



# INVESTOR PRESENTATION

May 2021

# PRESENTATION OF CERTAIN INFORMATION



- Unless otherwise indicated in this presentation, all information is presented as of March 31, 2021 and all financial information that is identified as current refers to the period ending March 31, 2021. For definitions of certain non-IFRS measures used in this presentation including funds from operations (“FFO”), adjusted funds from operations (“AFFO”), FFO payout ratio, AFFO payout ratio, net operating income calculated on a cash basis (“NOI-cash basis”), net leverage ratio, earnings before interest, income taxes, depreciation and amortization (“EBITDA”), unencumbered asset coverage ratio, indebtedness ratio, and interest coverage ratio, please refer to Granite’s Management Discussion and Analysis (“MD&A”) in its Q1 2021 (available on Granite’s website <https://granitereit.com/investors/financial-reports-and-filings/>).
- This presentation 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 the impact of the COVID-19 pandemic and government measures to contain it, including with respect to Granite’s ability to weather the impact of COVID-19, 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; the expansion and diversification of Granite’s real estate portfolio and the reduction in Granite’s exposure to Magna and the special purpose properties; the ability of Granite to accelerate growth and to grow its net asset value and FFO and AFFO per unit; the ability of Granite 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 intended use of the net proceeds of its equity and debenture offerings to fund potential acquisitions and for the other purposes described previously; the potential for expansion and rental growth at the property in Mississauga, Ontario and the expected enhancement to the yields of such property from such potential expansion and rental growth; the expected construction of and development yield of the acquired greenfield site in Houston, Texas; the expected development and construction of an e-commerce and logistics warehouse on the acquired land in Fort Worth, Texas; the expected construction of the distribution/light industrial facility on the 13-acre site in Altbach, Germany; the completion of construction at the property in Dallas, Texas; the commencement of vertical construction at Granite’s development project in Houston, Texas; 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 expected impact of the refinancing of the term loans on Granite’s returns and cash flow; and the expected amount of any distributions and distribution increase, 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 Granite believes are appropriate in the circumstances. Given the impact of the COVID-19 pandemic and government measures to contain it, there is inherently more uncertainty associated with our assumptions as compared to prior periods. 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 impact of the COVID-19 pandemic and government measures to contain it, and the resulting economic downturn, on Granite’s business, operations and financial condition; the risk that the pandemic or such measures intensify; the duration of the pandemic and related impacts; 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; 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 2020 dated March 3, 2021, filed on SEDAR at [www.sedar.com](http://www.sedar.com) and attached as Exhibit 1 to the Trust’s Annual Report on Form 40-F for the year ended December 31, 2020 filed with the SEC and available online on EDGAR at [www.sec.gov](http://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 presentation to reflect subsequent information, events or circumstances or otherwise.

# GRANITE HIGHLIGHTS



## ORGANIZATIONAL PRINCIPLES

Long-term total return focused

Conservative and flexible capital structure

Platform strength and active asset management

Institutional quality real estate portfolio

Alignment with unitholders

## PORTFOLIO OVERVIEW

108 income-producing properties + 7 development properties/land

50.4M square feet with 99.1% occupancy

\$6.0B in property value

High quality and creditworthy tenant base

6.1 years of weighted average lease term

## FINANCIAL PERFORMANCE

78% LTM AFFO POR

25% net leverage ratio

GRT.UN on TSX and GRP.U on NYSE

Market Cap. of ~\$4.9B and EV of ~\$6.3B

Investment grade ratings with stable outlook (BBB (high) / Baa2)

9 consecutive annual distribution increases

## Global Industrial Real Estate Platform

- Market capitalization and enterprise value are as of April 30, 2021.
- Granite investment grade ratings are as per DBRS/Moody's.



## ENVIRONMENTAL

Promote energy efficiency and sustainable practices at our properties

Reduce use of resources and promote waste diversion

Exceed required standards where feasible in our developments

Encourage the use of local and recycled materials

Promote use of public transit through financial support

Implement various sustainability projects

## SOCIAL

Promote employee well-being

Promote volunteerism and community support

Financial support for gym memberships & public transit

Employee engagement monitoring

Provide a 24/7 support and counselling resource

## GOVERNANCE

100% independent Board excluding CEO

Experienced and diverse board

Internally managed

Robust governance policies with CGN Committee oversight

Whistle-blower hotline and reporting process

# ESG - \$500M GREEN BOND USE OF NET PROCEEDS (AS AT DEC 31, 2020<sup>1</sup>)



Property	Eligible Green Certification	Date	Allocation
3501 North Lancaster Hutchins Rd, Lancaster, TX, USA	 LEED Silver Green Building	Mar 1/19	\$106.1
Oude Graaf 15, Weert, NED	 BREEAM “Excellent” Green Building	May 1/20	31.9
1201 Allpoints Court, Plainfield, Indiana, USA	 Two Green Globes Green Building	Jun 15/20	31.6
Francis Baconstraat 4, Ede, NED	 BREEAM “Very Good” Green Building	Jul 1/20	21.4
De Kroonstraat 1 & De Poosthoornstraat 2, Tilburg, NED	 BREEAM “Excellent” Green Building	Jul 1/20 <sup>2</sup>	84.1
Aquamarijnweg 2, Bleiswijk, NED	 BREEAM “Very Good” Green Building	Sep 1/20 <sup>3</sup>	66.2
Other LED lighting projects	> 15% improvement in energy efficiency	Various	<u>1.3</u>
Total Net Proceeds Allocated			<u>\$342.6</u>
% of Net Proceeds Allocated			69%

**Granite has allocated \$342.6M (69%) of Green Bond net proceeds to Eligible Green Investments**

<sup>1</sup>Granite has committed to providing annual updates on green bond allocation

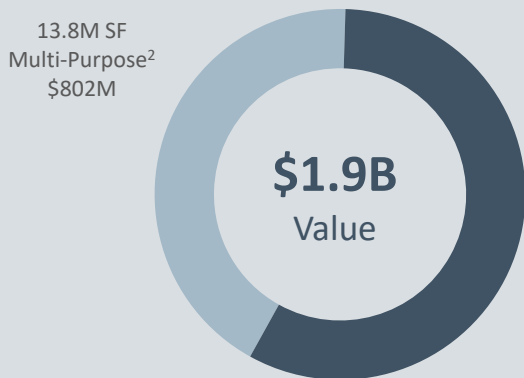
<sup>2</sup>Expansion completed on December 18, 2020

<sup>3</sup>Initial acquisition made on March 13, 2020 and development completed on September 1, 2020



## Investment Property Summary

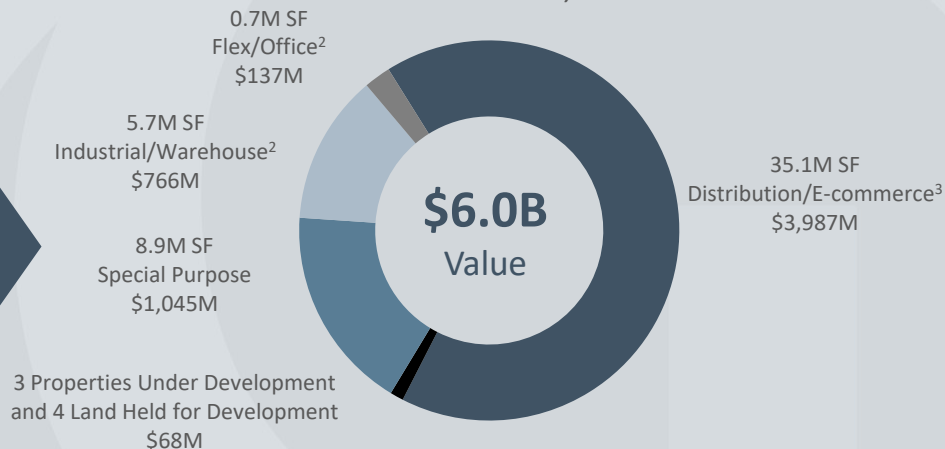
Then - December 31, 2011



14.1M SF  
Special Purpose  
\$1,089M



Now - March 31, 2021



27.9    94%    11%    \$1.5B    \$2.14    ~\$700M

GLA (MSF)    Magna % of GLA    Net Leverage Ratio    Market Cap    FFOPU    Incremental Debt Capacity @ 35%

50.4    27%    25%    \$4.9B    \$3.86    ~\$958M

GLA (MSF)    Magna % of GLA    Net Leverage Ratio    Market Cap    LTM FFOPU    Incremental Debt Capacity @ 35%

**Transforming the portfolio while creating value and maintaining financial flexibility**

<sup>1</sup>Market capitalization and enterprise value are as April 30, 2021.

<sup>2</sup>Multi-Purpose property type has been split and renamed into two new categories: Industrial/Warehouse and Flex/Office as of Q1 2021.

<sup>3</sup> Modern warehouse has been renamed to Distribution/E-commerce as of Q1 2021.



Target markets with superior economic conditions and market fundamentals

Proximity to major MSAs

Available labour

Strategic location

Population growth

Liquidity

Major infrastructure

Focus on modern facilities that meet the demands of E-Commerce and traditional distribution users

Modern characteristics

Lower capex requirements

Potential for expansion or redevelopment

Strategic location within market

Captive tenancy

Invest selectively/opportunistically in evolving property types and markets benefiting from technological advancement & E-Commerce trends

Cold Storage  
(Food & Pharma)

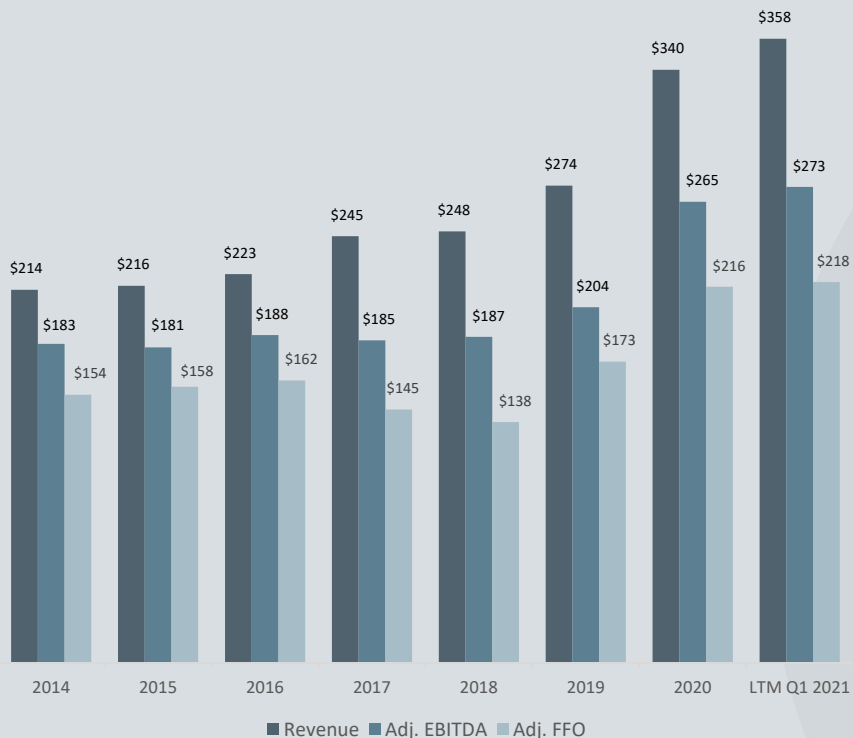
Multi-level fulfillment

Transport facilities

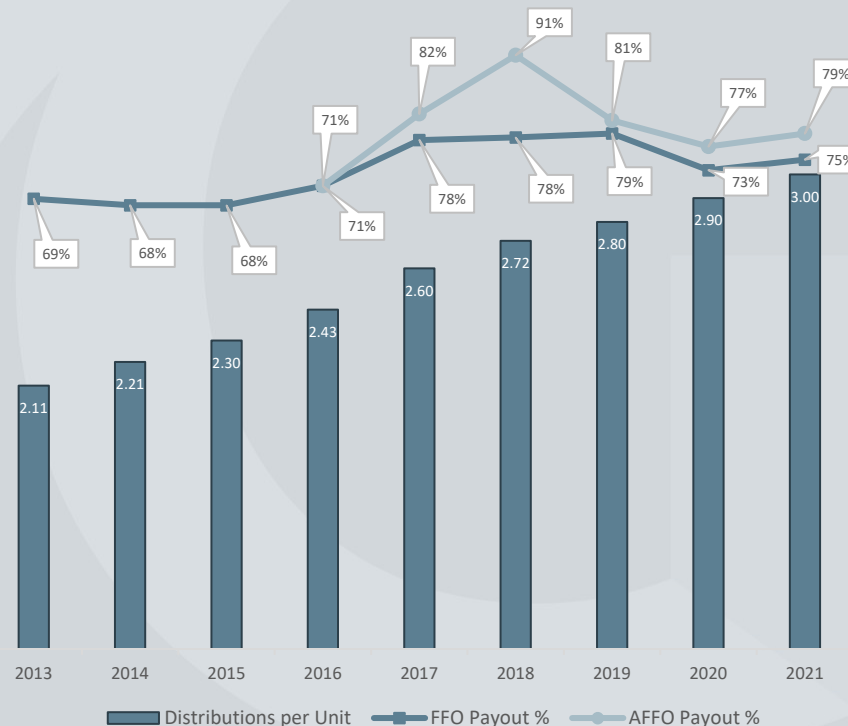
# FINANCIAL PERFORMANCE



## Historical Operating Performance (\$M)



## Distributions and Payout Ratios



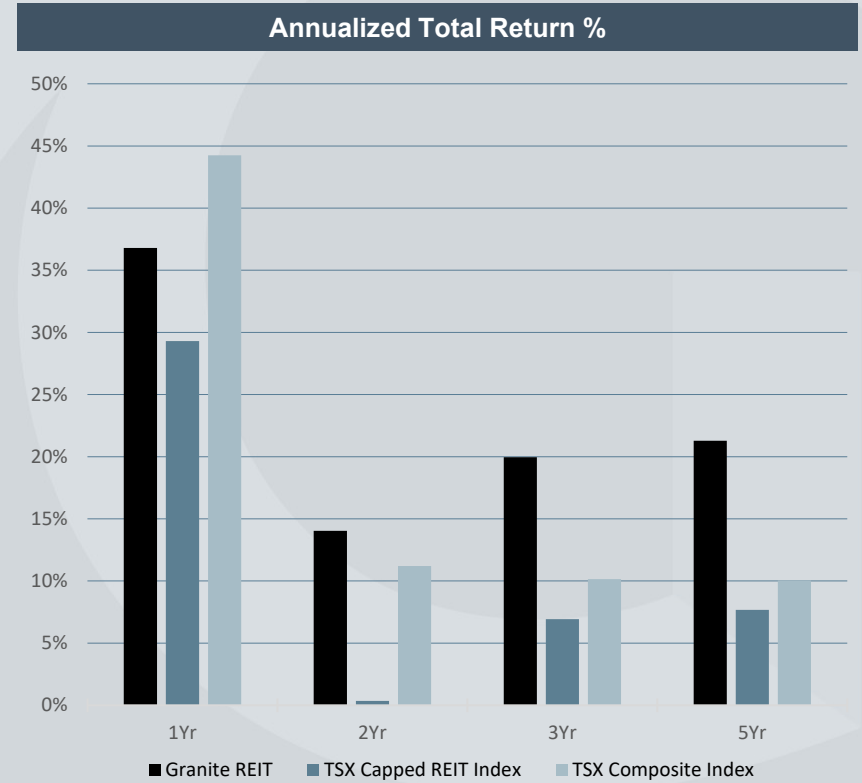
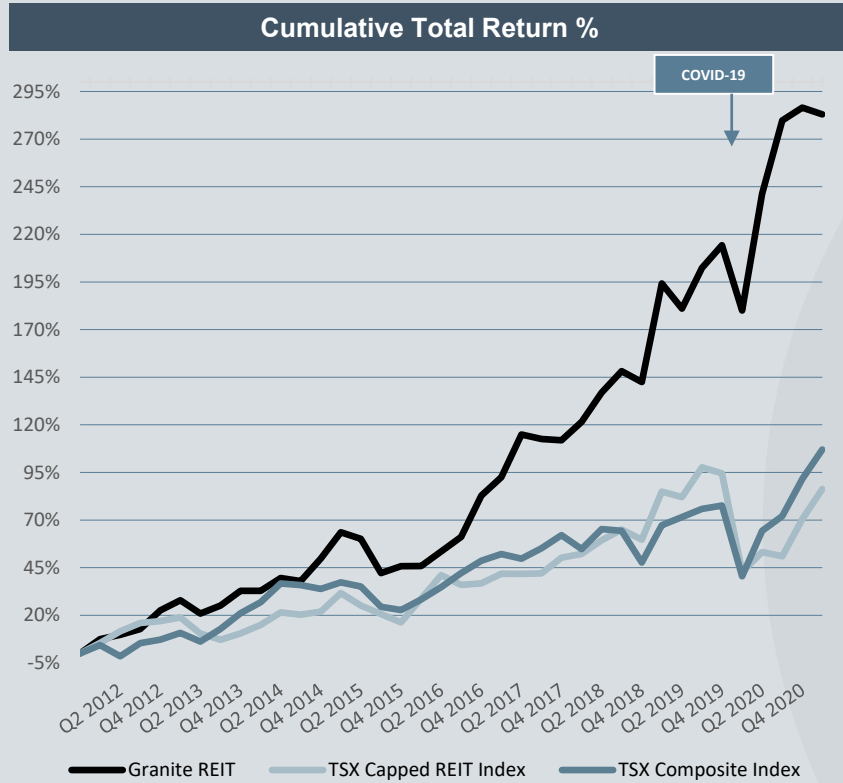
**Consistent annual revenue and FFO growth. Distribution increase of 3.4% made for 2021.**

- Adjusted FFO and FFO payout ratio may exclude items that can be a source of variance between periods. See Granite's MD&A in the 2021 First Quarter Report.
- Material increase in revenue from 2016 to 2017 is largely due to the adoption of IFRS 15 in 2017.
- 2019 Distributions excludes the special distribution paid in January 2019 of \$1.20 per unit.





## Total Return vs TSX Composite & TSX Capped REIT Indices



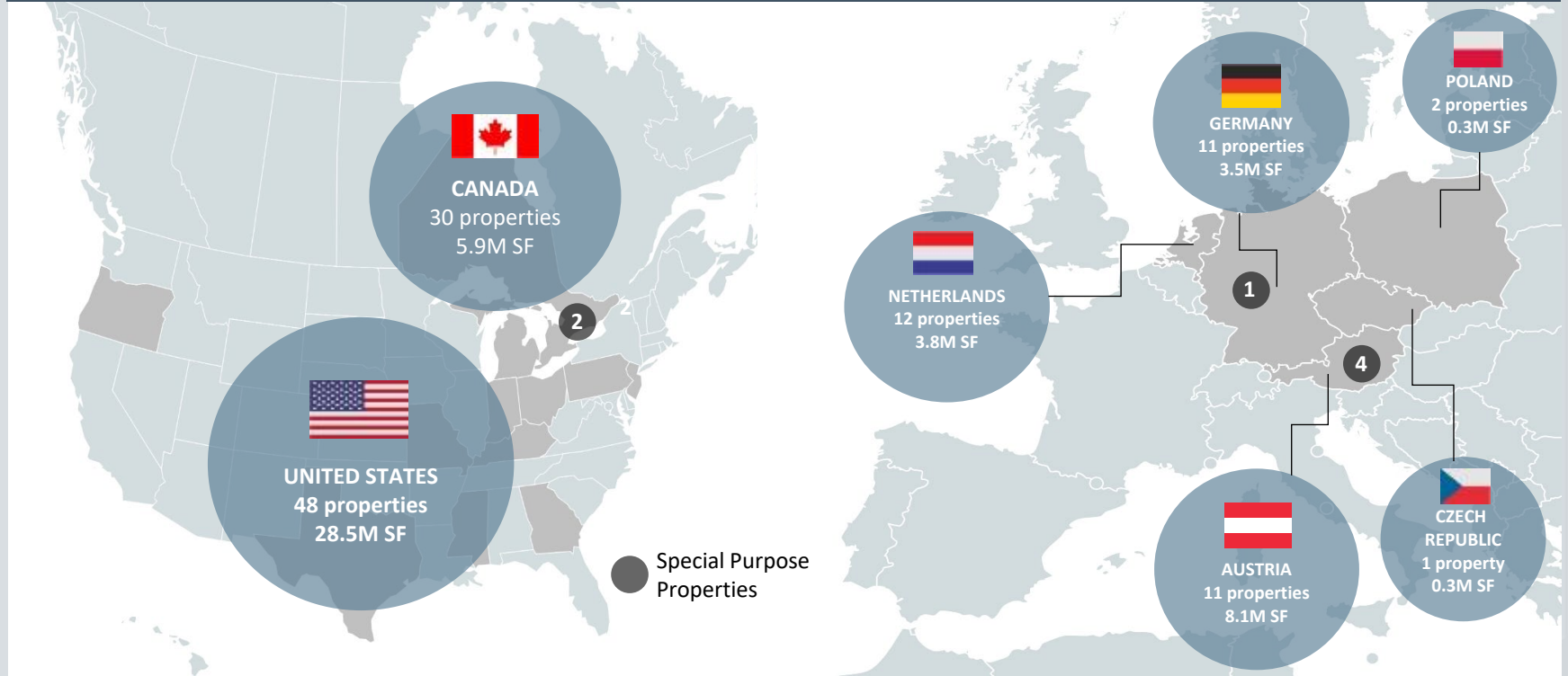
**Granite has steadily outperformed the TSX and Capped REIT Total Return indices**

• Total return data sourced from Bloomberg and is as at March 31, 2021.

# GLOBALLY DIVERSIFIED PORTFOLIO



7 countries – 115 properties – 50.4 million square feet

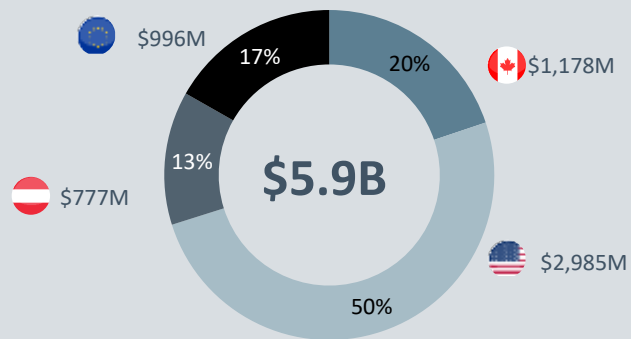


Global footprint with scale in North America & Western Europe

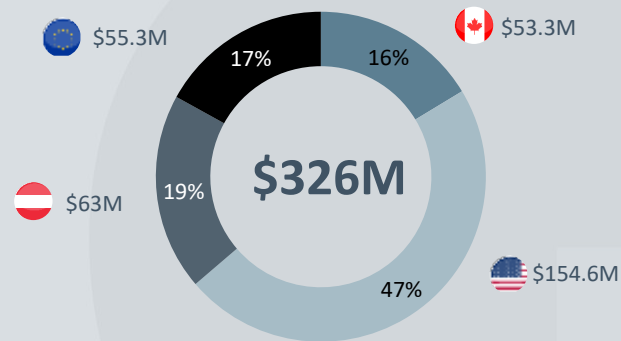
# PORTFOLIO SEGMENTATION BY GEOGRAPHY



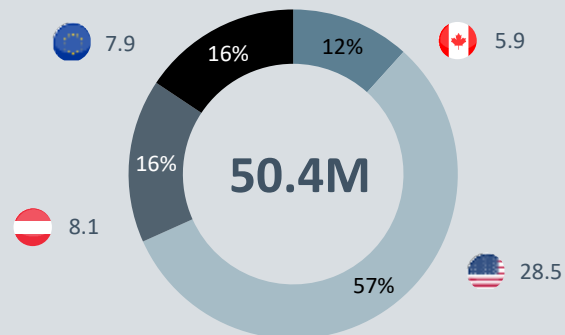
## By Income Producing Property Fair Value



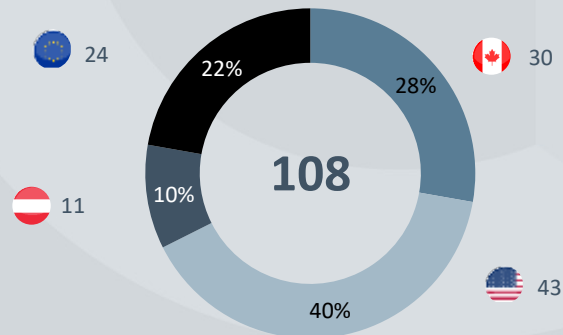
## By Annualized Revenue



## By Square Feet



## By Number of Income-Producing Properties



Geographically diversified asset base

# PORTFOLIO SEGMENTATION BY CATEGORY



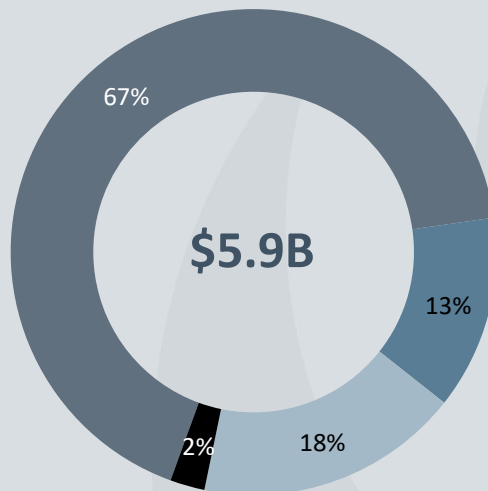
## Income-Producing Properties by Value Segmented by Category

### Distribution/E-commerce Properties

64 Properties  
 35.1 M SF (~549K SF/property)  
 \$4.0 B Fair Value (~\$114/SF)  
 WALT: 6.7 years  
 \$198.1 M Annualized Revenue(~\$5.64/SF): 61%  
 Magna Concentration: 1%  
 Concentration in the GTA (rev): 6%  
 Clear Height: 34'  
 Average Age: 10 Yrs  
 Overall Cap Rate: 4.84%

### Flex/Office

4 Properties  
 0.7 M SF (~170K SF/property)  
 \$0.1 B Fair Value (~\$201/SF)  
 WALT: 7.0 years  
 \$9.6M Annualized Revenue (~\$14.15/SF): 3%  
 Magna Concentration: 33%  
 Concentration in the GTA (rev): 44%  
 Clear Height: 25'  
 Average Age: 21Yrs  
 Overall Cap Rate: 5.82%



### Industrial/Warehouse

33 Properties  
 5.7 M SF (~173K SF/property)  
 \$0.8 B Fair Value(~\$134/SF)  
 WALT: 4.4 years  
 \$43.2M Annualized Revenue(~\$7.55/SF): 13%  
 Magna Concentration: 81%  
 Concentration in the GTA (rev): 50%  
 Clear Height: 29'  
 Average Age: 26Yrs  
 Overall Cap Rate: 5.59%

### Special Purpose Properties

7 Properties (2 GTA, 1 Germany, 4 Austria)  
 8.9 M SF (~1,268K SF/property)  
 \$1.0 B Fair Value (~\$118/SF)  
 WALT: 4.7 years  
 \$75.1 M Annualized Revenue(~\$8.46/SF): 23%  
 Magna Concentration: 100%  
 Concentration in the GTA (rev): 21%  
 Clear Height: 34'  
 Average Age: 37 Yrs  
 Overall Cap Rate: 7.33%  
 Cap Rate in Canada: 4.86%  
 Cap Rate in Europe: 8.44%

**Total Fair Value of \$5.9B with an overall WALT of 6.1 years**

# DEVELOPMENT AND EXPANSION PIPELINE



Altbach, Germany ~0.3M SF



Fort Worth, Texas ~0.6M SF



Mississauga, Ontario (expansion) ~0.1M SF



Houston, Texas ~0.7M SF

**Active development program to enhance total return & platform value**

# LEASE EXPIRATION PROFILE



## Outstanding Lease Expiries by Annualized Revenue

Annualized Revenue

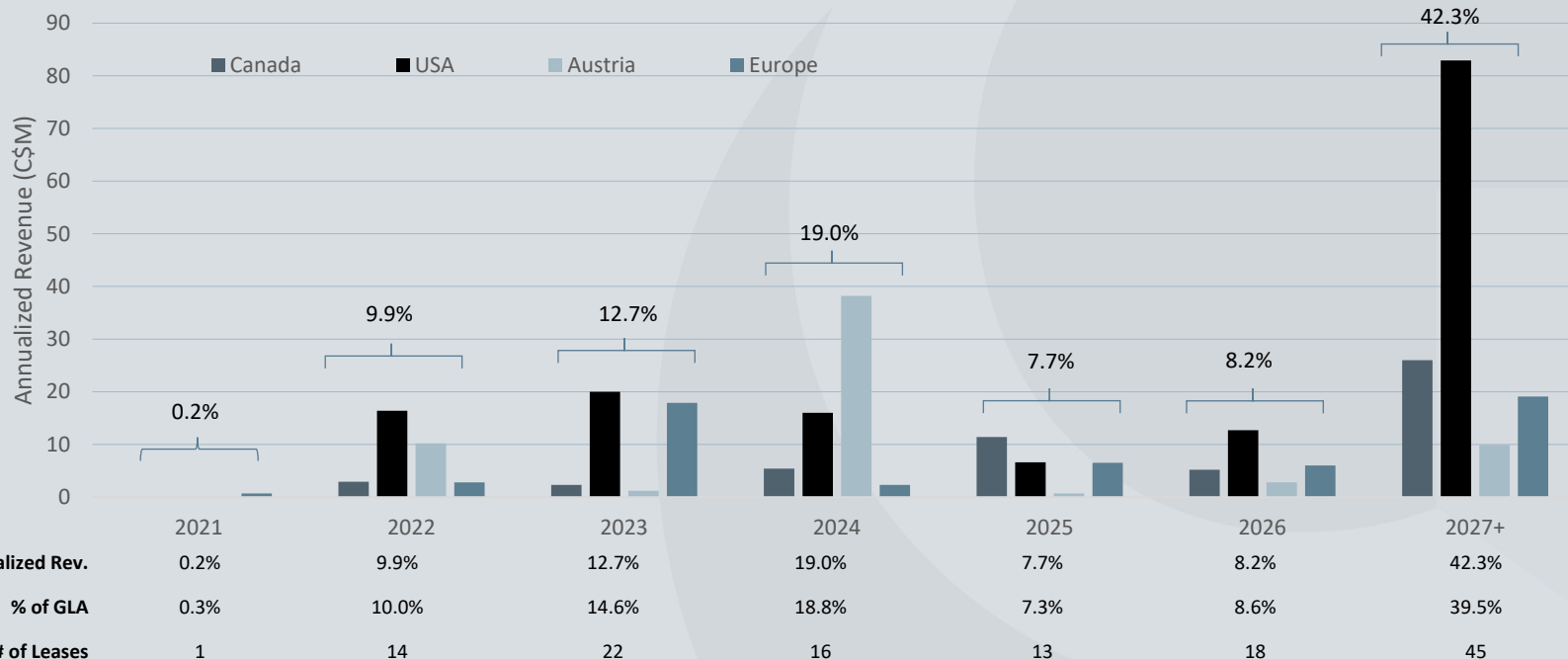
**\$326.1M**

Overall WALT

**6.1 Years**

Occupancy

**99.1%**



% of Annualized Rev.

% of GLA

# of Leases

Year	2021	2022	2023	2024	2025	2026	2027+
% of Annualized Rev.	0.2%	9.9%	12.7%	19.0%	7.7%	8.2%	42.3%
% of GLA	0.3%	10.0%	14.6%	18.8%	7.3%	8.6%	39.5%
# of Leases	1	14	22	16	13	18	45

**Staggered and geographically diversified lease maturity profile**

# HIGH QUALITY & CREDITWORTHY TENANT BASE



Top 10 Tenants		Annualized Revenue %	GLA %	WALT	Credit Rating
Magna		35%	27%	4.4	A-
Amazon		6%	5%	17.9	AA-
ADESA		2%	—%	8.3	NR
Hanon Systems		2%	1%	8.4	BBB
Restoration Hardware		2%	2%	7.1	NR
Spreetail FTP		2%	2%	5.6	NR
Ingram Micro		2%	2%	3.8	BB-
Cornerstone Brands		2%	2%	3.5	B+
Mars Petcare		2%	3%	1.0	NR
Wayfair		2%	2%	4.5	NR
<b>Top 10 Tenants</b>		<b>57%</b>	<b>46%</b>	<b>6.1</b>	

### Other Tenants

**Creditworthy non-Magna tenants each comprising less than 10% of Revenue and GLA**

- Credit rating is quoted on the S&P or equivalent rating scale where publicly available. NR refers to Not Rated.
- 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.

# BALANCE SHEET STRENGTH



## Capitalization

Unit Price (04/30/2021)	\$78.69
Units Outstanding	61.7
<b>Market Capitalization</b>	<b>\$4,856</b>

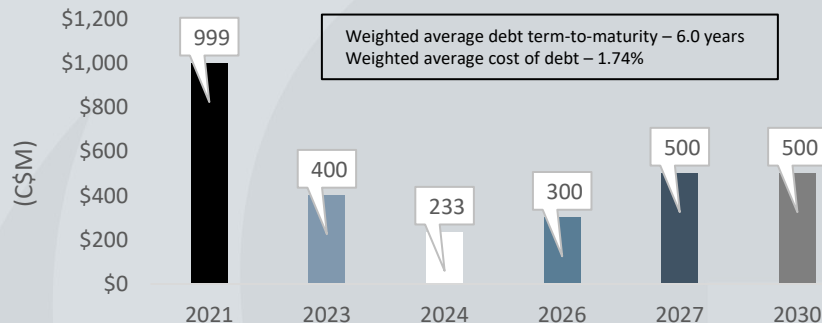
Credit Facility	\$0
Debentures 3.873% due Nov/23	\$400
US\$185M Term Loan due Dec/24	\$233
C\$300M Term Loan due Dec/26	\$300
Debentures 3.062% due Jun/27	\$500
Debentures 2.378% due Dec/30	\$500
<b>Total Unsecured Debt</b>	<b>\$1,933</b>

Less: Cash and Cash Equivalents	\$481
Add: Non-controlling Interests	\$2
<b>Enterprise Value</b>	<b>\$6,310</b>

## Available Liquidity

Cash and Cash Equivalents	\$481
Credit Facility Available	\$999
<b>Total Available Liquidity</b>	<b>\$1,480</b>

## Debt Maturity Profile



- Available Liquidity under credit facility which matures in March 2026
- \$400M Debentures 3.873% due Nov/23 swapped into Euros with an effective interest rate of 2.43%
- US\$185M Term Loan LIBOR+ due Dec/24 swapped into Euros with an effective interest rate of 0.272%
- \$300M Term Loan BA+ due Dec/26 swapped into Euros with an effective interest rate of 1.105%
- \$500M Debentures 3.062% due Jun/27 swapped into USD with effective interest rate of 2.964%
- \$500M Debentures 2.378% due Dec/30 swapped into Euros with effective interest rate of 1.045%

## Available Liquidity

LTM Adj. EBITDA / LTM Interest	6.3x
Net Debt / LTM Adj. EBITDA	5.4x
LTM FFO / Net Debt	16%
Net Debt / Fair Value of Investment Properties	25%
Net Debt / Enterprise Value	23%
Unencumbered Assets / Unsecured Net Debt	4.1x
Secured Debt / Fair Value of Investment Properties	0%
Incremental Net Debt Capacity at 35% Net Leverage Ratio	\$958M

**Sector leading balance sheet with significant liquidity and fully unencumbered assets**

- Market capitalization and enterprise value are as at April 30, 2021.
- Total Unsecured Debt excludes swap mark-to-market liabilities and lease obligations.





- The following table was sourced from DBRS' North American Real Estate Peer Comparison dated April 2021.

## DBRS North American Real Estate Peer Comparison<sup>1</sup>:

	Granite <sup>2</sup>	Peer Group Average	Granite Rank Among Peer Group <sup>3</sup>
Total Debt to Capital Total	33.0%	49.2%	#3
Debt to EBITDA Cash	7.5x	9.7x	#4
Flow to Total Debt Debt	0.1x	0.1x	#2
Service Coverage EBITDA	7.5x	2.6x	#1
Interest Coverage	7.6x	3.2x	#1
Distributions to FFO <sup>3</sup>	72.2%	81.8%	#7

### Granite's balance sheet & access to Euro-denominated debt offers a competitive advantage

<sup>1</sup> Source: DBRS North American Real Estate Peer Comparison for 17 issuers as of April 2021. Credit metrics for each issuer are as of the dates indicated in the report (December 31, 2020 for Granite). Certain terms used, such as EBITDA and FFO, do not have standardized meanings under IFRS and as such may not be comparable between the North American Real Estate Peer issuers used in the study.

<sup>2</sup> Granite's debt as at December 31, 2020 included the 2021 Debentures that were refinanced on December 18, 2020 and subsequently redeemed on January 4, 2021. All December 31, 2020 debt ratios have been adjusted on a pro-forma basis to reflect the redemption of the 2021 Debentures for peer comparison purposes.

<sup>3</sup> Peer Group Average excludes Morguard Corporation.

# FINANCIAL FLEXIBILITY & TARGET LONG-TERM LEVERAGE RATIO



- Strong balance sheet provides pathway for measured growth with potential for further diversification and optimization of the portfolio
- Target long term net leverage ratio of ~30 - 35% while maintaining patient and opportunistic approach to acquisitions and development
- Long term leverage target fully reflected in current credit ratings from Moody's and DBRS

## Incremental Net Debt Capacity

Net Leverage Ratio	Incremental Debt Capital (\$ M)
25% (current)	N/A
30%	\$461
35%	\$958
40%	\$1,538

## Rating Agency Commentary

### Moody's 03/12/2021: Baa2 (Stable)

*"Granite's Baa2 senior unsecured rating reflects its commitment to maintaining a conservative capital structure, with moderate long-term target leverage of debt/total assets under 35% and a fully unencumbered asset base, as the REIT executes its strategic growth plan and portfolio transformation. The ratings are further supported by Granite's good liquidity and long-term net-lease contracts with minimal rollover that result in stable earnings year over year. It also incorporates the REIT's success in transforming its portfolio over the past few years, effectively improving its asset quality and long-term growth profile."*

### DBRS Morningstar 03/22/2021: BBB(high) (Stable)

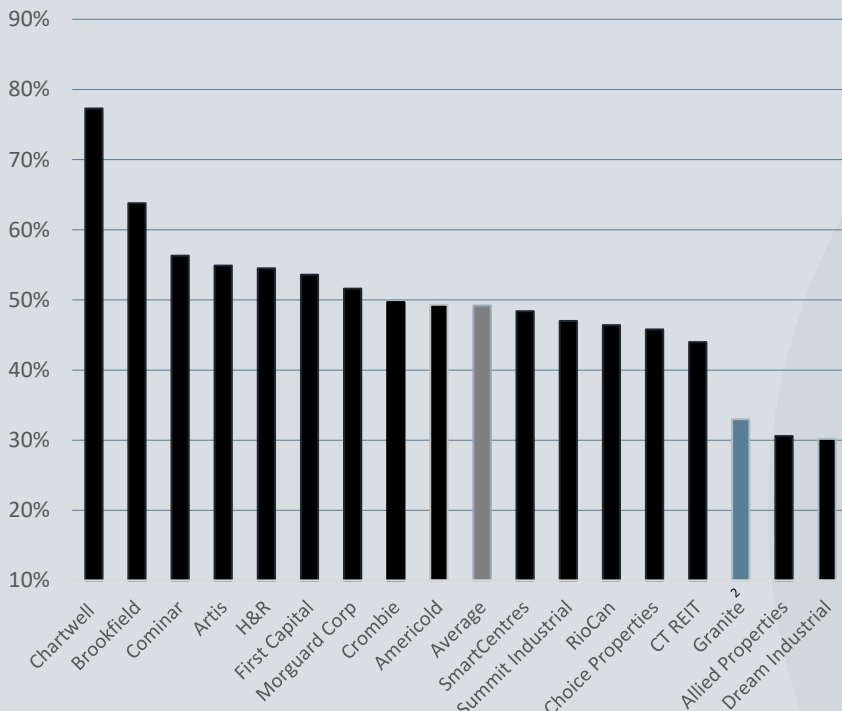
*"DBRS Morningstar has revised upward its assessment of Granite's asset quality and market position. These revisions are supported by Granite completing approximately \$2.0 billion in acquisitions over the last two years, with such acquisitions consisting of modern distribution assets located in key distribution markets in Canada, the Netherlands, and the U.S., while continuing to dispose of noncore special-purpose properties. Furthermore, the Trust collected 100% of its rent during the pandemic while improving occupancy and generating robust same property net operating income growth (SPNOI), therefore demonstrating the resilience of Granite's assets, tenants, and cash flows. The Stable trends consider DBRS Morningstar's expectations that industrial real estate fundamentals will remain supportive in the near to medium term and that Granite will continue to execute its long-term strategy of growing and diversifying its asset base through acquisitions and developments as well as funding such growth initiatives with cash on hand, incremental debt, and equity, similar to recent years."*

**Commitment to maintaining a sustainable investment grade rating and conservative capital structure**

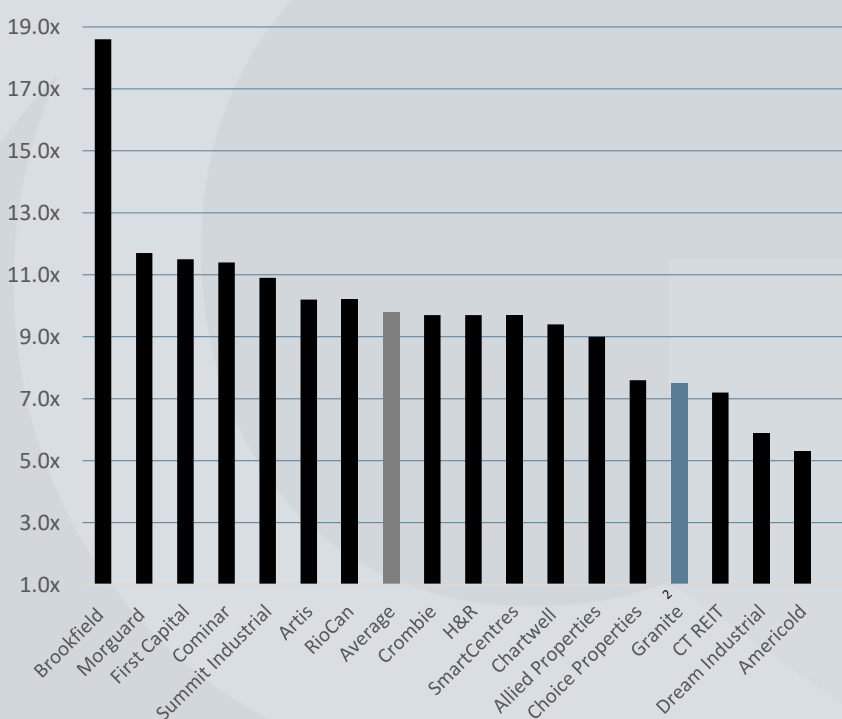
# CANADIAN REAL ESTATE DEBT COMPARISON<sup>1</sup>



## Total Debt-to-Capital



## Total Debt-to-EBITDA



**Granite has the lowest leverage within DBRS<sup>1</sup> universe of Canadian Real Estate entities**

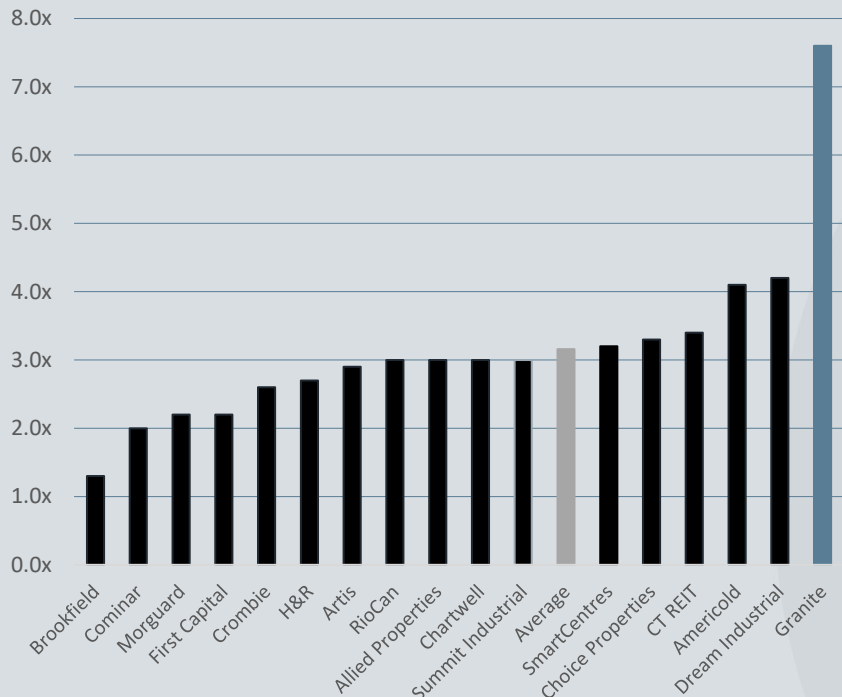
<sup>1</sup> Source: DBRS North American Real Estate Peer Comparison for 17 issuers as of April 2021. Credit metrics for each issuer are as of the dates indicated in the report (December 31, 2020 for Granite). Certain terms used, such as EBITDA and FFO, do not have standardized meanings under IFRS and as such may not be comparable between the North American Real Estate Peer issuers used in the study.

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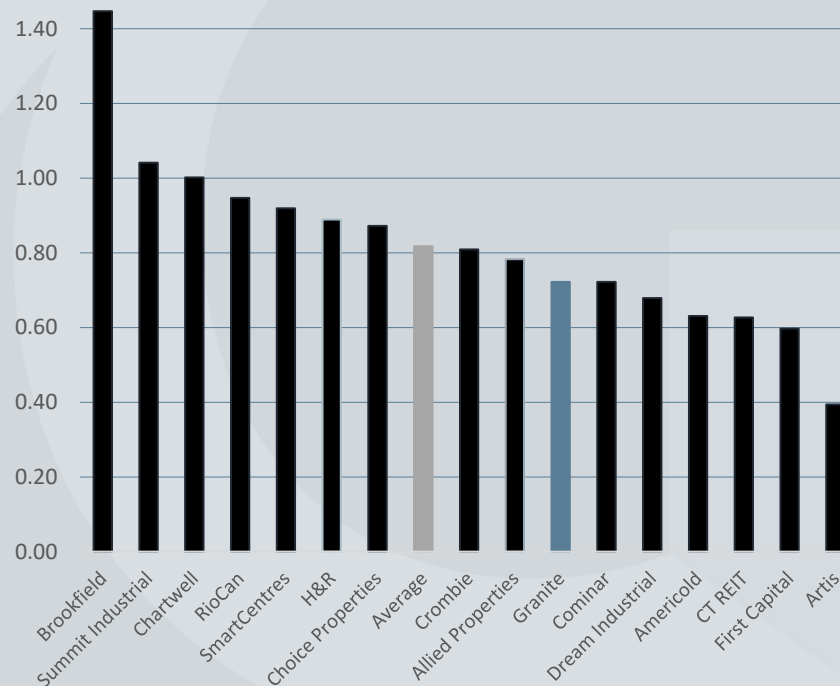
# CANADIAN REAL ESTATE DEBT COMPARISON<sup>1</sup>



## EBITDA Interest Coverage



## Distributions/Cash Flow from Operations<sup>2</sup>



**Granite has leading cash flow coverage metrics among DBRS<sup>1</sup> universe of Canadian Real Estate entities**

<sup>1</sup> Source: DBRS North American Real Estate Peer Comparison April 2021. Credit metrics for each issuer are as of the dates indicated in the report (December 31, 2020 for Granite). Certain terms used, such as EBITDA and FFO, do not have standardized meanings under IFRS and as such may not be comparable between the North American Real Estate Peer issuers used in the study.

<sup>2</sup> Peer Group Average excludes Morguard Corporation.

# LEADERSHIP TEAM



## **Kevan Gorrie**

- President and Chief Executive Officer
- Over 20 years of real estate experience in Canada, the United States and Germany.
- Previously served as the President and Chief Executive Officer of PIRET, where he led the business until its strategic sale to Blackstone Property Partners and Ivanhoé Cambridge in May 2018.



## **Teresa Neto**

- Chief Financial Officer
- Over 30 years of varied business experience, including ~10 years as a CFO for publicly-traded real estate investment trusts in Canada.
- Previously served as the CFO of Pure Industrial Real Estate Trust and prior to that at Northwest Healthcare Properties REIT.



## **Lorne Kumer**

- Executive Vice President, Head of Global Real Estate
- Over 25 years of experience in the real estate industry working for both public and private development companies
- Experience includes acquisitions, due diligence, leasing, land use and development approvals, sales and construction



## **Michael Ramparas**

- Executive Vice President, Global Real Estate and Head of Investments
- Over 18 years of broad work experience with a focus on real estate, equity investments, and corporate underwriting.
- Previously held senior positions at Fortress Investment Group and Hexagon Capital Partners



## **Witsard Schaper**

- Senior Vice President, Head of Europe based in Amsterdam
- Over 20 years of extensive real estate investment experience in international private and public real estate transactions across Europe
- Prior to joining Granite, Mr. Schaper was a Director at CPPIB in London responsible for the investment program in Europe



## **Jon Sorg**

- Senior Vice President, Head of U.S. based in Dallas
- 20 years of investment, operations, underwriting and valuations experience in a variety of markets across the central US
- Prior to joining Granite, Mr. Sorg spent 12 years at Prologis, where most recently he served as Senior Vice President, Capital Deployment