

GRANITE
REIT



INVESTOR PRESENTATION

August 2023

PRESENTATION OF CERTAIN INFORMATION



- Unless otherwise indicated in this presentation, all information is presented as of June 30, 2023 and all financial information that is identified as current refers to the period ending June 30, 2023. For definitions of certain non-IFRS performance measures and non-IFRS ratios 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”), constant currency same property NOI, net leverage ratio, earnings before interest, income taxes, depreciation and amortization (“EBITDA”), available liquidity, total debt and net debt, unencumbered asset coverage ratio, indebtedness ratio, and interest coverage ratio, please refer to Appendix A and Appendix B on pages 21, 22 and 23. For reconciliation of these non-IFRS performance measures and non-IFRS ratios, please refer to Granite’s Management Discussion and Analysis (“MD&A”) in the Second Quarter report 2023 (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 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 At-The-Market Equity Distribution Program; the potential for expansion and rental growth at the property in Ajax, Ontario and the enhancement to the yield of the property from such potential expansion and rental growth; 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 0.7 million square foot distribution facility on the 34.0 acre site in Brantford, Ontario, and the potential yield from the project; the development of a 1.3 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 0.6 million square foot multi-phased business park on the remaining 36.0 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 on the 10.1 acres of land 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.sedarplus.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 presentation to reflect subsequent information, events or circumstances or otherwise.



ORGANIZATIONAL PRINCIPLES

- Long-term total return focused
- Conservative and flexible capital structure
- Platform strength & active asset management
- Institutional quality real estate portfolio
- Alignment with unitholders

PORTFOLIO OVERVIEW

- 137 income-producing properties + 6 development properties/land
- 62.9MSF with 96.3% occupancy
- \$8.8B in property value
- High quality & creditworthy tenant base
- 6.5 years of weighted average lease term

FINANCIAL PERFORMANCE

- 74% LTM AFFO POR²
- 32% net leverage ratio²
- 6.5 – 7.5% constant currency SPNOI³ growth in 2023
- Market Cap. of ~\$5.0B¹ & EV of ~\$7.9B¹
- Investment grade ratings with stable outlook (BBB (high) / Baa2)³
- 12 consecutive annual distribution increases

Global Industrial Real Estate Platform

¹ Market capitalization and enterprise value are as of August 4, 2023. (GRT.UN on TSX and GRP.U on NYSE).

² For definitions of Granite's non-IFRS performance measures and non-IFRS ratios, refer to Appendix A and B on pages 21 and 22.

³ Granite investment grade ratings are as per DBRS/Moody's.

ESG+R OBJECTIVES AND TARGETS



ENVIRONMENTAL

- Promote energy efficiency and sustainable practices at both our properties and corporate offices
- Collaborate with tenants to pursue sustainability projects
- Exceed required building sustainability and efficiency standards where feasible
- Develop projects consistent with our Green Bond Framework
- Ensure compliance with our Environmental Policy

SOCIAL

- Engage with our unitholders, employees, tenants, property managers and the local community to drive ESG+R objectives
- Communicate and report on the progress of our ESG+R Program with stakeholders
- Promote health and inclusive workplaces that support people and career growth
- Remain an active corporate citizen and give back in our communities

GOVERNANCE

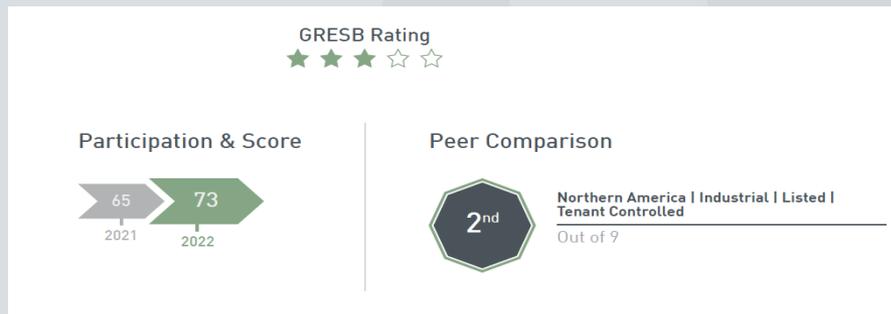
- Disclose our ESG+R performance as a commitment to transparency and accountability
- Monitor property compliance with government benchmarking requirements and ESG+R regulations
- Align and report to formal reporting frameworks such as GRESB⁽¹⁾, SASB⁽¹⁾, the Carbon Disclosure Project (CDP), GRI⁽¹⁾, and TCFD⁽¹⁾
- Maintain robust governance policies and carry out company-wide governance trainings to promote better business behavior
- Participate in organizations to inform, learn and share best practices within our industry

RESILIENCE

- Identify and mitigate the potential climate-related risks within our portfolio
- Collaborate with our stakeholders to ensure mitigation measures and emergency response plans are in place to respond to potential risks



Granite ranked 3rd in the United States of America Industrial public disclosure group



Granite ranked 2nd in the North America/Industrial/Listed/Tenant Controlled peer group

ESG –\$1B GREEN BONDS USE OF NET PROCEEDS (AS AT DEC 31, 2022¹)



2027 Debentures

| Location | Eligible Green Certification | Date | Allocation |
|------------------------------|--|---------|------------------------|
| Lancaster, TX, USA | LEED Silver | Q1-19 | \$106.1 |
| Weert, NED | BREEAM “Excellent” | Q2-20 | 31.9 |
| Plainfield, IN, USA | Two Green Globes | Q2-20 | 36.0 |
| Ede, NED | BREEAM “Very Good” | Q3-20 | 21.4 |
| Tilburg, NED | BREEAM “Excellent” | Q3-20 | 83.8 |
| Bleiswijk, NED | BREEAM “Very Good” | Q3-20 | 66.2 |
| Antioch, IL, USA | LEED Silver | Q3-21 | 56.5 |
| Altbach, GER | DGNB Gold | Q2-22 | 41.2 |
| Fort Worth, TX, USA | Two Green Globes | Q2-22 | 51.4 |
| Mississauga, ON, Canada | Two Green Globes | Q3-22 | 0.2³ |
| Other LED lighting projects | > 15% improvement in energy efficiency | Various | 1.8 |
| Other HVAC replacements | > 15% improvement in energy efficiency | Q2-22 | 0.4 |
| Total Net Proceeds Allocated | | | <u>\$496.9</u> |
| % of Net Proceeds Allocated | | | 100% |

2028 Debentures

| Location | Eligible Green Certification | Date | Allocation |
|------------------------------|-------------------------------|-------|-------------------------|
| Mississauga, ON, Canada | Two Green Globes | Q3-22 | 11.0³ |
| Murfreesboro, TN, USA | Two Green Globes ² | Q2-23 | 83.6 |
| Houston, TX, USA | Two Green Globes ² | Q2-23 | 150.0 |
| Lebanon, TN, USA | Two Green Globes ² | Q3-23 | 58.2 |
| Bolingbrook, IL, USA | Two Green Globes ² | Q3-23 | 40.1 |
| Brantford, ON, Canada | Two Green Globes ² | Q1-24 | 22.5 |
| Total Net Proceeds Allocated | | | <u>\$365.4</u> |
| % of Net Proceeds Allocated | | | 73.5% |

Granite has allocated \$862.3M (87%) of Green Bond net proceeds to Eligible Green Investments

¹ Granite has committed to providing annual updates on green bond allocation.

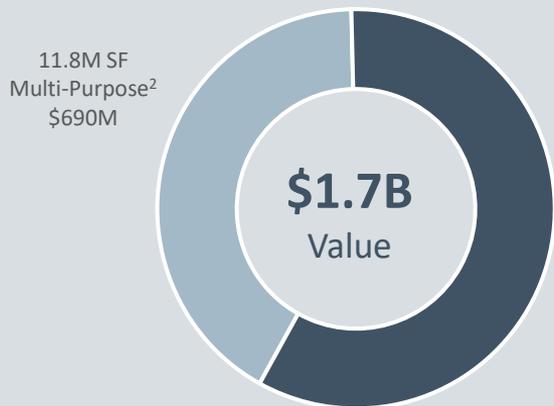
² Development is in progress, the green certification is being pursued and certification is expected by the date herein.

³ The Mississauga, ON Green expansion is partially funded by each of the 2027 Debentures and the 2028 Debentures.

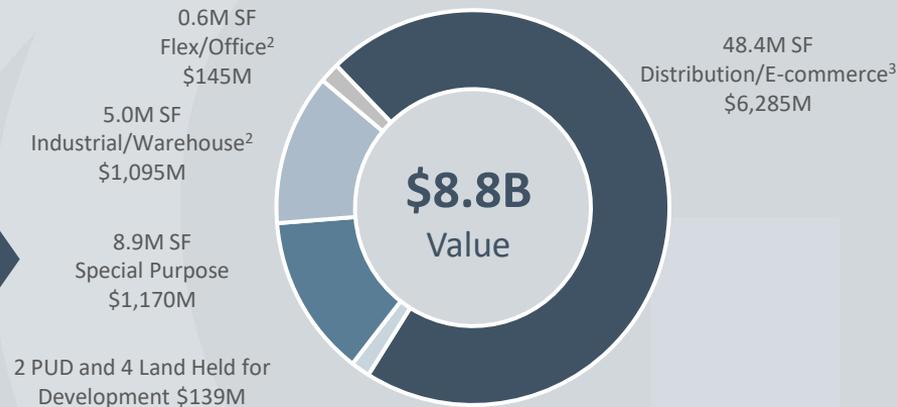


Investment Property Summary

Then - December 31, 2012



Now - June 30, 2023



| | | | | | |
|-----------|----------------|---------------------------------|------------|--------------------|---------------------------------|
| 28.0 | 93% | 13% | \$1.8B | \$2.43 | ~\$570M |
| GLA (MSF) | Magna % of GLA | Net Leverage Ratio ⁵ | Market Cap | FFOPU ⁵ | Incremental Debt Capacity @ 35% |

| | | | | | |
|-----------|----------------|---------------------------------|---------------------|------------------------|---------------------------------|
| 62.9 | 19% | 32% | \$5.0B ¹ | \$4.74 | ~\$394M |
| GLA (MSF) | Magna % of GLA | Net Leverage Ratio ⁵ | Market Cap | LTM FFOPU ⁵ | Incremental Debt Capacity @ 35% |

Transforming the portfolio while creating value, cash flow growth, and maintaining financial flexibility

¹ Market capitalization is as at August 4, 2023.

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

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

⁴ For definitions of Granite's non-IFRS performance measures and non-IFRS ratios, refer to Appendix A and B on page 21 and 22.



TARGET MARKETS

- Superior economic conditions and market fundamentals
- Proximity to major MSAs
- Available labor
- Strategic location
- Population growth
- Liquidity
- Major infrastructure

MODERN FACILITIES

- 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

E-COMMERCE TRENDS

- Invest opportunistically in evolving property types and markets benefiting from technological advancement
- Cold storage (Food & Pharma)
- Multi-level fulfillment
- Transport facilities

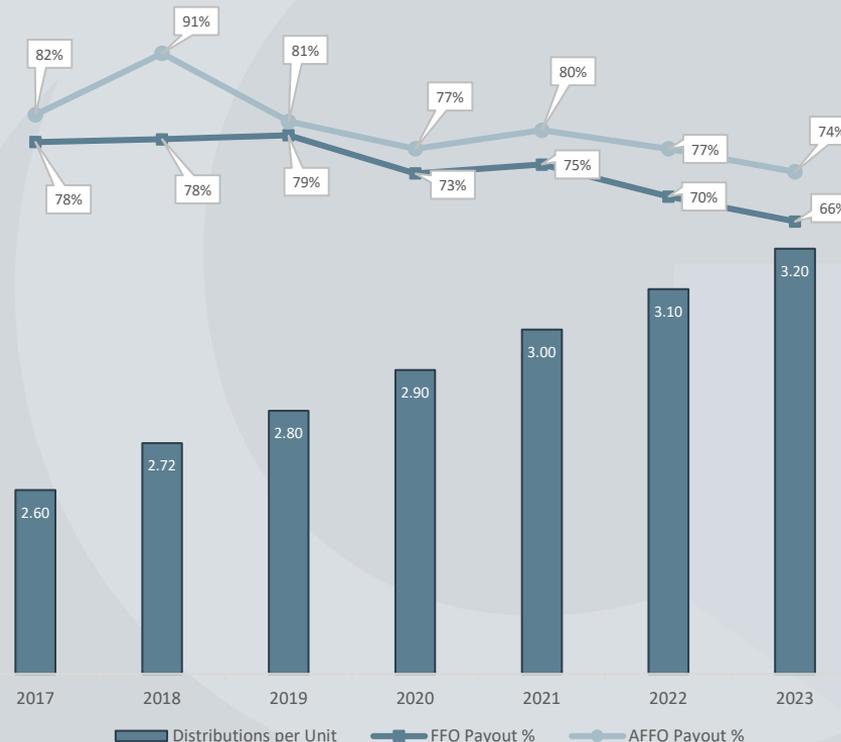
FINANCIAL PERFORMANCE



Historical Operating Performance (\$M)²



Distributions and Payout Ratios^{1,2}



Consistent annual revenue and FFO growth. Distribution increase of 3.2% made in 2023.

¹ 2019 Distributions excludes the special distribution paid in January 2019 of \$1.20 per unit.

² For definitions of Granite's non-IFRS performance measures and non-IFRS ratios, refer to Appendix A and B on page 21 and 22.

GRT HISTORICAL PERFORMANCE



Total Return vs TSX Composite & TSX Capped REIT Indices



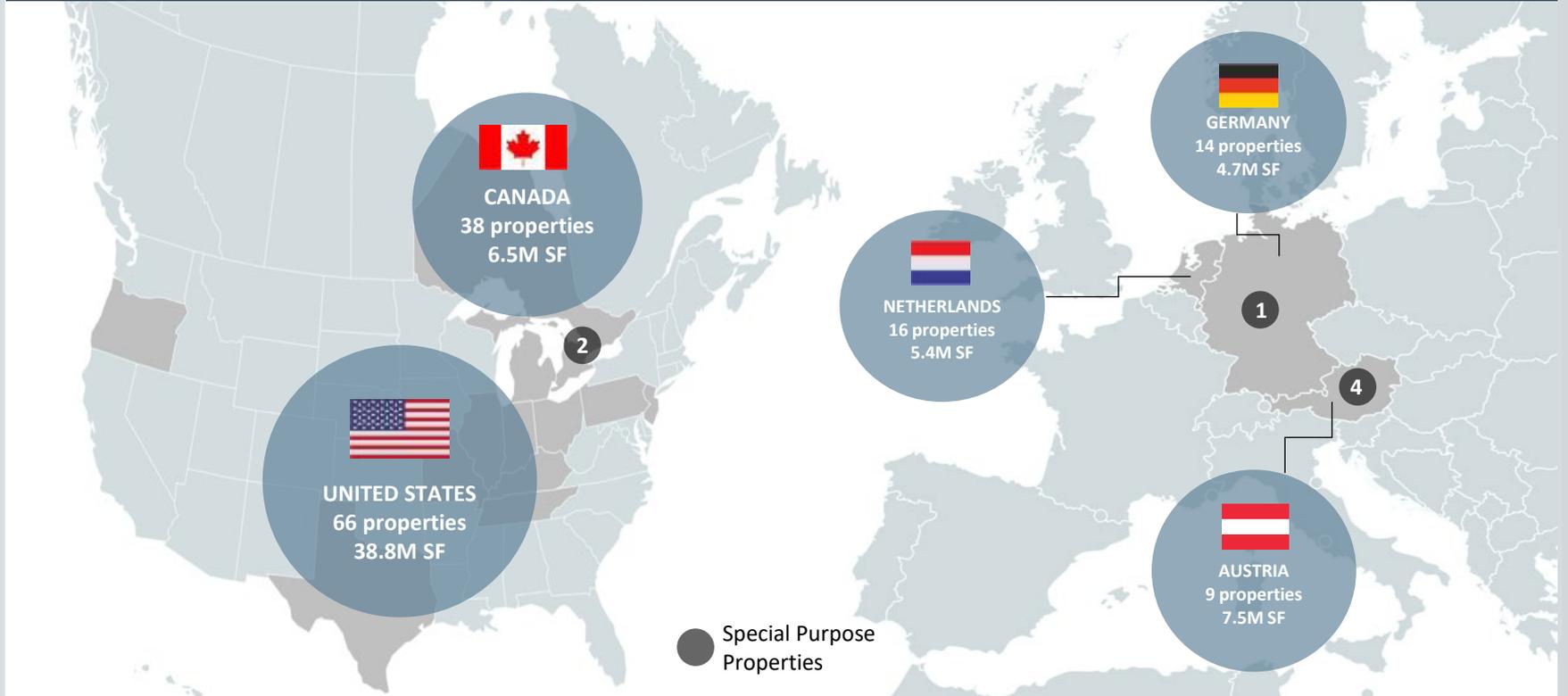
Granite has outperformed the TSX and Capped REIT Total Return indices on a long-term basis

• Total return data is as at June 30, 2023.

GLOBALLY DIVERSIFIED PORTFOLIO



5 countries – 143 properties – 62.9 million square feet

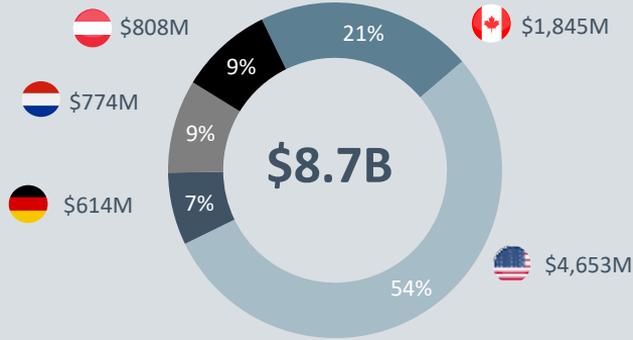


Global footprint with scale in North America & Western Europe

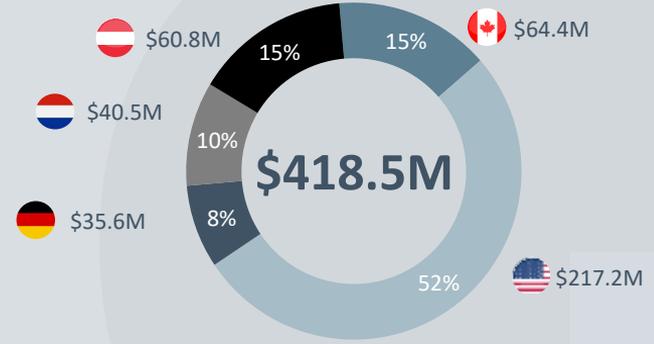
PORTFOLIO SEGMENTATION BY GEOGRAPHY



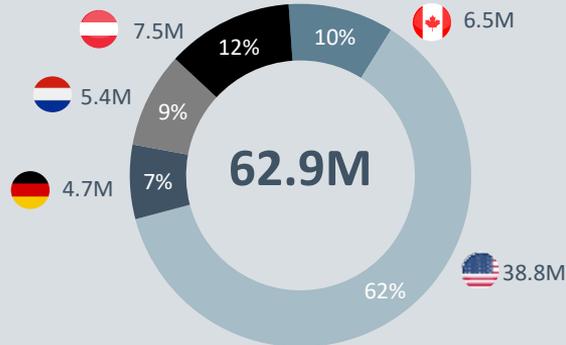
By Income Producing Property Fair Value



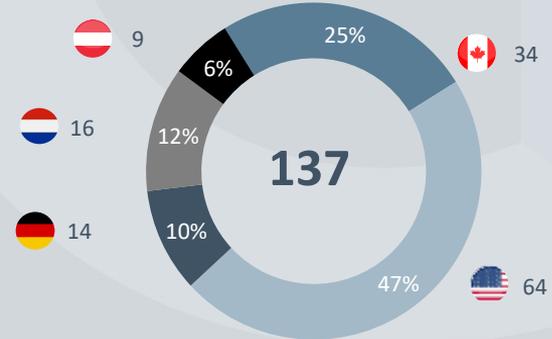
By Annualized Revenue



By Square Feet



By Number of Income-Producing Properties



Geographically diversified asset base

IPP PORTFOLIO SEGMENTATION BY CATEGORY

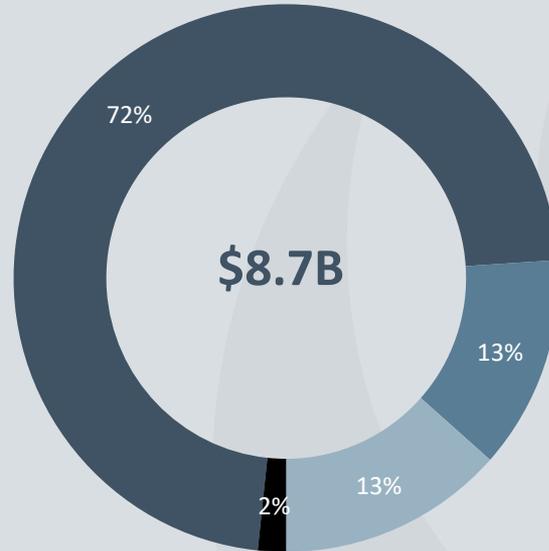


Distribution/E-commerce Properties

95 Properties
 48.4M SF (~510K SF/property)
 \$6.3B Fair Value (~\$130/SF): 72%
 WALT: 6.2 years
 \$289.4M Annualized Revenue(~\$5.98/SF): 69%
 Magna Concentration: 1%
 Concentration in the GTA (rev): 6%
 Clear Height: 35'
 Average Age: 10 Yrs
 Overall Cap Rate: 4.87%

Flex/Office

3 Properties
 0.6M SF (~203K SF/property)
 \$0.1B Fair Value (~\$237/SF) : 2%
 WALT: 6.4 years
 \$8.3M Annualized Revenue (~\$13.62/SF): 2%
 Magna Concentration: 31%
 Concentration in the GTA (rev): 44%
 Clear Height: 27'
 Average Age: 23 Yrs
 Overall Cap Rate: 6.07%



Industrial/Warehouse

32 Properties
 5.0M SF (~155K SF/property)
 \$1.1B Fair Value(~\$220/SF): 13%
 WALT: 4.2 years
 \$43.6M Annualized Revenue(~\$8.78/SF): 10%
 Magna Concentration: 77%
 Concentration in the GTA (rev): 59%
 Clear Height: 32'
 Average Age: 37 Yrs
 Overall Cap Rate: 4.39%

Special Purpose Properties

7 Properties (2 GTA, 1 Germany, 4 Austria)
 8.9M SF (~1,268K SF/property)
 \$1.2B Fair Value (~\$132/SF): 13%
 WALT: 9.5 years
 \$77.2M Annualized Revenue(~\$8.70/SF): 18%
 Magna Concentration: 91%
 Concentration in the GTA (rev): 23%
 Clear Height: 31'
 Average Age: 54 Yrs
 Overall Cap Rate: 6.85%
 Cap Rate in Canada: 4.58%
 Cap Rate in Europe: 7.98%

IPP Total Fair Value of \$8.7B with an overall WALT of 6.5 years

DEVELOPMENT AND EXPANSION PIPELINE



Brantford, Ontario (Phase I) ~410K SF



Ajax, Ontario ~50K SF

Active development program to enhance total return & platform value

LEASE EXPIRATION PROFILE



Outstanding Lease Expiries by Annualized Revenue

Annualized Revenue

\$418.5M

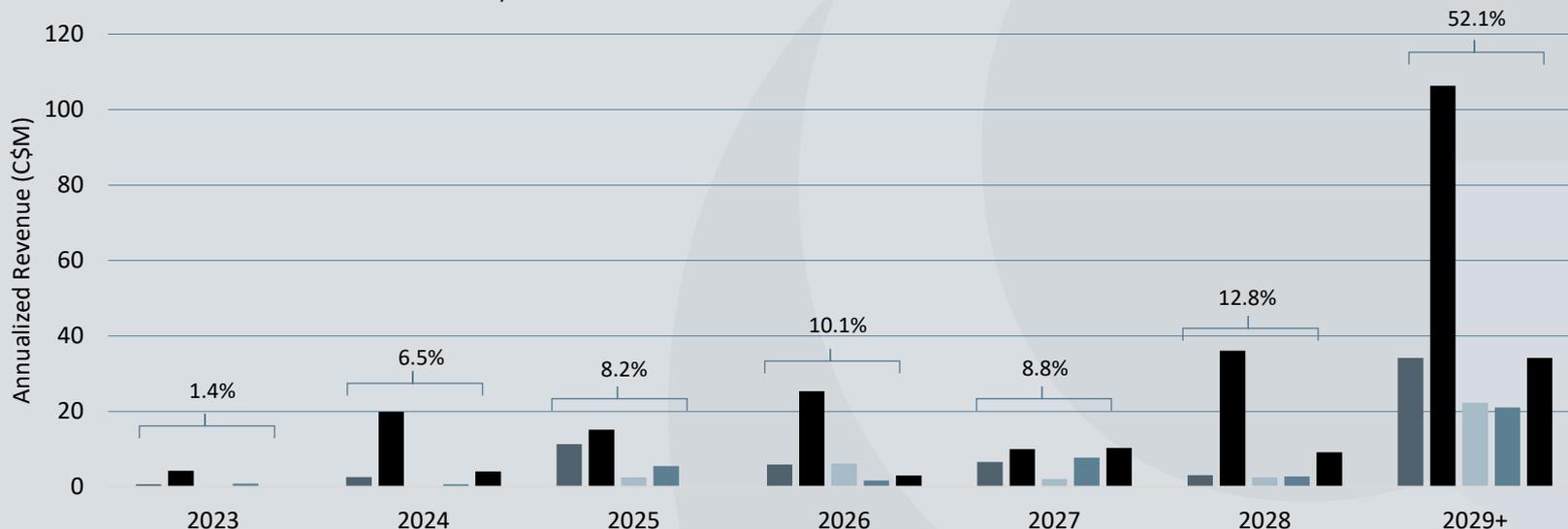
Overall WALT

6.5 Years

Occupancy

96.3%

■ Canada ■ USA ■ Germany ■ Netherlands ■ Austria



% of Annualized Rev.

2023

2024

2025

2026

2027

2028

2029+

% of GLA

1.4%

6.7%

8.3%

9.6%

7.6%

13.8%

48.9%

of Leases

12

15

18

23

16

21

60

Staggered and geographically diversified lease maturity profile

HIGH QUALITY & CREDITWORTHY TENANT BASE



| Top 10 Tenants | | Annualized Revenue % | GLA % | WALT | Credit Rating ^{1,2} |
|-------------------------------|--|----------------------|------------|------------|------------------------------|
| Magna | | 26% | 19% | 7.6 | A- |
| Amazon | | 4% | 4% | 15.7 | AA |
| Mars Petcare US | | 3% | 4% | 7.1 | NR |
| True Value Company | | 2% | 2% | 17.7 | NR |
| Adesa | | 2% | —% | 6.1 | CC |
| Restoration Hardware | | 2% | 2% | 4.8 | Ba3 |
| Light Mobility Solutions Gmbh | | 2% | 1% | 12.4 | NR |
| Ceva Logistics US Inc. | | 2% | 2% | 1.5 | B1 |
| Samsung | | 2% | 1% | 3.3 | AA- |
| Spreetail FTP | | 2% | 2% | 3.3 | NR |
| Top 10 Tenants | | 47% | 37% | 8.4 | |

Other Tenants



Creditworthy non-Magna tenants each comprising no more than 5% of Revenue and GLA

¹ Credit rating is quoted on the S&P or equivalent rating scale 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.

BALANCE SHEET STRENGTH



Capitalization

| | |
|--|----------------|
| Unit Price (08/04/2023) | \$78.02 |
| Units Outstanding | 63.7 |
| Market Capitalization¹ | \$4,973 |
| Credit Facility Draws due Mar/28 | \$90 |
| Debentures 3.873% due Nov/23 | \$400 |
| US\$185M Term Loan due Dec/24 | \$245 |
| US\$400M Term Loan due Sept/25 | \$530 |
| C\$300M Term Loan due Dec/26 | \$300 |
| Debentures 3.062% due Jun/27 | \$500 |
| Debentures 2.194% due Aug/28 | \$500 |
| Debentures 2.378% due Dec/30 | \$500 |

Debt³ **\$3,065**

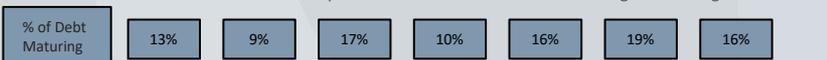
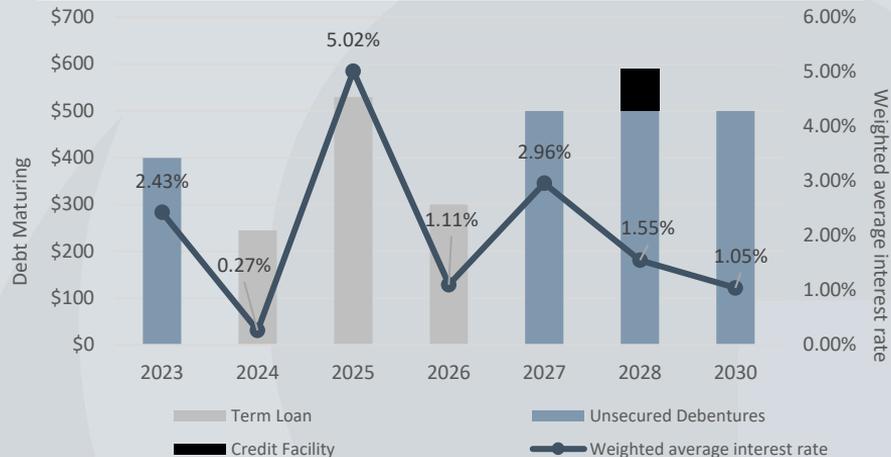
| | |
|--|---------|
| Less: Cash and Cash Equivalents | (\$119) |
| Less: Proceeds from Assets Held for Sale | (\$21) |
| Add: Non-controlling Interests | \$5 |

Enterprise Value¹ **\$7,903**

Debt Metrics²

| | |
|---|--------|
| LTM Adj. EBITDA / LTM Interest | 5.9x |
| Net Debt / LTM Adj. EBITDA | 7.6x |
| LTM FFO / Net Debt | 10% |
| Net Debt / Fair Value of Investment Properties | 32% |
| Unencumbered Assets / Unsecured Net Debt | 3.1x |
| Secured Debt / Fair Value of Investment Properties | 0% |
| Incremental Net Debt Capacity at 35% Net Leverage Ratio | \$394M |

Debt Maturity Profile



Weighted average debt term-to-maturity **3.7 Years**
 Weighted average cost of debt **2.27%**

Cash and Cash Equivalents **\$119**
 Credit Facility Available **\$907**
Total Available Liquidity² **\$1,026**

Sector leading balance sheet with significant liquidity and all unencumbered assets

¹ Market capitalization and enterprise value are as at August 4, 2023.

² For definitions of Granite's non-IFRS performance measures and non-IFRS ratios, refer to Appendix A and B on page 21 and 22.

³ Debt excludes swap mark-to-market assets/liabilities and lease obligations.

FINANCIAL FLEXIBILITY & TARGET LONG-TERM LEVERAGE RATIO¹



- Strong balance sheet provides pathway for measured growth with potential for further diversification and optimization of the portfolio
- Target long term net leverage ratio¹ 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

CREDIT STRENGTHS

- Stable industrial real estate fundamentals
- Reduced lease maturity risk in 2023/2024
- Consistent track record and stable cash flows
- Positive re-leasing spreads across all regions

RATING AGENCY COMMENTARY

Moody's 06/28/2023: Baa2 (Stable)

"Granite's Baa2 senior unsecured rating reflects the company's consistent track record in the global industrial warehouse and logistics space and proven business model with stable cash flows driven by its long-term net lease contracts. It also reflects Granite's strong operating performance, with consistently high occupancy levels and positive re-leasing spreads across all regions, buoyed by stable industrial real estate fundamentals. We also note Granite's commitment to maintaining a prudent capital structure and an almost fully unencumbered asset base, as the REIT executes its strategic growth plan and portfolio transformation."

DBRS Morningstar 03/29/2023: BBB(high) (Stable)

"The rating actions consider Granite's efforts in offsetting previously noted lease maturity risk in 2023 and 2024 with high renewal rates and double-digit base rent spreads. The Stable trends also consider DBRS Morningstar's expectation that industrial real estate fundamentals will remain stable in the near term and that Granite will continue to execute its long-term strategy of growing and diversifying its asset base through acquisitions and developments. DBRS Morningstar notes Granite's continued portfolio size growth as a result of recent acquisitions (\$481 million completed in 2022) and its development pipeline (\$330 million invested throughout 2022), which will continue to further increase EBITDA in the near to medium term. DBRS Morningstar expects Granite to operate with a total debt-to-EBITDA ratio of approximately 8.0 times (x) throughout 2023 and 2024."

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

¹ For definitions of Granite's non-IFRS performance measures and non-IFRS ratios, refer to Appendix A and B on page 21 and 22.

LEADERSHIP TEAM



Kevan Gorrie

President and Chief Executive Officer



Teresa Neto

Chief Financial Officer



Lorne Kumer

Executive Vice President,
Head of Global Real Estate



Michael A. Ramparas

Executive Vice President, Global
Real Estate & Head of Investments



Witsard Schaper

Senior Vice President,
Head of Europe based in Amsterdam



Lawrence Clarfield

Executive Vice President,
General Counsel and Corporate Secretary



Jon Sorg

Senior Vice President,
Head of U.S. based in Dallas



INVESTOR RELATIONS CONTACT

Andrea Sanelli

Associate Director,
Legal & Investor Services

T: 647.925.7504

E: ir@granitereit.com



APPENDIX



- ❖ The following non-IFRS performance measures and non-IFRS ratios are important measures used by management in evaluating the Trust's underlying operating performance and debt management. These non-IFRS performance measures and non-IFRS ratios 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, may not be comparable with similar measures presented by other issuers. All non-IFRS performance measures as well as non-IFRS ratios shown within this presentation have been adjusted for subsequent events. Please refer to section C of this Appendix for details on the Trust's subsequent events.

A) NON-IFRS PERFORMANCE MEASURES AND RATIOS

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. 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 REALPAC's 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. 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. 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. 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 – cash basis

Constant currency same property NOI – cash basis 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.

Adjusted earnings before interest, income taxes, depreciation and amortization (“Adjusted EBITDA”)

Adjusted EBITDA is calculated as net income attributed to stapled unitholders 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, net of non-controlling interests in such items. 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.

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.

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.

B) NON-IFRS RATIOS

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 analysts and investors in evaluating the sustainability of the Trust’s monthly distributions to stapled unitholders.



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.

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.

Leverage and net leverage ratios

The leverage ratio is calculated as the carrying value of 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.

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.