenue presented is calculated as the contractual base rent for the month subsequent to the quarterly reporting period multiplied by 12 months. Annualized revenue excludes revenue from properties classified as assets held for sale.

Assets Held for Sale[1]

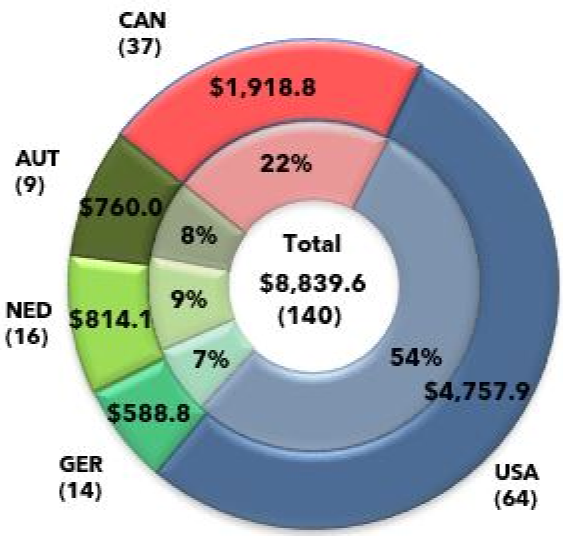
As at December 31,	**2022**	**2021**
(in millions, except as noted)		
Assets held for sale		
Fair value	**$41.2**	$64.6
Number of properties	**2**	3
GLA, square feet	**0.3**	0.6
Magna as a percentage of GLA	**0 %**	1 %
Annualized revenue	**$1.6**	$4.4

(1) Assets held for sale are excluded from investment properties and related property metrics. Accordingly, two such assets that were held for sale as at December 31, 2022 and three such assets that were held for sale as at December 31, 2021 were excluded from investment properties and related property metrics as at December 31, 2022 and December 31, 2021, respectively, throughout this MD&A.

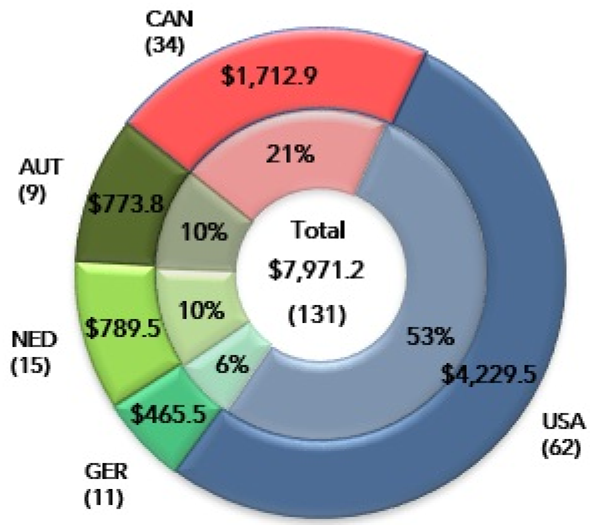
Granite has a high-quality global portfolio of large-scale properties strategically located in Canada, the United States and Europe. The fair value of the investment properties by country as at December 31, 2022 and December 31, 2021 was as follows:

Fair Value of Investment Properties by Geography[(1)]

December 31, 2022



December 31, 2021



(1) Number of properties denoted in parentheses.

The change in the fair value of investment properties by geography during the year ended December 31, 2022 was as follows:

Change in Fair Value of Investment Properties by Geography

	January 1, 2022	Acquisitions	Capital and leasing expenditures	Developments and expansion	Transfers (1)	Other	Fair value gains (losses)	Foreign exchange	Classified as assets held for sale	December 31, 2022
Income-Producing Properties										
Canada	**$ 1,648.7**	$ 40.5	$ 2.9	$ 2.5	$ –	$ 2.1	$ 155.4	$ –	$ (18.8)	**$ 1,833.3**
USA	**4,089.7**	179.4	15.4	39.2	184.4	9.1	(308.9)	305.3	(23.7)	**4,489.9**
Austria	**773.8**	–	0.3	–	–	(4.2)	(13.8)	3.9	–	**760.0**
Germany	**425.7**	148.9	0.6	2.2	38.6	(0.4)	(30.0)	3.2	–	**588.8**
Netherlands	**789.5**	102.3	1.1	–	–	0.3	(87.8)	8.7	–	**814.1**
	7,727.4	**471.1**	**20.3**	**43.9**	**223.0**	**6.9**	**(285.1)**	**321.1**	**(42.5)**	**8,486.1**
Properties Under Development										
USA	**123.0**	14.6	–	222.8	(184.4)	–	56.5	17.5	–	**250.0**
Germany	**39.8**	–	–	0.4	(38.6)	–	–	(1.6)	–	**–**
Canada	**–**	–	–	4.9	17.6	–	–	–	–	**22.5**
	162.8	**14.6**	**–**	**228.1**	**(205.4)**	**–**	**56.5**	**15.9**	**–**	**272.5**
Land Held for Development										
Canada	**64.2**	6.6	–	2.9	(17.6)	–	6.9	–	–	**63.0**
USA	**16.8**	–	–	–	–	–	–	1.2	–	**18.0**
	81.0	**6.6**	**–**	**2.9**	**(17.6)**	**–**	**6.9**	**1.2**	**–**	**81.0**
Total	**$ 7,971.2**	**$ 492.3**	**$ 20.3**	**$ 274.9**	**$ –**	**$ 6.9**	**$ (221.7)**	**$ 338.2**	**$ (42.5)**	**$ 8,839.6**

(1) The transfers are related to the reclassifications of a parcel of land held for development in Brantford, Ontario to property under development and three completed properties under development to income-producing properties in Altbach, Germany and Fort Worth, Texas during the second quarter of 2022 and Murfreesboro, Tennessee in the fourth quarter of 2022.

During the year ended December 31, 2022, the fair value of investment properties increased by $868.4 million primarily due to:

- the acquisitions of eight income-producing properties, one property under development and one parcel of development land in Germany, the United States, Canada and Netherlands for $480.7 million, excluding associated transaction costs (see "*SIGNIFICANT MATTERS - Property Acquisitions*");
- additions of $274.9 million primarily relating to expansion projects at two properties in Canada, one of which was completed during the second quarter of 2022, and two development properties in the United States and one in Germany, which were subsequently reclassified to income producing property during 2022, and eight properties under development in the United States and Canada (see "*SIGNIFICANT MATTERS - Construction, Development and Property Commitments*"); and
- foreign exchange gains of $338.2 million primarily resulting from the relative weakening of the Canadian dollar against the US dollar, partially offset by;
- net fair value losses of $221.7 million, which were primarily attributable to the expansion in discount and terminal capitalization rates across Granite's markets in response to rising interest rates; and
- the classification of two income-producing properties with a current value of $41.2 million as assets held for sale. These properties are classified as assets held for sale on the audited combined balance sheet and excluded from the investment properties categorization (see "*SIGNIFICANT MATTERS - Assets Held for Sale*").

Fair values were primarily determined by discounting the expected future cash flows, generally over a term of 10 years, plus a terminal value based on the application of a capitalization rate to estimated year 11 cash flows. Granite measures its investment properties using valuations prepared by management. Granite does not measure its investment properties based on valuations prepared by external appraisers but uses such external appraisals as data points, together with other external market information accumulated by management, in arriving at its own conclusions on values. Management uses valuation assumptions such as discount rates, terminal capitalization rates and market rental rates applied in external appraisals or sourced from valuation experts; however, the Trust also uses its historical renewal experience with tenants, its direct knowledge of the specialized nature of Granite's portfolio and tenant profile and its knowledge of the actual condition of the properties in making business judgments about lease renewal probabilities, renewal rents and capital expenditures. There has been no change in the valuation methodology used during the year ended December 31, 2022. The key valuation metrics for Granite's investment properties including the discount and terminal capitalization rates by jurisdiction are summarized in note 4 to the audited combined financial statements for the year ended December 31, 2022. In addition, valuation metrics for Granite's income-producing properties by asset category and region as at December 31, 2022 and December 31, 2021 were as follows:

Valuation Metrics by Asset Category

	Distribution/ E-Commerce		Industrial/ Warehouse		Special purpose properties		Flex/ Office		Total	
As at December 31,	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Overall capitalization rate[(1)(2)]	**4.60%**	4.11%	**4.04%**	4.20%	**7.11%**	6.81%	**5.50%**	5.00%	**4.87%**	4.53%
Terminal capitalization rate[(1)]	**5.47%**	4.73%	**5.61%**	4.95%	**6.56%**	6.37%	**7.01%**	6.23%	**5.66%**	5.03%
Discount rate[(1)]	**6.21%**	5.30%	**6.73%**	5.70%	**7.75%**	7.29%	**8.01%**	6.83%	**6.50%**	5.67%

Valuation Metrics by Region

As at December 31, 2022	**Canada**	**USA**	**Austria**	**Germany**	**Nether-lands**	**Total**
Income-producing property fair value	**$1,833.3**	**$4,489.9**	**$ 760.0**	**$ 588.8**	**$ 814.1**	**$8,486.1**
Overall capitalization rate[(1)(2)]	**3.51%**	**4.84%**	**8.15%**	**5.63%**	**4.53%**	**4.87%**

As at December 31, 2021	**Canada**	**USA**	**Austria**	**Germany**	**Nether-lands**	**Total**
Income-producing property fair value	**$1,648.7**	**$4,089.7**	**$ 773.8**	**$ 425.7**	**$ 789.5**	**$7,727.4**
Overall capitalization rate[(1)(2)]	**3.51%**	**4.30%**	**7.98%**	**5.60%**	**3.87%**	**4.53%**

(1) Weighted based on income-producing property fair value.
(2) Overall capitalization rate is calculated as stabilized net operating income (property revenue less property expenses) divided by the fair value of the property.

A sensitivity analysis of the fair value of income-producing properties to changes in the overall capitalization rate, terminal capitalization rate and discount rate at December 31, 2022 is presented below:

Sensitivity Analysis of Fair Value of Income-Producing Properties

Rate sensitivity	Overall capitalization rate	Terminal capitalization rate	Discount rate
+50 bps	7,629.1	8,043.5	8,166.7
+25 bps	8,032.4	8,255.2	8,324.7
Base rate	**$8,486.1**	**$8,486.1**	**$8,486.1**
-25 bps	9,002.0	8,740.6	8,652.4
-50 bps	9,597.6	9,020.9	8,822.3

Capital Expenditures and Leasing Costs

Capital expenditures relate to sustaining the existing earnings capacity of the property portfolio. Capital expenditures can include expansion or development expenditures and maintenance or improvement expenditures. Expansion or development capital expenditures are discretionary in nature and are incurred to generate new revenue streams and/or increase the productivity of a property. Maintenance or improvement capital expenditures relate to sustaining the existing earnings capacity of a property. Leasing costs include direct leasing costs and lease incentives. Direct leasing costs include broker commissions incurred in negotiating and arranging tenant leases. Lease incentives include the cost of leasehold improvements to tenant spaces and/or cash allowances provided to tenants for leasehold improvement costs.

Included in total capital expenditure and leasing cost additions to investment properties are items which relate to the completion or lease up of recently acquired or developed properties. Such items are excluded from Granite's calculation of AFFO. A reconciliation of total capital and leasing cost additions to investment properties to those included in AFFO for the three months and years ended December 31, 2022 and 2021 is below:

Maintenance Capital Expenditures and Leasing Costs

	Three Months Ended December 31,		Years Ended December 31,	
	2022	**2021**	**2022**	**2021**
Additions to investment properties:				
Leasing costs	**$ 4.5**	$ –	**$ 10.0**	$ 5.8
Tenant improvements [(1)]	**0.2**	2.9	**0.6**	3.4
Maintenance capital expenditures	**2.8**	7.4	**9.7**	10.8
Other capital expenditures	**16.3**	2.5	**43.9**	17.1
	$ 23.8	$ 12.8	**$ 64.2**	$ 37.1
Less:				
Leasing costs and tenant improvements related to acquisition activities	**–**	–	**(0.4)**	(0.4)
Leasing costs and tenant improvements related to development activities	**–**	(2.6)	**(0.2)**	(5.8)
Capital expenditures related to expansions and developments	**(16.3)**	(2.7)	**(43.9)**	(9.4)
Capital expenditures related to property acquisitions	**(0.1)**	(0.5)	**(1.1)**	(9.1)
Capital expenditures and leasing costs included in AFFO	**$ 7.4**	$ 7.0	**$ 18.6**	$ 12.4

(1) Tenant improvements include tenant allowances and landlord's work.

The capital expenditures and leasing costs incurred by quarter for the trailing eight quarters were as follows:

Capital Expenditures and Leasing Costs - Trailing Eight Quarters

		Q4 '22	Q3 '22	Q2 '22	Q1 '22	Q4 '21	Q3 '21	Q2 '21	Q1 '21
Total capital expenditures incurred		$19.1	$21.9	$9.2	$3.4	$9.9	$14.3	$3.2	$0.5
Total leasing costs and tenant improvements incurred		4.7	2.4	1.5	2.0	2.9	5.8	0.3	0.2
Total incurred	**[A]**	**$23.8**	**$24.3**	**$10.7**	**$5.4**	**$12.8**	**$20.1**	**$3.5**	**$0.7**
Less: Capital expenditures, leasing costs and tenant improvements related to acquisitions and developments		(16.4)	(17.7)	(9.2)	(2.3)	(5.8)	(17.0)	(1.8)	(0.1)
Capital expenditures and leasing costs included in AFFO	**[B]**	**$7.4**	**$6.6**	**$1.5**	**$3.1**	**$7.0**	**$3.1**	**$1.7**	**$0.6**
GLA, square feet	**[C]**	59.4	58.8	57.0	55.9	55.1	53.3	51.3	50.4
$ total incurred per square foot	**[A]/[C]**	**$0.40**	**$0.41**	**$0.19**	**$0.10**	**$0.23**	**$0.38**	**$0.07**	**$0.01**
$ capital expenditures and leasing costs included in AFFO per square foot	**[B]/[C]**	**$0.12**	**$0.11**	**$0.03**	**$0.06**	**$0.13**	**$0.06**	**$0.03**	**$0.01**

Development and Expansion Projects

The attributes of Granite's properties under development and expansion projects as at December 31, 2022 were as follows:

Development and Expansion Projects

	Land acreage (in acres)	Expected sq ft of construction (in millions)	Target/ actual start date of construction	Target completion date	Actual construction costs as at December 31, 2022	Expected total construction cost[1]	Cost of Land	Total Expected Cost	Year-One Stabilized Yield [2]
As at December 31, 2022									
Properties under development									
Houston, TX (Phase I and II)	89.3	1.4	Q4 2019	Q1 2023	$132.3	$146.4	$17.6	$164.0	6.4 %
Highway 109, Lebanon, TN	38.8	0.5	Q3 2021	Q1 2023	55.4	71.4	2.9	74.3	6.3 %
4 Bowery Rd., Brantford, ON	22.3	0.4	Q2 2022	Q1 2024	5.7	69.1	15.4	84.5	6.8 %
905 Belle Ln., Bolingbrook, IL	12.9	0.2	Q2 2022	Q2 2023	24.6	37.5	15.3	52.8	3.9 %
Expansion projects									
555 Beck Cres., Ajax, ON	7.6	0.1	Q1 2023	Q1 2024	0.7	8.5	–	8.5	7.6 %
5400 E 500 S, Whitestown, IN	59.3	0.3	Q1 2022	Q1 2023	33.1	42.4	–	42.4	5.5 %
	230.2	**2.9**			**$251.8**	**$375.3**	**$51.2**	**$426.5**	**6.1 %**

(1) Construction cost excludes cost of land.
(2) Yield based on total cost including land.

During the fourth quarter, vertical construction continued at Granite's site in Houston, Texas. Phase one consists of two buildings totaling 669,000 square feet, both of which reached substantial completion in March 2023. Granite has signed leases with third-party logistics operators for approximately 521,000 square feet of its phase one development, which will commence between March and June 2023. Phase two is a pre-leased 688,000 square foot, 40' clear height, modern distribution building which achieved substantial completion on January 30, 2023.

At Granite's site in Lebanon, Tennessee, during the fourth quarter, construction and leasing activity continued. These three modern distribution facilities totaling approximately 509,000 square feet, with 32' clear heights, are expected to be completed in the first quarter of 2023.

During the fourth quarter, site work continued on its 410,000 square foot, 40' clear height, state-of-the-art modern distribution facility in Brantford, Ontario. The build-to-suit facility being constructed for a global chocolate producer is expected to be completed in the first quarter of 2024.

In Bolingbrook, Illinois, during the fourth quarter, construction continued at Granite's 220,000 square foot build-to-suit modern distribution facility. The building is pre-leased to a globally-recognized furniture provider and is expected to be completed in the second quarter of 2023.

Granite continues to advance site planning for the speculative expansion of 555 Beck Crescent in Ajax, ON. Construction of the approximately 50,000 square foot, 32' clear height expansion is expected to commence in the first quarter of 2023 with completion anticipated by the first quarter of 2024.

During the fourth quarter, construction continued on the approximate 329,000 square foot, value-enhancing expansion of Granite's approximate 633,000 square foot modern distribution facility in Whitestown, Indiana. On January 19, 2023, substantial completion of the building expansion was achieved and the lease for the approximate 1.0 million square foot facility was extended for a ten year term.

Leasing Profile

Magna, Granite's Largest Tenant

At December 31, 2022, Magna International Inc. or one of its operating subsidiaries was the tenant at 27 (December 31, 2021 - 29) of Granite's income-producing properties and comprised 26% (December 31, 2021 - 29%) of Granite's annualized revenue and 20% (December 31, 2021 - 22%) of Granite's GLA.

According to its public disclosures, Magna International Inc. has a credit rating of A3 with a stable outlook by Moody's Investor Service, Inc. ("Moody's"), A(low) credit rating with a stable outlook confirmed by DBRS and A- credit rating with a stable outlook by Standard & Poor's. Magna is a global mobility technology company with complete vehicle engineering and contract manufacturing expertise. Magna's product capabilities include body, chassis, exteriors, seating, powertrain, active driver assistance, electronics, mechatronics, mirrors, lighting and roof systems.

Granite's relationship with Magna is an arm's length landlord and tenant relationship governed by the terms of Granite's leases. Granite's properties are generally leased to operating subsidiaries of Magna International Inc. and are not guaranteed by the parent company; however, Magna International Inc. is the tenant under certain of Granite's leases. The terms of the lease arrangements with Magna generally provide for the following:

- the obligation of Magna to pay for costs of occupancy, including operating costs, property taxes and maintenance and repair costs;
- rent escalations based on either fixed-rate steps or inflation;
- renewal options tied to market rental rates or inflation;
- environmental indemnities from the tenant; and
- a right of first refusal in favour of Magna on the sale of a property.

Renewal terms, rates and conditions are typically set out in Granite's leases with Magna and form the basis for tenancies that continue beyond the expiries of the initial lease terms.

Granite expects Magna to continuously seek to optimize its global manufacturing footprint and consequently, Magna may or may not renew leases for facilities currently under lease at their expiries.

Other Tenants

In addition to Magna, at December 31, 2022, Granite had 125 other tenants from various industries that in aggregate comprised 74% of the Trust's annualized revenue. Each of these tenants accounted for less than 5% of the Trust's annualized revenue as at December 31, 2022.

Granite's top 10 tenants by annualized revenue at December 31, 2022 are summarized in the table below:

Top 10 Tenants Summary

Tenant	Annualized Revenue %	GLA %	WALT (years)	Credit Rating[(1)(2)]
Magna	26 %	20 %	3.7	A-
Amazon	4 %	4 %	16.2	AA
Mars Petcare US	3 %	4 %	7.6	NR
True Value Company	2 %	2 %	18.2	NR
ADESA	2 %	– %	6.6	CCC+
Ceva Logistics US Inc.	2 %	2 %	2.0	BB+
Restoration Hardware	2 %	2 %	5.3	Ba3
Light Mobility Solutions GmbH	2 %	1 %	0.9	NR
Samsung Electronics America	2 %	1 %	3.8	AA-
Spreetail FTP	2 %	2 %	3.8	NR
Top 10 Tenants	**47 %**	**38 %**	**5.9**	

(1) Credit rating is quoted on the Standard & Poor's rating scale or equivalent where publicly available. NR refers to Not Rated.

(2) The credit rating indicated may, in some instances, apply to an affiliated company of Granite's tenant which may not be the guarantor of the lease.

Lease Expiration

As at December 31, 2022, Granite's portfolio had a weighted average lease term by square footage of 5.9 years (December 31, 2021 - 5.8 years) with lease expiries by GLA (in thousands of square feet) and any lease renewals committed adjusted accordingly, lease count and annualized revenue (calculated as the contractual base rent for the month subsequent to the quarterly reporting period multiplied by 12 months, in millions) as set out in the table below:

Lease Maturity Summary

				Vacancies	2023		2024		2025		2026		2027		2028		2029 and Beyond	
Country	Total GLA	Total Lease Count	Total Annualized Revenue $	Sq Ft	Sq Ft	Annualized Revenue $	Sq Ft	Annualized Revenue $	Sq Ft	Annualized Revenue $	Sq Ft	Annualized Revenue $	Sq Ft	Annualized Revenue $	Sq Ft	Annualized Revenue $	Sq Ft	Annualized Revenue $
Canada	6,544	33	62.5	72	380	2.5	569	5.5	1,450	11.3	573	5.9	529	6.4	79	1.2	2,892	29.7
Canada-committed [1]	–	–	–	–	(289)	(1.8)	–	–	–	–	–	–	–	–	289	1.8	–	–
Canada - net	**6,544**	**33**	**62.5**	**72**	**91**	**0.7**	**569**	**5.5**	**1,450**	**11.3**	**573**	**5.9**	**529**	**6.4**	**368**	**3.0**	**2,892**	**29.7**
United States	35,400	77	210.1	90	6,442	33.0	3,475	20.2	1,895	11.1	3,611	25.2	1,708	8.1	3,911	19.4	14,268	93.1
United States-committed [1]	–	–	–	–	(4,613)	(22.9)	–	–	945	4.2	76	0.5	86	0.6	2,232	11.1	1,274	6.5
United States - net	**35,400**	**77**	**210.1**	**90**	**1,829**	**10.1**	**3,475**	**20.2**	**2,840**	**15.3**	**3,687**	**25.7**	**1,794**	**8.7**	**6,143**	**30.5**	**15,542**	**99.6**
Austria	7,472	9	60.7	–	125	1.3	5,349	37.1	–	–	389	3.0	802	10.3	807	9.0	–	–
Austria-committed [1]	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Austria-net	**7,472**	**9**	**60.7**	**–**	**125**	**1.3**	**5,349**	**37.1**	**–**	**–**	**389**	**3.0**	**802**	**10.3**	**807**	**9.0**	**–**	**–**
Germany	4,640	15	34.7	–	2,308	16.7	308	2.3	195	1.7	303	1.8	290	2.1	339	2.5	897	7.6
Germany-committed [1]	–	–	–	–	(1,390)	(9.3)	–	–	–	–	717	4.3	–	–	335	2.5	338	2.5
Germany-net	**4,640**	**15**	**34.7**	**–**	**918**	**7.4**	**308**	**2.3**	**195**	**1.7**	**1,020**	**6.1**	**290**	**2.1**	**674**	**5.0**	**1,235**	**10.1**
Netherlands	5,367	32	39.6	48	411	3.9	52	0.7	629	5.1	354	1.7	1,125	7.6	–	–	2,748	20.6
Netherlands - committed [1]	–	–	–	–	(314)	(2.8)	–	–	–	–	–	–	–	–	314	2.8	–	–
Netherlands - net	**5,367**	**32**	**39.6**	**48**	**97**	**1.1**	**52**	**0.7**	**629**	**5.1**	**354**	**1.7**	**1,125**	**7.6**	**314**	**2.8**	**2,748**	**20.6**
Total	59,423	166	407.6	210	9,666	57.4	9,753	65.8	4,169	29.2	5,230	37.6	4,454	34.5	5,136	32.1	20,805	151.0
Total-committed [1]	–	–	–	–	(6,606)	(36.8)	–	–	945	4.2	793	4.8	86	0.6	3,170	18.2	1,612	9.0
As at December 31, 2022	**59,423**	**166**	**407.6**	**210**	**3,060**	**20.6**	**9,753**	**65.8**	**5,114**	**33.4**	**6,023**	**42.4**	**4,540**	**35.1**	**8,306**	**50.3**	**22,417**	**160.0**
% of portfolio as at December 31, 2022:																		
*** by sq ft (in %)**	**100.0**			**0.4**	**5.1**		**16.4**		**8.6**		**10.1**		**7.6**		**14.0**		**37.8**	
*** by Annualized Revenue (in %)**			**100.0**			**5.1**		**16.1**		**8.2**		**10.4**		**8.6**		**12.3**		**39.3**

[1] Committed vacancies represent leases signed during the current period but not occupied until after period end.

Occupancy Roll Forward

The tables below provide a summary of occupancy changes during the three months and year ended December 31, 2022.

Occupancy Roll Forward for Q4 2022

	Three Months Ended December 31, 2022					
(in thousands, sq ft, except as noted)	Canada	USA	Austria	Germany	Netherlands	Total
Total portfolio size, Oct 1, 2022	**6,543**	**34,758**	**7,472**	**4,640**	**5,367**	**58,780**
Vacancy, Oct 1, 2022	–	(283)	–	(186)	(33)	**(502)**
Occupancy, Oct 1, 2022	**6,543**	**34,475**	**7,472**	**4,454**	**5,334**	**58,278**
Occupancy %, Oct 1, 2022	**100.0%**	**99.2%**	**100.0%**	**96.0%**	**99.4%**	**99.1%**
Completed developments	–	844	–	–	–	**844**
Dispositions and assets held for sale	–	(202)	–	–	–	**(202)**
Expiries	(418)	(1,424)	(802)	(7)	(38)	**(2,689)**
Surrenders and early terminations	–	–	–	–	(14)	**(14)**
Renewals	346	1,424	802	7	37	**2,616**
New Leases	–	193	–	186	–	**379**
Occupancy, December 31, 2022	**6,471**	**35,310**	**7,472**	**4,640**	**5,319**	**59,212**
Total portfolio size, December 31, 2022	**6,544**	**35,400**	**7,472**	**4,640**	**5,367**	**59,423**
Occupancy %, December 31, 2022	**98.9%**	**99.7%**	**100.0%**	**100.0%**	**99.1%**	**99.6%**

Occupancy Roll Forward for Year 2022

	Year Ended December 31, 2022					
(in thousands, sq ft, except as noted)	Canada	USA	Austria	Germany	Netherlands	Total
Total portfolio size, Jan 1, 2022	**6,429**	**32,798**	**7,472**	**3,511**	**4,871**	**55,081**
Vacancy, Jan 1, 2022	–	(90)	–	–	(53)	**(143)**
Occupancy, Jan 1, 2022	**6,429**	**32,708**	**7,472**	**3,511**	**4,818**	**54,938**
Occupancy %, Jan 1, 2022	**100.0%**	**99.7%**	**100.0%**	**100.0%**	**98.9%**	**99.7%**
Acquired occupancy, net	123	1,355	–	836	496	**2,810**
Completed developments	–	1,449	–	293	–	**1,742**
Completed expansions	62	–	–	–	–	**62**
Development vacancy	–	(605)	–	(186)	–	**(791)**
Dispositions and assets held for sale	(71)	(202)	–	–	–	**(273)**
Expiries	(418)	(4,393)	(802)	(290)	(94)	**(5,997)**
Surrenders and early terminations	–	(86)	–	–	(14)	**(100)**
Renewals	346	4,031	802	290	93	**5,562**
New Leases	–	1,053	–	186	20	**1,259**
Occupancy, December 31, 2022	**6,471**	**35,310**	**7,472**	**4,640**	**5,319**	**59,212**
Total portfolio size, December 31, 2022	**6,544**	**35,400**	**7,472**	**4,640**	**5,367**	**59,423**
Occupancy %, December 31, 2022	**98.9%**	**99.7%**	**100.0%**	**100.0%**	**99.1%**	**99.6%**

New and Renewal Lease Spreads

The following table summarizes rental rate spreads achieved on new and renewal leasing during the three months and year ended December 31, 2022.

New and Renewal Lease Spreads

	Three Months Ended December 31, 2022		Year Ended December 31, 2022	
	Sq Ft (in thousands)	Rental Rate Spread[1]	Sq Ft (in thousands)	Rental Rate Spread[1]
Canada	345	78 %	345	78 %
United States	1,617	24 %	4,480	20 %
Austria	802	1 %	802	1 %
Germany	–	– %	290	– %
Netherlands	22	9 %	93	7 %
Total	**2,786**	**24 %**	**6,010**	**19 %**

(1) Rental rate spread (%) is calculated as the difference in renewal rent over expiring rent.

The Canadian leasing activity for the three months and year ended December 31, 2022 relates to three renewals of existing leases. The leasing activity in the United States for the three months ended December 31, 2022 represents two new leases and four lease renewals. For the new leasing completed in the United States, Granite was able to achieve leasing spreads in excess of 95%. The leasing activity in the United States for the year ended December 31, 2022 represents three new leases and nine renewals. On the new leases in the United States, Granite was able to achieve leasing spreads between 43% and 97%, reflecting the continued strong demand for industrial space.

In-Place Rental Rates

The following table summarizes the weighted average in-place rent by region:

Weighted Average In-Place Rent

	Weighted Average In-Place Rent (Per Sq Ft)[1][2]			
	December 31, 2022	September 30, 2022	December 31, 2021	WALT (years)[3]
Canada	$ 9.56	$ 9.52	$ 9.17	6.5
United States	$ 4.49	$ 4.39	$ 4.45	6.6
Austria	€ 5.61	€ 5.61	€ 5.57	2.1
Germany	€ 5.17	€ 4.78	€ 4.74	4.6
Netherlands	€ 5.10	€ 5.01	€ 4.66	6.3

(1) Amounts shown in local currency.
(2) Weighted average in-place rent is calculated as the weighted average contractual base rent for the month subsequent to the quarterly reporting period multiplied by 12 months, divided by the total gross leaseable area.
(3) WALT as at December 31, 2022.

As at December 31, 2022, the weighted average in-place rent rates increased in all regions when compared with the rates noted in September 30, 2022 and December 31, 2021. The increases are driven by lease renewals, fixed contractual and consumer price index rent escalations, capturing strong positive rental rate spreads in all regions.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Granite has various sources of available liquidity including cash, cash equivalents and the unused portion of its Credit Facility that aggregated to $1,131.6 million as at December 31, 2022 compared to $1,400.5 million at December 31, 2021, as summarized below:

Sources of Available Liquidity

As at December 31, 2022 and December 31, 2021	2022	2021
Cash and cash equivalents	**$ 135.1**	$ 402.5
Unused portion of Credit Facility	**996.5**	998.0
Available liquidity [1]	**$ 1,131.6**	$ 1,400.5
Additional sources of liquidity:		
Assets held for sale[2]	**$ 41.2**	$ 64.6
Unencumbered assets[3]	**$ 8,754.6**	$ 7,940.2

(1) Represents a non-IFRS performance measure. For definitions of Granite's non-IFRS performance measures, refer to the section *"NON-IFRS PERFORMANCE MEASURES"*.

(2) Two income-producing properties located in Canada and the United States were classified as assets held for sale on the audited combined financial statements at December 31, 2022. Two income-producing properties and one parcel of land held for development located in Europe were classified as assets held for sale on the audited combined financial statements at December 31, 2021.

(3) Unencumbered assets represent the carrying value of investment properties (excluding any assets held for sale) that are not encumbered by secured debt. Granite can seek to obtain secured financing against its unencumbered assets subject to certain restrictions and financial covenant limitations in its Credit Facility, term loan agreements and trust indentures.

The decrease in liquidity from December 31, 2021 to December 31, 2022 is primarily due to the acquisitions of eight income-producing properties, one property under development and a parcel of development land in Germany, the United States, Canada and Netherlands for $492.3 million, additions to investment properties primarily in the United States, Canada and Germany totaling $274.9 million and repurchases of stapled units under the NCIB of $155.5 million, partially offset by the net proceeds of $63.9 million received from the dispositions of two income-producing properties and a piece of land held for development located in Poland and the Czech Republic, net proceeds of $13.1 million received from the issuance of stapled units under the ATM Program (as defined herein) and net proceeds of $527.4 million received from the full drawdown of the 2025 Term Loan completed in September 2022. Granite intends to use its available liquidity to fund completed and potential acquisitions of properties, to finance or refinance expenditures associated with Eligible Green Projects (as described in the Granite Green Bond Framework, which is available on Granite's website), for commitments under existing development projects and for general trust purposes.

Management believes that the Trust's cash resources, cash flow from operations and available third-party borrowings will be sufficient to finance its operations and capital expenditures program over the next year as well as to pay distributions. Granite expects to fund its ongoing operations and future growth through the use of (i) existing cash and cash equivalents, (ii) cash flows from operating activities, (iii) cash flows from asset sales, (iv) financing available from the Credit Facility, (v) the issuance of unsecured debentures or equity, subject to market conditions and/or, if necessary, (vi) financing that may be obtained on its unencumbered assets.

Cash Flow Components

Components of the Trust's cash flows were as follows:

Cash Flow Components Summary						
	Three Months Ended December 31,			Years Ended December 31,		
	2022	2021	$ change	2022	2021	$ change
Cash and cash equivalents, beginning of period	**$ 274.3**	$ 779.0	(504.7)	**$ 402.5**	$ 831.3	(428.8)
Cash provided by operating activities	**65.5**	53.7	11.8	**277.5**	262.2	15.3
Cash used in investing activities	**(90.9)**	(379.5)	288.6	**(766.6)**	(1,025.4)	258.8
Cash (used in) provided by financing activities	**(113.2)**	(49.2)	(64.0)	**214.6**	333.5	(118.9)
Effect of exchange rate changes on cash and cash equivalents	**(0.6)**	(1.5)	0.9	**7.1**	0.9	6.2
Cash and cash equivalents, end of period	**$ 135.1**	$ 402.5	(267.4)	**$ 135.1**	$ 402.5	(267.4)

Operating Activities

During the three month period ended December 31, 2022, operating activities generated cash of $65.5 million compared to $53.7 million in the prior year period. The increase of $11.8 million was due to various factors as noted in the "*RESULTS OF OPERATIONS*" section including, among others, the following:

- an increase in net operating income - cash basis of $13.9 million;
- an increase of $3.0 million from cash used in working capital changes primarily due to timing of payments and receipts;
- a decrease of $1.5 million in income taxes paid;
- a decrease of $0.1 million in general and administrative expenses, excluding the impact of unit-based compensation; and
- an increase of $0.2 million in interest income primarily due to higher interest rates on invested cash, partially offset by;
- an increase of $5.9 million in interest paid as a result of higher debt balances and an increase in the weighted average cost of debt in the current year period; and
- a decrease of $1.3 million in foreign exchange gains.

During the year ended December 31, 2022, operating activities generated cash of $277.5 million compared to $262.2 million in the prior year period. The increase of $15.3 million was due to various factors as noted in the *"RESULTS OF OPERATIONS"* section including, among others, the following:

- an increase in net operating income - cash basis of $44.9 million; and
- a decrease of $1.9 million from cash used in working capital changes primarily due to timing of payments and receipts, partially offset by;
- an increase of $12.0 million in interest paid as a result of higher debt balances and an increase in the weighted average cost of debt in the current year;
- an increase of $11.1 million in income taxes paid as a result of payments made relating to past taxation years;

- a decrease of $3.9 million in foreign exchange gains;
- an increase of $3.9 million in general and administrative expenses, excluding the impact of unit-based compensation; and
- a decrease of $1.5 million in interest income due to the decrease in invested cash balances on hand.

Investing Activities

Investing activities for the three month period ended December 31, 2022 used cash of $90.9 million and primarily related to the following:

- additions to properties under development paid of $47.2 million, primarily attributable to Granite's ongoing development projects in the United States and Canada;
- loan advances made of $12.9 million to the developer of two industrial properties being constructed in Indiana;
- additions to income-producing properties paid of $20.5 million primarily attributable to ongoing maintenance and expansion capital in Canada and the United States;
- the final settlements relating to previously completed acquisitions in 2022 of $6.0 million; and
- leasing commissions paid of $3.2 million largely relating to leasing activity for properties in the United States.

Investing activities for the three month period ended December 31, 2021 used cash of $379.5 million and primarily related to the following:

- the acquisitions of six income-producing properties in Canada, the United States and Netherlands paid of $325.8 million;
- additions to income-producing properties paid of $8.8 million, primarily attributable to ongoing maintenance and expansion capital in Canada and the United States;
- additions to properties under development paid of $43.3 million, primarily attributable to Granite's ongoing development projects in the United States and Germany;
- acquisition deposits paid of $8.6 million, consisting of advance payments for acquisitions under contract in the United States and Germany; and
- loan advances made of $5.3 million to the developer of two industrial properties being constructed in Indiana, partially offset by;
- net proceeds of $12.2 million received from the disposition of an income-producing property in Austria.

Investing activities for the year ended December 31, 2022 used cash of $766.6 million and primarily related to the following:

- the acquisitions of eight income-producing properties, one property under development and a parcel of development land in Germany, the United States, Canada and Netherlands and the settlement of other acquisition related liabilities for $492.7 million (see "*SIGNIFICANT MATTERS - Property Acquisitions*");
- additions to properties under development paid of $212.2 million, primarily attributable to Granite's development projects in the United States, Canada and Germany;

- additions to income-producing properties paid of $54.9 million primarily attributable to ongoing maintenance and expansion capital in Canada and the United States; and
- loan advances made of $55.8 million to the developer of two industrial properties being constructed in Indiana, partially offset by;
- net proceeds of $63.9 million received from the dispositions of two income-producing properties and a piece of land held for development in Poland and the Czech Republic (see *"SIGNIFICANT MATTERS - Dispositions"*).

Investing activities for the year ended December 31, 2021 used cash of $1,025.4 million and primarily related to the following:

- the acquisitions of sixteen income-producing properties, four properties under development and a parcel of development land in Canada, the United States and Netherlands paid of $925.9 million;
- additions to income-producing properties paid of $28.0 million, primarily attributable to the completion of an acquired property of $8.3 million in Dallas, Texas and ongoing maintenance and expansion capital in Canada and the United States;
- additions to properties under development paid of $71.2 million, primarily attributable to Granite's ongoing development projects in the United States and Germany;
- acquisition deposits paid of $26.5 million, consisting of advance payments for acquisitions under contract in the United States, Germany and Netherlands; and
- loan advances made of $10.5 million to the developer of two industrial properties being constructed in Indiana, partially offset by;
- net proceeds of $35.4 million received from the dispositions of three income-producing properties in the United Kingdom and Austria.

Financing Activities

Cash used in financing activities for the three month period ended December 31, 2022 of $113.2 million largely comprised of $49.7 million of monthly distribution payments and $69.1 million used for the repurchase of stapled units under the NCIB, partially offset by $5.8 million of proceeds from the secured construction loan relating to a development project in the United States.

Cash used in financing activities for the three month period ended December 31, 2021 of $49.2 million primarily comprised of monthly distribution payments.

Cash provided by financing activities for the year ended December 31, 2022 of $214.6 million largely comprised of $254.8 million of draws on the Credit Facility, $48.4 million of proceeds from the secured construction loan relating to a development project in the United States, $13.1 million of net proceeds received from the issuance of stapled units under the ATM Program, and $527.4 million of net proceeds from the full drawdown of the 2025 Term Loan, partially offset by $202.3 million of monthly distribution payments, $155.5 million used for the repurchase of stapled units under the NCIB, $6.6 million associated with the settlement of the 2028 Cross-Currency Interest Rate Swap, and $264.1 million used for the repayment of the Credit Facility.

Cash provided by financing activities for the year ended December 31, 2021 of $333.5 million largely comprised $497.3 million of proceeds from the 2028 Debentures issued on August 30, 2021 and $303.1 million of net proceeds from the stapled unit offering completed on June 9, 2021, net of issuance costs paid, partially offset by $254.0 million relating to the redemption of the 2021 Debentures, the early prepayment premium and settlement of the related 2021 Cross Currency Interest Rate Swap of $18.8 million, financing fees paid for the renewal of Granite's Credit Facility of $2.9 million and $191.1 million of monthly distribution payments.

Debt Structure

Granite's debt structure and key debt metrics as at December 31, 2022 and December 31, 2021 were as follows:

Summary Debt Structure and Debt Metrics

As at December 31,			2022		2021
Unsecured debt, net		$	2,983.6	$	2,425.1
Derivatives, net [4]			(138.4)		(44.1)
Lease obligations			33.7		32.2
Total unsecured debt	[A]	$	2,878.9	$	2,413.2
Secured debt			51.4		0.8
Total debt [1][4]	[B]	$	2,930.3	$	2,414.0
Less: cash and cash equivalents			135.1		402.5
Net debt[1][4]	[C]	$	2,795.2	$	2,011.5
Investment properties	[D]	$	8,839.6	$	7,971.2
Unencumbered Assets[5]	[E]	$	8,754.6	$	7,940.2
Trailing 12-month adjusted EBITDA[1]	[F]	$	352.1	$	299.4
Interest expense		$	51.0	$	47.2
Interest income			(1.6)		(3.1)
Trailing 12-month interest expense, net	[G]	$	49.4	$	44.1
Debt metrics					
Leverage ratio[2]	[B]/[D]		33 %		30 %
Net leverage ratio[2]	[C]/[D]		32 %		25 %
Interest coverage ratio[2]	[F]/[G]		7.1x		6.8x
Unencumbered asset coverage ratio[2]	[E]/[A]		3.0x		3.3x
Indebtedness ratio[2]	[B]/[F]		8.3x		8.1x
Weighted average cost of debt[3]			2.28 %		1.81 %
Weighted average debt term-to-maturity, in years[3]			4.1		5.5
Ratings and outlook					
DBRS			BBB (high) stable		BBB (high) stable
Moody's			Baa2 Stable		Baa2 stable

(1) Represents a non-IFRS measure. For definitions of Granite's non-IFRS measures, refer to the section *"NON-IFRS PERFORMANCE MEASURES"*.
(2) Represents a non-IFRS ratio. For definitions of Granite's non-IFRS ratios, refer to the section *"NON-IFRS RATIOS"*.
(3) Excludes lease obligations noted above.
(4) Balance is net of the derivative assets and derivative liabilities.
(5) Unencumbered assets represent the carrying value of investment properties (excluding any assets held for sale) that are not encumbered by secured debt. Granite can seek to obtain secured financing against its unencumbered assets subject to certain restrictions and financial covenant limitations in its Credit Facility, term loan agreements and trust indentures.

Unsecured Debt

2025 Term Loan

On September 15, 2022, Granite REIT Holdings Limited Partnership ("Granite LP") entered into and fully drew upon a US$400.0 million senior unsecured non-revolving term facility that will mature on September 15, 2025 ("2025 Term Loan"). The 2025 Term Loan is fully prepayable without penalty. Any amount repaid may not be re-borrowed. Interest on drawn amounts is calculated based on SOFR plus an applicable margin determined by reference to the external credit rating of Granite LP and is payable monthly in arrears. At December 31, 2022, the full US$400.0 million has been drawn and the balance, net of deferred financing costs, was $540.7 million.

2028 Debentures

On August 30, 2021, Granite LP issued $500.0 million aggregate principal amount of 2.194% Series 6 senior debentures due August 30, 2028 (the "2028 Debentures"). Interest on the 2028 Debentures is payable semi-annually in arrears on February 28 and August 30 of each year. At December 31, 2022, all of the 2028 Debentures remained outstanding and the balance, net of deferred financing costs, was $497.8 million.

2030 Debentures

On December 18, 2020, Granite LP issued $500.0 million aggregate principal amount of 2.378% Series 5 senior debentures due December 18, 2030 (the "2030 Debentures"). Interest on the 2030 Debentures is payable semi-annually in arrears on June 18 and December 18 of each year. At December 31, 2022, all of the 2030 Debentures remained outstanding and the balance, net of deferred financing costs, was $497.6 million.

2027 Debentures

On June 4, 2020, Granite LP issued $500.0 million aggregate principal amount of 3.062% Series 4 senior debentures due June 4, 2027 (the "2027 Debentures"). Interest on the 2027 Debentures is payable semi-annually in arrears on June 4 and December 4 of each year. At December 31, 2022, all of the 2027 Debentures remained outstanding and the balance, net of deferred financing costs, was $498.1 million.

2026 Term Loan

On December 12, 2018, Granite LP entered into and fully drew down a $300.0 million senior unsecured non-revolving term facility that originally matured on December 12, 2025. On November 27, 2019, Granite refinanced the $300.0 million term facility and extended the maturity date one year to December 11, 2026 (the "2026 Term Loan"). The 2026 Term Loan is fully prepayable without penalty. Any amount repaid may not be re-borrowed. Interest on drawn amounts is calculated based on the Canadian Dollar Offered Rate ("CDOR") plus an applicable margin determined by reference to the external credit rating of Granite LP and is payable monthly in advance. At December 31, 2022, the full $300.0 million remained outstanding and the balance, net of deferred financing costs and debt modification losses, was $299.7 million.

As it is anticipated that the administrator of the Canadian Dollar Offered Rate ("CDOR") will cease publication of CDOR by June 28, 2024 and the Canadian financial benchmark will be replaced by the Canadian Overnight Repo Rate Average ("CORRA"), Granite intends to amend the 2026 Term Loan and 2026 Cross Currency Interest Rate Swap before the end of June 2024 to update the benchmark rates in these agreements from CDOR to CORRA without any economic impact.

2024 Term Loan

On December 19, 2018, Granite LP entered into and fully drew down a US$185.0 million senior unsecured non-revolving term facility that originally matured on December 19, 2022. On October 10, 2019, Granite refinanced the US$185.0 million term facility and extended the maturity date two years to December 19, 2024 (the "2024 Term Loan"). The 2024 Term Loan is fully prepayable without penalty. Any amount repaid may not be re-borrowed. Interest on drawn amounts is calculated based on LIBOR plus an applicable margin determined by reference to the external credit rating of Granite LP and is payable monthly in arrears. At December 31, 2022, the full US$185.0 million remained outstanding and the balance, net of deferred financing costs and debt modification losses, was $250.1 million.

As the Federal Reserve Board has identified that the publication of the remainder of the US dollar London Interbank Offered Rate ("LIBOR") benchmark rates will be discontinued on June 30, 2023 and will be replaced by Secured Overnight Financing Rate ("SOFR"), Granite intends to amend the 2024 Term Loan and 2024 Cross Currency Interest Rate Swap before the end of June 2023 to update the benchmark rates in these agreements from LIBOR to SOFR without any economic impact.

2023 Debentures

On December 20, 2016, Granite LP issued $400.0 million aggregate principal amount of 3.873% Series 3 senior debentures due November 30, 2023 (the "2023 Debentures"). Interest on the 2023 Debentures is payable semi-annually in arrears on May 30 and November 30 of each year. At December 31, 2022, all of the 2023 Debentures remained outstanding and the balance, net of deferred financing costs, was $399.7 million.

The 2023 Debentures, the 2027 Debentures, the 2030 Debentures, the 2028 Debentures, the 2024 Term Loan, the 2026 Term Loan and the 2025 Term Loan rank pari passu with all of the Trust's other existing and future senior unsecured indebtedness and are guaranteed by Granite REIT and Granite GP.

Credit Facility

The Trust has available an unsecured revolving credit facility (the ''Credit Facility'') with a limit of $1.0 billion, maturing March 31, 2026. Draws on the Credit Facility are available by way of Canadian dollar, US dollar or Euro denominated loans or Canadian dollar or US dollar denominated letters of credit. The Credit Facility provides Granite the ability to increase the amount of the commitment by an additional aggregate principal amount of up to $500.0 million with consent of the participating lenders. As at December 31, 2022, the Trust had no amounts drawn and $3.5 million in letters of credit issued against the Credit Facility.

On March 3, 2023, Granite amended the Credit Facility to extend the maturity date for a new five-year term to March 31, 2028 (see "Subsequent Events"). Included in the amendment, Granite also updated the benchmark rates from LIBOR to SOFR, including a fixed spread for the basis difference between LIBOR and SOFR, for US dollar denominated draws and from LIBOR to the Euro Interbank Offered Rate ("EURIBOR") for Euro denominated draws. Such amendments to the benchmark rates result in no economic impact to Granite's borrowing rates. As it is anticipated that the administrator of CDOR will cease publication of CDOR by

June 28, 2024 and the Canadian financial benchmark will be replaced by CORRA, Granite's Credit Facility contains fallback provisions to transition from CDOR to CORRA for Canadian denominated draws when CDOR is discontinued.

Secured Debt

On December 17, 2021, Granite entered into a secured construction loan relating to Phase II of its development project in Houston, Texas. The loan has a maximum draw amount of $59.9 million (US$44.3 million) and is secured by the property under construction and related land. The loan matures on December 17, 2023 and bears interest at the U.S. prime rate minus 90 basis points. Granite also has the option to extend the maturity date to December 17, 2024, subject to certain terms and conditions, which was not exercised as of December 31, 2022. As at December 31, 2022, the balance of the loan was $51.4 million (US$38.0 million).

Derivatives

Granite has entered into derivatives including cross-currency interest rate swaps and interest rate swaps to lower its overall cost of borrowings and to hedge its currency exposure. The below table summarizes Granite's derivative arrangements outstanding as at December 31, 2022 and December 31, 2021:

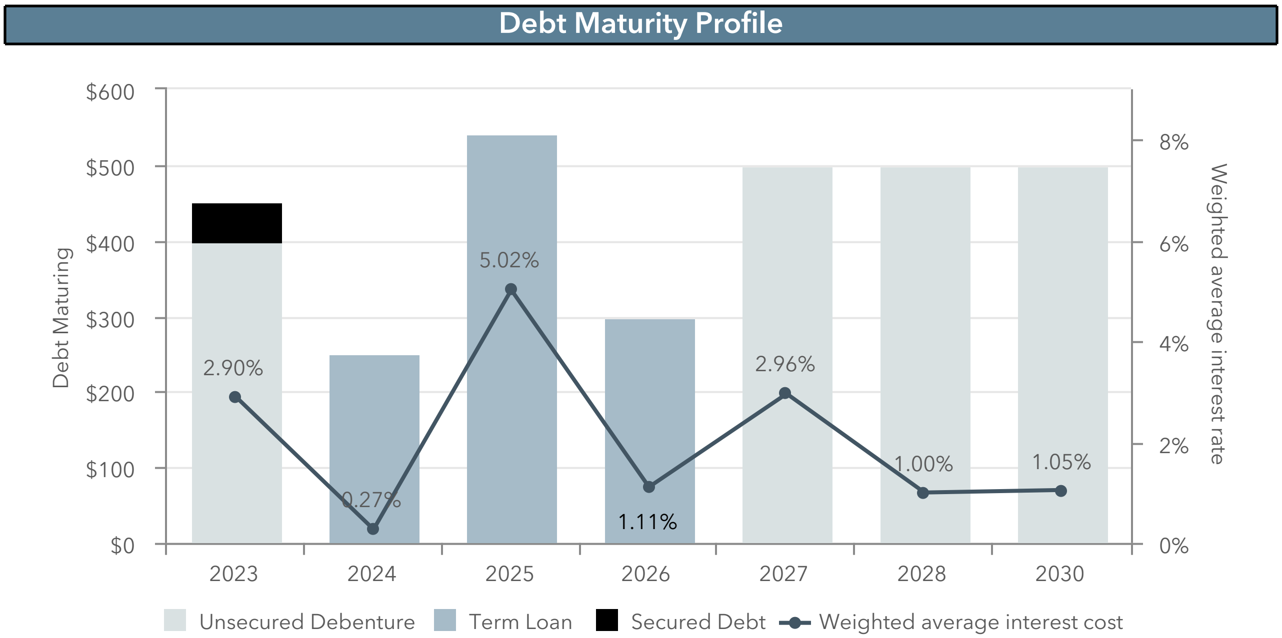
As at December 31,								**2022**	**2021**
	Notional amount to be paid		**Interest payment rate**	**Notional amount to be received**		**Interest receipt rate**	**Maturity date**	**Fair value assets (liabilities)**	**Fair value assets (liabilities)**
2023 Cross Currency Interest Rate Swap	281,100	EUR	2.430 %	400,000	CAD	3.873 %	Nov. 30, 2023	**$ (7,076)**	$ (6,551)
2024 Cross Currency Interest Rate Swap	168,200	EUR	0.522 %	185,000	USD	LIBOR plus margin	Dec. 19, 2024	**24,891**	(5,056)
2025 Interest Rate Swap [(1)]	–	–	–	–	–	–	Sept. 15, 2025	**5,244**	–
2026 Cross Currency Interest Rate Swap	205,500	EUR	1.355 %	300,000	CAD	CDOR plus margin	Dec. 11, 2026	**39,264**	7,844
2027 Cross Currency Interest Rate Swap	370,300	USD	2.964 %	500,000	CAD	3.062 %	June 4, 2027	**8,123**	28,752
2028 Cross Currency Interest Rate Swap [(2)]	397,000	USD	2.096 %	500,000	CAD	2.194 %	Aug. 30, 2028	**–**	(7,017)
2028 Cross Currency Interest Rate Swap	119,100	USD	2.096 %	150,000	CAD	2.194 %	Aug. 30, 2028	**(6,391)**	–
2028 Cross Currency Interest Rate Swap [(2)]	242,100	EUR	0.536 %	350,000	CAD	2.194 %	Aug. 30, 2028	**19,450**	–
2030 Cross Currency Interest Rate Swap	319,400	EUR	1.045 %	500,000	CAD	2.378 %	Dec. 18, 2030	**54,883**	26,172
								$ 138,388	$ 44,144

(1) On September 15, 2022, Granite LP entered into a float to fixed interest rate swap (the "2025 Interest Rate Swap") to exchange the floating SOFR portion of the interest payments of the 2025 Term Loan for fixed interest payments resulting in an all-in fixed interest rate of 5.016%.

(2) On February 3, 2022, Granite terminated $350.0 million of a total $500.0 million principal of the 2028 Cross Currency Interest Rate Swap and simultaneously entered into a new $350.0 million cross-currency interest rate swap maturing August 30, 2028, to exchange the Canadian dollar denominated principal and interest payments of the 2028 Debentures for Euro denominated payments at a fixed interest rate of 0.536%. Upon termination, Granite paid $6.6 million to settle the mark-to-market liability relating to the $350.0 million principal portion of the 2028 Cross Currency Interest Rate Swap.

Debt Maturity Profile

As at December 31, 2022, Granite's debt maturity profile and future repayments are as outlined below:



% of Debt Maturing	15%	9%	18%	10%	16%	16%	16%

Debt Metrics and Financial Covenants

Granite uses the debt metrics noted above to assess its borrowing capacity and the ability to meet its current and future financing obligations. Granite's interest coverage ratio improved from 6.8x for the year ended December 31, 2021 to 7.1x for the year ended December 31, 2022 as a result of 18% EBITDA growth year over year, partially offset by a 12% increase in interest expense. The increase in Granite's leverage ratios and indebtedness ratios from December 31, 2021 to December 31, 2022 is primarily due to the incremental borrowings from the 2025 Term Loan obtained in September 2022 and fair value losses taken on investment properties of $229.9 million during 2022. The debt ratios remain relatively favourable and provide financial flexibility for future growth.

Granite's unsecured debentures, term loans, secured debt and credit facility agreements contain financial and non-financial covenants that include maintaining certain leverage and debt service ratios. As at December 31, 2022, Granite was in compliance with all of these covenants.

Credit Ratings

On March 30, 2022, DBRS confirmed Granite LP's Issuer Rating and credit rating on the 2023 Debentures, the 2027 Debentures, the 2028 Debentures and the 2030 Debentures as BBB(high) with stable trends. On June 24, 2022, Moody's confirmed the Baa2 rating on the 2023 Debentures, the 2027 Debentures, the 2028 Debentures and the 2030 Debentures with a stable outlook. Credit ratings are intended to provide investors with an independent measure of credit quality of an issue of securities. A rating accorded to any security is not a recommendation to buy, sell or hold such securities and may be subject to revision or withdrawal at any time by the rating organization which granted such rating.

Unitholders' Equity

Outstanding Stapled Units

As at March 8, 2023, the Trust had 63,707,902 stapled units issued and outstanding.

As at March 8, 2023, the Trust had 74,678 restricted stapled units (representing the right to receive 74,678 stapled units) and 111,258 performance stapled units (representing the right to receive a maximum of 222,516 stapled units) outstanding under the Trust's Executive Deferred Stapled Unit Plan. The Executive Deferred Stapled Unit Plan is designed to provide equity-based compensation to employees of Granite who are, by the nature of their position or job, in a position to contribute to the success of Granite.

As at March 8, 2023, the Trust had 118,619 deferred stapled units (representing the right to receive 118,619 stapled units) outstanding under the Trust's Director/Trustee Deferred Share Unit Plan.

Distributions

On November 9, 2022, the Trust increased its targeted annualized distribution by 3.2% to $3.20 ($0.2667 per month) per stapled unit from $3.10 ($0.2583 per month) per stapled unit to be effective upon the declaration of the distribution in respect of the month of December 2022 and paid on January 17, 2023.

Total distributions declared to stapled unitholders in the three month periods ended December 31, 2022 and 2021 were $50.0 million or $0.7830 per stapled unit and $49.8 million or $0.7580 per stapled unit, respectively. Total distributions declared to stapled unitholders in the years ended December 31, 2022 and 2021 were $202.3 million or $3.1100 per stapled unit and $192.6 million or $3.0100 per stapled unit, respectively.

The distributions declared in January 2023 in the amount of $17.0 million or $0.2667 per stapled unit were paid on February 15, 2023 and the distributions declared in February 2023 of $17.0 million or $0.2667per stapled unit will be paid on March 15, 2023.

Pursuant to the requirement of National Policy 41-201, *Income Trusts and Other Indirect Offerings* ("NP 41-201"), the following table outlines the differences between cash flow from operating activities and cash distributions as well as the differences between net (loss) income and cash distributions, in accordance with the guidelines under NP 41-201.

Cash Flows from Operating Activities in Excess of Distributions Paid and Payable

	Three Months Ended December 31,		**Years Ended December 31,**	
	2022	2021	**2022**	2021
Net (Loss) Income	**$ (126.3)**	$ 341.3	**$ 155.8**	$ 1,310.3
Cash flows provided by operating activities	**65.5**	53.8	**277.5**	262.3
Monthly cash distributions paid and payable	**(50.0)**	(49.8)	**(202.3)**	(192.6)
Cash flows from operating activities in excess of distributions paid and payable	**$ 15.5**	$ 4.0	**$ 75.2**	$ 69.7

Monthly distributions for the three month periods and years ended December 31, 2022 and 2021 were funded with cash flows from operating activities.

Net income prepared in accordance with IFRS recognizes revenue and expenses at time intervals that do not necessarily match the receipt or payment of cash. Therefore, when establishing cash distributions to unitholders, consideration is given to factors such as FFO, AFFO, cash generated from and required for operating activities and forward-looking cash flow information, including forecasts and budgets. Management does not expect current or potential future commitments to replace or maintain its investment properties to adversely affect cash distributions.

Normal Course Issuer Bid

On May 19, 2022, Granite announced the acceptance by the Toronto Stock Exchange ("TSX") of Granite's Notice of Intention to Make a Normal Course Issuer Bid ("NCIB"). Pursuant to the NCIB, Granite proposes to purchase through the facilities of the TSX and any alternative trading system in Canada, from time to time and if considered advisable, up to an aggregate of 6,566,292 of Granite's issued and outstanding stapled units. The NCIB commenced on May 24, 2022 and will conclude on the earlier of the date on which purchases under the bid have been completed and May 23, 2023. Pursuant to the policies of the TSX, daily purchases made by Granite through the TSX may not exceed 39,046 stapled units, subject to certain exceptions. Granite has entered into an automatic securities purchase plan with a broker in order to facilitate repurchases of the stapled units under the NCIB during specified blackout periods. Pursuant to a previous notice of intention to conduct a NCIB, Granite received approval from the TSX to purchase stapled units for the period May 21, 2021 to May 20, 2022.

During the three month period ended December 31, 2022, Granite repurchased 1,022,000 stapled units at an average stapled unit cost of $67.60 for total consideration of $69.1 million. During the year ended December 31, 2022, Granite repurchased 2,165,600 stapled units at an average stapled unit cost of $71.81 for total consideration of $155.5 million, excluding commissions. During the three months and year ended December 31, 2021, there were no stapled unit repurchases under the NCIB.

At-The-Market Equity Distribution Program

On November 3, 2021, Granite filed a prospectus supplement to the short form base shelf prospectus of Granite REIT and Granite GP dated October 1, 2021 establishing an at-the-market equity distribution program (the "ATM Program"), in each of the provinces and territories of Canada, that allows it to issue and sell, at its discretion, up to $250.0 million of stapled units to the public, from time to time. Stapled units sold under the ATM Program will be sold at the prevailing market prices at the time of sale when issued, directly through the facilities of the Toronto Stock Exchange or any other recognized marketplace upon which the stapled units are listed or quoted or where the stapled units are traded in Canada.

During the three month period ended December 31, 2022, there were no issuances under the ATM Program. During the year ended December 31, 2022, Granite issued 136,100 stapled units under the ATM Program at an average stapled unit price of $98.77 for gross proceeds of $13.4 million, and incurred issuance costs of $0.3 million, for net proceeds of $13.1 million.

COMMITMENTS, CONTRACTUAL OBLIGATIONS, CONTINGENCIES AND OFF-BALANCE SHEET ARRANGEMENTS

The Trust is subject to various legal proceedings and claims that arise in the ordinary course of business. Management believes that the final outcome of such matters will not have a material adverse effect on the financial position, results of operations or liquidity of the Trust. However, actual outcomes may differ from management's expectations.

Off-balance sheet arrangements consist of outstanding letters of credit to support certain contractual obligations, property purchase commitments, construction and development project commitments and certain operating agreements. As at December 31, 2022, the Trust had $3.5 million in letters of credit outstanding. As at December 31, 2022, the Trust's contractual commitments totaled $177.9 million which comprised of construction and development projects of $143.1 million and the committed acquisitions of two properties in Indiana upon completion totaling $34.8 million. Granite expects to fund these commitments over the next year through the use of cash on hand, cash from operations and/or Granite's Credit Facility.

For further discussion of commitments, contractual obligations, contingencies and off-balance sheet arrangements, refer to notes 8, 11 and 22 to the audited combined financial statements for the year ended December 31, 2022.

RELATED PARTY TRANSACTIONS

For a discussion of the Trust's transactions with related parties, refer to note 20 of the audited combined financial statements for the year ended December 31, 2022.

NON-IFRS PERFORMANCE MEASURES

The following non-IFRS performance measures are important measures used by management in evaluating the Trust's underlying operating performance and debt management. These non-IFRS performance measures are not defined by IFRS and do not have standard meanings. The Trust's method of calculating non-IFRS performance measures may differ from other issuers' methods and, accordingly, the Trust's non-IFRS performance measures may not be comparable with similar measures presented by other issuers.

Funds from operations

FFO is a non-IFRS performance measure that is widely used by the real estate industry in evaluating the operating performance of real estate entities. Granite calculates FFO as net income attributable to stapled unitholders excluding fair value gains (losses) on investment properties and financial instruments, gains (losses) on sale of investment properties including the associated current income tax, deferred income taxes and certain other items, net of 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") guidelines on Funds From Operations & Adjusted Funds From Operations for IFRS dated January 2022 ("REALPAC Guidelines"). Granite considers FFO to be a meaningful supplemental measure that can be used to determine the Trust's ability to service debt, fund capital expenditures and provide distributions to stapled unitholders. FFO is reconciled to net income, which is the most directly comparable IFRS measure (see "*RESULTS OF OPERATIONS - Funds From Operations and Adjusted Funds From Operations*" for the reconciliation of FFO to net income for the periods presented). FFO should not be construed as an alternative to net income or cash flow generated from operating activities determined in accordance with IFRS.

Adjusted funds from operations

AFFO is a non-IFRS performance measure that is widely used by the real estate industry in evaluating the recurring economic earnings performance of real estate entities after considering certain costs associated with sustaining such earnings. Granite calculates AFFO as net income attributable to stapled unitholders including all adjustments used to calculate FFO and further adjusts for actual maintenance capital expenditures that are required to sustain Granite's productive capacity, leasing costs such as leasing commissions and tenant allowances incurred and non-cash straight-line rent and tenant incentive amortization, net of non-controlling interests in such items. The Trust's determination of AFFO follows the definition prescribed by the REALPAC Guidelines. Granite considers AFFO to be a meaningful supplemental measure that can be used to determine the Trust's ability to service debt, fund expansion capital expenditures, fund property development and provide distributions to stapled unitholders after considering costs associated with sustaining operating earnings. AFFO is also reconciled to net income, which is the most directly comparable IFRS measure (see "*RESULTS OF OPERATIONS - Funds From Operations and Adjusted Funds From Operations*" for the reconciliation of AFFO to net income for the periods presented). AFFO should not be construed as an alternative to net income or cash flow generated from operating activities determined in accordance with IFRS.

Net operating income - cash basis

Granite uses NOI on a cash basis, which adjusts NOI to exclude lease termination and close-out fees, and the non-cash impact from straight-line rent and tenant incentive amortization recognized during the period (see "*RESULTS OF OPERATIONS - Net Operating Income*" for the reconciliation of NOI - cash basis to NOI for the periods presented). NOI - cash basis is a commonly used measure by the real estate industry and Granite believes it is a useful supplementary measure of the income generated by and operating performance of income-producing properties in addition to the most comparable IFRS measure, which Granite believes is NOI. NOI - cash basis is also a key input in Granite's determination of the fair value of its investment property portfolio.

Same property net operating income - cash basis

Same property NOI - cash basis refers to the NOI - cash basis for those properties owned by Granite throughout the entire current and prior year periods under comparison. Same property NOI - cash basis excludes properties that were acquired, disposed of, classified as properties under or held for development or assets held for sale during the periods under comparison (see "*RESULTS OF OPERATIONS - Net Operating Income*" for a reconciliation of same property NOI - cash basis to NOI - cash basis and to NOI for the periods presented). Granite believes that same property NOI - cash basis is a useful supplementary measure in understanding period-over-period organic changes in NOI - cash basis from the same stock of properties owned.

Constant currency same property NOI

Constant currency same property NOI is a non-GAAP measure used by management in evaluating the performance of properties owned by Granite throughout the entire current and prior year periods on a constant currency basis. It is calculated by taking same property NOI as defined above and excluding the impact of foreign currency translation by converting the same property NOI denominated in foreign currency in the respective periods at the current period average exchange rates (see "*RESULTS OF OPERATIONS - Net Operating Income*" for a reconciliation of constant currency same property NOI to same property NOI - cash basis for the periods presented).

Adjusted earnings before interest, income taxes, depreciation and amortization ("Adjusted EBITDA")

Adjusted EBITDA is calculated as net income before lease termination and close-out fees, interest expense, interest income, income tax expense, depreciation and amortization expense, fair value gains (losses) on investment properties and financial instruments, other expense relating to real estate transfer tax and loss on the sale of investment properties. Adjusted EBITDA, calculated on a 12-month trailing basis ("trailing 12-month adjusted EBITDA"), represents an operating cash flow measure that Granite uses in calculating the interest coverage ratio and indebtedness ratio noted below. Adjusted EBITDA is also defined in Granite's debt agreements and used in calculating the Trust's debt covenants.

Adjusted EBITDA Reconciliation

For the 12-months ended December 31,	2022	2021
Net income	**$ 155.8**	$ 1,310.3
Add (deduct):		
Interest expense and other financing costs	**51.0**	47.2
Interest income	**(1.6)**	(3.1)
Income tax (recovery) expense	**(63.7)**	240.6
Depreciation and amortization	**1.6**	1.3
Fair value losses (gains) on investment properties, net	**219.7**	(1,298.9)
Fair value (gains) losses on financial instruments, net	**(11.4)**	1.2
Loss on sale of investment properties	**0.7**	0.8
Adjusted EBITDA	**$ 352.1**	$ 299.4

Available Liquidity

Available liquidity is a non-IFRS performance measure defined as the sum of cash and cash equivalents and the unused portion of the Credit Facility. Granite believes that available liquidity is a useful measure to investors in determining the Trust's resources available as at period-end to meet its ongoing obligations and future commitments (see "*LIQUIDITY AND CAPITAL RESOURCES - Liquidity*").

Total Debt and Net Debt

Total debt is a non-IFRS performance measure calculated as the sum of all current and non-current debt, the net mark to market fair value of derivatives and lease obligations as per the consolidated financial statements. Net debt subtracts cash and cash equivalents from total debt. Granite believes that it is useful to include the derivatives and lease obligations for the purposes of monitoring the Trust's debt levels (see "*LIQUIDITY AND CAPITAL RESOURCES - Debt Structure*").

NON-IFRS RATIOS

The following non-IFRS ratios are important measures used by management in evaluating the Trust's underlying operating performance and debt management. These non-IFRS ratios are not defined by IFRS and do not have standard meanings. The Trust's method of calculating non-IFRS ratios may differ from other issuers' methods and, accordingly, the Trust's non-IFRS ratios may not be comparable with similar measures presented by other issuers.

FFO and AFFO payout ratios

The FFO and AFFO payout ratios are calculated as monthly distributions, which exclude special distributions, declared to unitholders divided by FFO and AFFO (non-IFRS performance measures), respectively, in a period. FFO payout ratio and AFFO payout ratio may exclude revenue or expenses incurred during a period that can be a source of variance between periods. The FFO payout ratio and AFFO payout ratio are supplemental measures widely used by investors in evaluating the sustainability of the Trust's monthly distributions to stapled unitholders.

FFO and AFFO Payout Ratios

		Three Months Ended December 31,		Years Ended December 31,	
		2022	**2021**	**2022**	**2021**
Monthly distributions declared to unitholders	**[A]**	**$50.0**	$49.8	**$202.3**	$192.6
FFO		**77.2**	66.8	**289.3**	251.3
Add (deduct):					
Early redemption premium related to 2021 Debentures		**—**	—	**—**	4.0
Accelerated amortization of credit facility deferred finance fees		**—**	—	**—**	0.5
FFO adjusted for the above	**[B]**	**$77.2**	$66.8	**$289.3**	$255.8
AFFO		**67.0**	59.2	**264.2**	235.2
Add (deduct):					
Early redemption premium related to 2021 Debentures		**—**	—	**—**	4.0
Accelerated amortization of credit facility deferred finance fees		**—**	—	**—**	0.5
AFFO adjusted for the above	**[C]**	**$67.0**	$59.2	**$264.2**	$239.7
FFO payout ratio	**[A]/[B]**	**65%**	75%	**70%**	75%
AFFO payout ratio	**[A]/[C]**	**75%**	84%	**77%**	80%

Interest coverage ratio

The interest coverage ratio is calculated on a 12-month trailing basis using Adjusted EBITDA (a non-IFRS performance measure) divided by net interest expense. Granite believes the interest coverage ratio is useful in evaluating the Trust's ability to meet its interest expense obligations (see "*LIQUIDITY AND CAPITAL RESOURCES - Debt Structure*").

Indebtedness ratio

The indebtedness ratio is calculated as total debt (a non-IFRS performance measure) divided by Adjusted EBITDA (a non-IFRS performance measure) and Granite believes it is useful in evaluating the Trust's ability to repay outstanding debt using its operating cash flows (see "*LIQUIDITY AND CAPITAL RESOURCES - Debt Structure*").

Leverage and net leverage ratios

The leverage ratio is calculated as total debt (a non-IFRS performance measure) divided by the fair value of investment properties (excluding assets held for sale) while the net leverage ratio subtracts cash and cash equivalents from total debt. The leverage ratio and net leverage ratio are supplemental measures that Granite believes are useful in evaluating the Trust's degree of financial leverage, borrowing capacity and the relative strength of its balance sheet (see "*LIQUIDITY AND CAPITAL RESOURCES - Debt Structure*").

Unencumbered asset coverage ratio

The unencumbered asset coverage ratio is calculated as the carrying value of investment properties (excluding assets held for sale) that are not encumbered by secured debt divided by the carrying value of total unsecured debt and is a supplemental measure that Granite believes is useful in evaluating the Trust's degree of asset coverage provided by its unencumbered investment properties to total unsecured debt (see "*LIQUIDITY AND CAPITAL RESOURCES - Debt Structure*").

SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to apply judgment and make estimates that affect the amounts reported and disclosed in the combined financial statements. Management bases estimates on historical experience and various other assumptions that are believed to be reasonable in the circumstances, the results of which form the basis for making judgments about the values of assets and liabilities. On an ongoing basis, management evaluates its estimates. However, actual results could differ from those estimates.

The Trust's significant accounting policies that involve the most judgment and estimates are as follows:

Judgments

Leases

The Trust's policy for revenue recognition is described in note 2(l) of the audited combined financial statements for the year ended December 31, 2022. The Trust makes judgments in determining whether certain leases are operating or finance leases, in particular tenant leases with long contractual terms or leases where the property is a large square-footage and/or architecturally specialized. The Trust also makes judgments in determining the lease term for some lease contracts in which it is a lessee that include renewal or termination options. The assessment of whether the Trust is reasonably certain to exercise such options impacts the lease term which, in turn, significantly affects the amount of lease obligations and right-of-use assets recognized.

Investment properties

The Trust's policy relating to investment properties is described in note 2(d) of the audited combined financial statements for the year ended December 31, 2022. In applying this policy, judgment is used in determining whether certain costs incurred for tenant improvements are additions to the carrying amount of the property or represent incentives, identifying the point at which practical completion of properties under development occurs and determining borrowing costs to be capitalized to the carrying value of properties under development. Judgment is also applied in determining the use, extent and frequency of independent appraisals.

Income taxes

The Trust applies judgment in determining whether it will continue to qualify as a REIT for both Canadian and United States tax purposes for the foreseeable future. However, should it at some point no longer qualify, the Trust would be subject to income tax which could materially affect future distributions to unitholders and would also be required to recognize additional current and/or deferred income taxes.

Estimates and Assumptions

Valuation of investment properties

The fair value of investment properties is determined by management using primarily the discounted cash flow method in which the income and expenses are projected over the anticipated term of the investment plus a terminal value discounted using an appropriate discount rate. The Trust obtains, from time to time, appraisals from independent qualified real estate valuation experts. However, the Trust does not measure its investment properties based on these appraisals but uses them as data points, together with other external market information accumulated by management, in arriving at its own conclusions on values. Management uses valuation assumptions such as discount rates, terminal capitalization rates and market rental rates applied in external appraisals or sourced from valuation experts; however, the Trust also uses its historical renewal experience with tenants, its direct knowledge of the specialized nature of certain of Granite's portfolio and tenant profile and its knowledge of the actual condition of the properties in making business judgments about lease renewal probabilities, renewal rents and capital expenditures. There has been no change in the valuation methodology used during the year ended December 31, 2022. The critical assumptions relating to the Trust's estimates of fair values of investment properties include the receipt of contractual rents, contractual renewal terms, expected future market rental rates, discount rates that reflect current market uncertainties, capitalization rates and recent investment property prices. If there is any change in these assumptions or regional, national or international economic conditions, the fair value of investment properties may change materially. Refer to the "*INVESTMENT PROPERTIES*" section and note 4 of the audited combined financial statements for the year ended December 31, 2022 for further information on the estimates and assumptions made by management in connection with the fair values of investment properties.

Fair value of financial instruments

Where the fair value of financial assets or liabilities recorded on the balance sheet or disclosed in the notes cannot be derived from active markets, it is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible but, where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as credit risk and volatility. Changes in assumptions about these factors could materially affect the reported fair value of financial instruments.

Income taxes

The Trust operates in a number of countries and is subject to the income tax laws and related tax treaties in each of its operating jurisdictions. These laws and treaties can be subject to different interpretations by relevant taxation authorities. Significant judgment is required in the estimation of Granite's income tax expense, interpretation and application of the relevant tax laws and treaties and the provision for any exposure that may arise from tax positions that are under audit by relevant taxation authorities.

The recognition and measurement of deferred tax assets or liabilities is dependent on management's estimate of future taxable profits and income tax rates that are expected to be in effect in the period the asset is realized or the liability is settled. Any changes in management's estimates can result in changes in deferred tax assets or liabilities as reported in the combined balance sheets and also the deferred income tax expense in the combined statements of net income.

NEW ACCOUNTING PRONOUNCEMENTS AND DEVELOPMENTS

Future Accounting Policy Changes

As at December 31, 2022, there are no new accounting standards issued with a material effect but not yet applicable to the audited combined financial statements.

Disclosure Controls and Procedures

The President and Chief Executive Officer and the Chief Financial Officer of Granite have evaluated the effectiveness of the Trust's disclosure controls and procedures as defined in National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109") and in Rules 13a-15(e) and 15d-15(e) under the United States Securities Exchange Act of 1934 as of December 31, 2022 (the "Evaluation Date"). They have concluded that, as of the Evaluation Date, the Trust's disclosure controls and procedures were effective to ensure that information required to be disclosed by the Trust in the reports that they file or submit is (i) recorded, processed, summarized and reported within the time periods specified in the applicable rules and (ii) accumulated and communicated to the Trust's management, including their principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting

The Trust's management is responsible for establishing and maintaining adequate internal control over financial reporting (as such term is defined in NI 52-109 and Rules 13a-15(f) and 15d-15(f) under the United States Securities Exchange Act of 1934) for the Trust.

The Trust's internal control over financial reporting is a process designed by, or under the supervision of, the Trust's principal executive and principal financial officers, or persons performing similar functions, and effected by the Trust's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Trust's assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that the Trust's receipts and expenditures are being made only in accordance with authorizations of its management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Trust's assets that could have a material effect on the financial statements.

Under the supervision and with the participation of the Trust's President and Chief Executive Officer and Chief Financial Officer, management conducted an evaluation of the effectiveness of the Trust's internal control over financial reporting, as of the Evaluation Date, based on the framework set forth in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on its evaluation under this framework, management concluded that the Trust's internal control over financial reporting was effective as of December 31, 2022.

Deloitte LLP, an independent registered public accounting firm, who audited and reported on the Trust's audited combined financial statements as at and for the year ended December 31, 2022 and whose report is included in the Trust's annual report for fiscal 2022, has also issued an attestation report under standards of the Public Company Accounting Oversight Board (United States) on the Trust's internal control over financial reporting as of December 31, 2022. The attestation report precedes the audited financial statements included in the Trust's annual report for fiscal 2022.

Changes in Internal Control Over Financial Reporting

As of the Evaluation Date, there were no changes in the Trust's internal control over financial reporting that occurred during the period beginning on the date immediately following the end of the period in respect of which Granite made its most recent previous interim filing and ended on December 31, 2022 that have materially affected, or that are reasonably likely to materially affect, the Trust's internal control over financial reporting.

Limitation on the Effectiveness of Controls and Procedures

Granite's management, including the President and Chief Executive Officer and the Chief Financial Officer, does not expect that the Trust's controls and procedures will prevent all potential error and fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

RISKS AND UNCERTAINTIES

Investing in the Trust's stapled units involves a high degree of risk. There are a number of risk factors that could have a material adverse effect on Granite's business, financial condition, operating results and prospects. These risks and uncertainties are discussed in Granite's AIF filed with securities regulators in Canada and available online at www.sedar.com and Annual Report on Form 40-F filed with the SEC and available online on EDGAR at www.sec.gov, each in respect of the year ended December 31, 2022.

QUARTERLY FINANCIAL DATA (UNAUDITED)

(in millions, except as noted)	Q4 '22	Q3 '22	Q2 '22	Q1 '22	Q4 '21	Q3 '21	Q2 '21	Q1 '21
Operating highlights[3]								
Revenue	**$ 125.6**	$ 111.6	$ 109.8	$ 108.6	$ 105.3	$ 98.3	$ 94.0	$ 95.9
NOI - cash basis[1]	**$ 99.6**	$ 93.1	$ 90.4	$ 90.8	$ 85.7	$ 83.6	$ 79.9	$ 79.8
Fair value (losses) gains on investment properties, net	**$ (229.9)**	$ (229.2)	$ (251.3)	$ 490.6	$ 349.1	$ 432.2	$ 308.0	$ 209.5
Net (loss) income attributable to stapled unitholders	**$ (126.3)**	$ (93.3)	$ (122.3)	$ 497.7	$ 341.3	$ 421.8	$ 317.0	$ 230.2
Cash provided by operating activities	**$ 65.5**	$ 78.3	$ 63.2	$ 70.5	$ 53.7	$ 79.5	$ 64.7	$ 64.3
FFO[1]	**$ 77.2**	$ 70.7	$ 72.1	$ 69.4	$ 66.8	$ 65.2	$ 62.2	$ 57.1
AFFO[1]	**$ 67.0**	$ 63.3	$ 68.2	$ 65.9	$ 59.2	$ 61.2	$ 60.1	$ 54.7
FFO payout ratio[2]	**65%**	71%	71%	73%	75%	76%	76%	75%
AFFO payout ratio[2]	**75%**	80%	75%	77%	84%	81%	79%	78%
Per unit amounts								
Diluted FFO[1]	**$ 1.20**	$ 1.08	$ 1.09	$ 1.05	$ 1.02	$ 0.99	$ 0.99	$ 0.93
Diluted AFFO[1]	**$ 1.05**	$ 0.97	$ 1.04	$ 1.00	$ 0.90	$ 0.93	$ 0.96	$ 0.89
Monthly distributions paid	**$ 0.78**	$ 0.78	$ 0.78	$ 0.78	$ 0.75	$ 0.75	$ 0.75	$ 0.75
Diluted weighted average number of units	**64.1**	65.5	65.9	65.8	65.8	65.8	62.8	61.7
Financial highlights								
Investment properties[4]	**$ 8,839.6**	$8,938.9	$8,533.4	$8,526.8	$7,971.2	$7,286.3	$6,396.6	$6,003.7
Assets held for sale	**$ 41.2**	$ 17.5	$ 156.2	$ 32.9	$ 64.6	$ 43.2	$ –	$ –
Cash and cash equivalents	**$ 135.1**	$ 274.3	$ 157.6	$ 228.5	$ 402.5	$ 779.0	$ 678.1	$ 480.7
Total debt[1]	**$ 2,930.3**	$2,852.4	$2,540.0	$2,340.4	$2,414.0	$2,449.2	$1,936.0	$1,959.5
Total capital expenditures incurred	**$ 19.1**	$ 21.9	$ 9.2	$ 3.4	$ 9.9	$ 14.3	$ 3.2	$ 0.5
Total leasing costs and tenant improvements incurred	**$ 4.7**	$ 2.4	$ 1.5	$ 2.0	$ 2.9	$ 5.8	$ 0.3	$ 0.2
Property metrics[4]								
Number of income-producing properties	**128**	128	126	122	119	114	110	108
GLA, square feet	**59.4**	58.8	57.0	55.9	55.1	53.3	51.3	50.4
Occupancy, by GLA	**99.6%**	99.1%	97.8%	99.7%	99.7%	99.2%	99.3%	99.1%
Weighted average lease term, years	**5.9**	5.7	5.5	5.7	5.8	5.8	6.0	6.1

(1) For definitions of Granite's non-IFRS measures, refer to the section "*NON-IFRS PERFORMANCE MEASURES*".
(2) For definitions of Granite's non-IFRS ratios, refer to the section "*NON-IFRS RATIOS*".
(3) The quarterly financial data reflects fluctuations in revenue, FFO, AFFO, investment properties and total debt primarily from the timing of leasing and development activities, property sales, acquisitions and foreign exchange. Investment properties also fluctuate from the effect of measuring properties at fair value under IFRS. Net income (loss) attributable to unitholders primarily fluctuates from fair value gains/losses on investment properties.
(4) Excludes properties held for sale which are classified as assets held for sale on the combined balance sheet as at the respective quarter-end.

The following table reconciles revenue, as determined in accordance with IFRS, to net operating income - cash basis for the periods ended as indicated. Refer to the sections "*RESULTS OF OPERATIONS*" and "*NON-IFRS PERFORMANCE MEASURES*", for further details.

(in millions)	Q4 '22	Q3 '22	Q2 '22	Q1 '22	Q4 '21	Q3 '21	Q2 '21	Q1 '21
Revenue	**$ 125.6**	$ 111.6	$ 109.8	$ 108.6	$ 105.3	$ 98.3	$ 94.0	$ 95.9
Less: Property operating costs	**23.2**	17.6	17.0	17.4	19.0	13.8	13.7	14.4
NOI	**102.4**	94.0	92.8	91.2	86.3	84.5	80.3	81.5
Add (deduct):								
Straight-line rent amortization	**(3.6)**	(1.9)	(3.5)	(1.6)	(1.8)	(2.2)	(1.7)	(3.1)
Tenant incentive amortization	**0.8**	1.0	1.1	1.2	1.2	1.3	1.3	1.4
NOI - cash basis	**$ 99.6**	$ 93.1	$ 90.4	$ 90.8	$ 85.7	$ 83.6	$ 79.9	$ 79.8

The following table reconciles net income (loss) attributable to stapled unitholders, as determined in accordance with IFRS, to FFO and AFFO for the periods ended as indicated. Refer to the sections "*RESULTS OF OPERATIONS*" and "*NON-IFRS PERFORMANCE MEASURES*", for further details.

(in millions, except as noted)	**Q4 '22**	Q3 '22	Q2 '22	Q1 '22	Q4 '21	Q3 '21	Q2 '21	Q1 '21
Net (loss) income attributable to stapled unitholders	**$ (126.3)**	$ (93.3)	$ (122.3)	$ 497.7	$ 341.2	$ 421.8	$ 316.9	$ 230.1
Add (deduct):								
Fair value losses (gains) on investment properties, net	**229.9**	229.2	251.3	(490.6)	(349.1)	(432.2)	(308.0)	(209.5)
Fair value (gains) losses on financial instruments	**(2.1)**	(1.4)	(3.3)	(4.6)	(0.6)	1.3	0.2	0.3
Loss on sale of investment properties	**–**	–	0.3	0.4	0.2	–	0.4	0.2
Current income tax expense associated with the sale of investment properties	**–**	–	–	–	2.8	–	2.3	–
Deferred income tax (recovery) expense	**(24.4)**	(61.3)	(51.8)	66.5	69.9	73.4	49.8	35.9
Fair value remeasurement of the Executive Deferred Stapled Unit Plan	**–**	(1.3)	(1.4)	–	2.3	0.9	0.6	–
Fair value remeasurement of the Directors Deferred Stapled Unit Plan[1]	**0.1**	(1.2)	(0.7)	–	–	–	–	–
Non-controlling interests relating to the above	**–**	–	–	–	0.1	–	–	0.1
FFO	**$ 77.2**	$ 70.7	$ 72.1	$ 69.4	$ 66.8	$ 65.2	$ 62.2	$ 57.1
Add (deduct):								
Maintenance or improvement capital expenditures incurred	**(2.7)**	(4.3)	(0.5)	(1.1)	(6.7)	(0.8)	(1.4)	(0.5)
Leasing costs	**(4.5)**	(2.0)	(0.9)	(2.0)	–	(2.3)	(0.2)	–
Tenant allowances	**(0.2)**	(0.3)	(0.1)	–	(0.3)	–	(0.1)	(0.1)
Tenant incentive amortization	**0.8**	1.1	1.1	1.2	1.2	1.3	1.3	1.3
Straight-line rent amortization	**(3.6)**	(1.9)	(3.5)	(1.6)	(1.8)	(2.2)	(1.7)	(3.1)
AFFO	**$ 67.0**	$ 63.3	$ 68.2	$ 65.9	$ 59.2	$ 61.2	$ 60.1	$ 54.7

(1) On June 9, 2022, amendments were made to the DSU Plan to allow, at the discretion of the CGN Committee, for the DSUs to be settled in cash or stapled units, equal to the value of the accumulated DSUs at such date. Accordingly, from the amendment date of June 9, 2022, fair value remeasurement of the DSU Plan has been included as adjustment to FFO.

The following table reconciles total debt for the periods ended as indicated. Refer to the sections "*Unitholders' Equity*" and "*NON-IFRS PERFORMANCE MEASURES*", for further details.

(in millions)	**Q4 '22**	Q3 '22	Q2 '22	Q1 '22	Q4 '21	Q3 '21	Q2 '21	Q1 '21
Unsecured debt, net	**$ 2,983.6**	$2,995.9	$2,643.5	$2,422.3	$2,425.1	$2,424.9	$1,922.4	$1,925.2
Derivatives, net	**(138.4)**	(223.1)	(169.4)	(126.1)	(44.1)	(8.3)	(19.3)	1.4
Lease obligations	**33.7**	33.2	33.3	31.5	32.2	32.6	32.9	32.9
Total unsecured debt	**2,878.9**	2,806.0	2,507.4	2,327.7	2,413.2	2,449.2	1,936.0	1,959.5
Secured debt	**51.4**	46.4	32.6	12.7	0.8	–	–	–
Total debt	**$ 2,930.3**	$2,852.4	$2,540.0	$2,340.4	$2,414.0	$2,449.2	$1,936.0	$1,959.5

FORWARD-LOOKING STATEMENTS

This MD&A 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, 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 Granite'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 "outlook", "may", "would", "could", "should", "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 also be no assurance that Granite's expectations regarding various matters, including the following, will be realized in a timely manner, with the expected impact or at all: the effectiveness of measures intended to mitigate such impact, and Granite's ability to deliver cash flow stability and growth and create long-term value for unitholders; Granite's ability to implement its ESG+R program and related targets and goals; the expansion and diversification of Granite's real estate portfolio and the reduction in Granite's exposure to Magna and the special purpose properties; Granite's ability to accelerate growth and to grow its net asset value and FFO and AFFO per unit; Granite's ability to find and integrate satisfactory acquisition, joint venture and development opportunities and to strategically deploy the proceeds from recently sold properties and financing initiatives; Granite's sale from time to time of stapled units under its ATM Program; the potential for expansion and rental growth at the properties in Ajax, Ontario and Whitestown, Indiana and the enhancement to the yields of such properties from such potential expansion and rental growth; the expected completion of the two industrial properties in Indiana that Granite has committed to purchase; the construction on and development yield of the 89.0 acre site in Houston, Texas; the development of three modern distribution facilities in Lebanon, Tennessee, and the yield from the development; the development of a 0.4 million square foot distribution facility on the 22.0 acre site in Brantford, Ontario, and the potential yield from the project; the development of a 0.2 million square foot built-to-suit modern distribution facility at a 13.0 acre site in Bolingbrook, Illinois, and the potential yield from the project; the development of a 2.7 million square foot multi-phased business park on the remaining 101.0 acres of land in Houston, Texas and the potential yield from the project; the development of 12.9 acres of land in West Jefferson, Ohio and the potential yield from that project; the development of a 1.3 million square foot multi-phased business park on the remaining 70.0 acre parcel of land in Brantford, Ontario and the potential yield from that project; the development of a 0.2 million square foot modern distribution/logistics facility in Brant County, Ontario and the potential yield of the project; the timing of payment of associated unpaid construction costs and holdbacks; Granite's ability to dispose of any non-core assets on satisfactory terms; Granite's ability to meet its target occupancy goals; Granite's ability to secure sustainability or other certifications for any of its properties; the impact of the refinancing of the term loans on Granite's returns and cash flow; and the amount of any distributions and distribution increase. 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 Granite's perception of historical trends, current conditions and expected future developments, as well as other factors Granite believes are appropriate in the circumstances. Forward-looking statements and forward-looking information are subject to known and unknown risks, uncertainties and other unpredictable factors, many of which are beyond Granite'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 and treaties that may adversely affect Granite REIT's mutual fund trust status under the *Income Tax Act* (Canada) or the effective tax rate in other jurisdictions in which Granite operates; the risks related to Russia's 2022 invasion of Ukraine that may adversely impact Granite's operations and financial performance; economic, market and competitive conditions and other risks that may adversely affect Granite's ability to expand and diversify its real estate portfolio and dispose of any non-core assets on satisfactory terms; and the risks set forth in the "Risk Factors" section in Granite's AIF for 2022 dated March 8, 2023, 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, 2022 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 and information were made and unless otherwise required by applicable securities laws, Granite expressly disclaims any intention and undertakes no obligation to update or revise any forward-looking statements or forward-looking information contained in this MD&A to reflect subsequent information, events or circumstances or otherwise.

EXHIBIT 4

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-260011 and 333-260022 on Form F-10 and to the use of our reports dated March 8, 2023 relating to the combined financial statements of Granite Real Estate Investment Trust and Granite REIT Inc. (collectively, the “Trust”) and the effectiveness of the Trust’s internal control over financial reporting appearing in this Annual Report on Form 40-F for the year ended December 31, 2022.

/s/ Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
March 8, 2023

EXHIBIT 99.1

Certification Pursuant to 18 U.S.C. 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002
Granite Real Estate Investment Trust

In connection with the annual report of Granite Real Estate Investment Trust (the “Company”) on Form 40-F for the fiscal year ended December 31, 2022 (the “Report”) to which this certification is an exhibit, I, Kevan Gorrie, Trustee, President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 8, 2023

By: /s/ KEVAN GORRIE
Name: Kevan Gorrie
Title: Trustee, President and Chief Executive Officer

EXHIBIT 99.1

Certification Pursuant to 18 U.S.C. 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002
Granite REIT Inc.

In connection with the annual report of Granite REIT Inc. (the "Company") on Form 40-F for the fiscal year ended December 31, 2022 (the "Report") to which this certification is an exhibit, I, Kevan Gorrie, Director, President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 8, 2023

By: /s/ KEVAN GORRIE
Name: Kevan Gorrie
Title: Director, President and Chief Executive Officer

EXHIBIT 99.2

Certifications
Granite Real Estate Investment Trust

I, Kevan Gorrie, certify that:

1. I have reviewed this annual report on Form 40-F of Granite Real Estate Investment Trust;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the issuer’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the issuer’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer’s internal control over financial reporting; and

5. The issuer’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer’s auditors and the audit committee of the issuer’s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer’s internal control over financial reporting.

Date: March 8, 2023

By: /s/ KEVAN GORRIE
Name: Kevan Gorrie
Title: Trustee, President and Chief Executive Officer

EXHIBIT 99.2

Certifications
Granite REIT Inc.

I, Kevan Gorrie, certify that:

1. I have reviewed this annual report on Form 40-F of Granite REIT Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date:March 8, 2023

By:	/s/ KEVAN GORRIE	
	Name:	Kevan Gorrie
	Title:	Director, President and Chief Executive Officer

EXHIBIT 99.3

Certification Pursuant to 18 U.S.C. 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002
Granite Real Estate Investment Trust

In connection with the annual report of Granite Real Estate Investment Trust (the "Company") on Form 40-F for the fiscal year ended December 31, 2022 (the "Report") to which this certification is an exhibit, I, Teresa Neto, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 8, 2023

By: /s/ TERESA NETO

Name: Teresa Neto

Title: Chief Financial Officer

EXHIBIT 99.3

Certification Pursuant to 18 U.S.C. 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002
Granite REIT Inc.

In connection with the annual report of Granite REIT Inc. (the "Company") on Form 40-F for the fiscal year ended December 31, 2022 (the "Report") to which this certification is an exhibit, I, Teresa Neto, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 8, 2023

By: /s/ TERESA NETO
Name: Teresa Neto
Title: Chief Financial Officer

EXHIBIT 99.4

Certifications

Granite Real Estate Investment Trust

I, Teresa Neto, certify that:

1. I have reviewed this annual report on Form 40-F of Granite Real Estate Investment Trust;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 8, 2023

By: /s/ TERESA NETO

Name: Teresa Neto

Title: Chief Financial Officer

EXHIBIT 99.4

Certifications
Granite REIT Inc.

I, Teresa Neto, certify that:

1. I have reviewed this annual report on Form 40-F of Granite REIT Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date:March 8, 2023

By: /s/ TERESA NETO
Name: Teresa Neto
Title: Chief Financial Officer