

US Unitholder Tax Information

Per unit Schedule K-1 for US unitholders for the year ended December 31, 2018

Since the January 3rd, 2013 real estate investment trust conversion where shareholders of Granite Real Estate Inc. became unitholders of the stapled units of Granite Real Estate Investment Trust (“Granite REIT”) and Granite REIT Inc., Granite REIT is considered to be a US partnership for US federal income tax purposes. As a result, US unitholders are required to include their allocable share of Granite REIT’s items of income and deductions in their individual income tax returns as reported in their respective individual Schedule K-1.

Granite REIT does not have access to the beneficial ownership information for units held through the investment broker/dealer network, however, to assist US unitholders with the preparation of their US federal and state income tax returns, attached is a “per unit” Schedule K-1 that can be used by US unitholders/partners in Granite REIT for the year ended December 31, 2018. US unitholders can use this “per unit” Schedule K-1 and apply the per unit share of income and expenses multiplied by their actual number of units, pro-rated as applicable, for the time period during which their units were held in 2018, to determine their allocable share of Granite REIT’s items of income and deductions to be included in their US federal and state income tax returns.

Granite REIT also wants to clarify that, while each US unitholder will have received a Form 1099-INT for the portion of the 2018 cash distributions that is interest paid from US sources, the amounts reported on the 1099-INT form are also included in the “per unit” Schedule K-1. Accordingly, Granite REIT recommends that US unitholders only use the information calculated from the “per unit” Schedule K-1 in their US federal and state income tax returns.

As is discussed in Granite REIT’s Annual Information Form dated March 6, 2019, a unitholder’s allocable share of partnership taxable income may differ from the cash distributions received from the partnership. The difference between taxable income and cash distributions received can be an adjustment in computing a unitholder’s tax basis in their stapled units. In 2018, unitholders will be required to report more taxable income than cash distributions received. As the taxable income was in excess of the cash distributions in 2018, a unitholder can add the excess to their tax basis in their stapled units.

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

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

2018

Department of the Treasury
Internal Revenue Service

For calendar year 2018, or tax year

beginning / / 2018 ending / /

Partner's Share of Income, Deductions, Credits, etc.

▶ See back of form and separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number
98-6068269

B Partnership's name, address, city, state, and ZIP code
GRANITE REAL ESTATE INVESTMENT TRUST
77 KING STREET WEST, SUITE 4010
TORONTO, ONTARIO, CANADA M5H 1H1

C IRS Center where partnership filed return

D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number
PRO FORMA

F Partner's name, address, city, state, and ZIP code
PRO FORMA SCHEDULE K-1
LINE ITEM PER YEAR AMOUNTS PER UNIT
PLEASE REFER TO "US UNITHOLDER TAX INFORMATION"

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

H Domestic partner Foreign partner

I1 What type of entity is this partner? _____

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	%	%
Loss	%	%
Capital	%	%

K Partner's share of liabilities:

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

L Partner's capital account analysis:

Beginning capital account	\$
Capital contributed during the year	\$
Current year increase (decrease)	\$
Withdrawals & distributions	\$()
Ending capital account	\$

Tax basis GAAP Section 704(b) book
 Other (explain)

M Did the partner contribute property with a built-in gain or loss?
 Yes No
If "Yes," attach statement (see instructions)

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

1	Ordinary business income (loss)	15	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
		A	VARIOUS
4	Guaranteed payments	B	4.45537
5	Interest income	F	1.56723 4.16741
6a	Ordinary dividends	I	2.67299 0.45319
6b	Qualified dividends	M	0.75224 0.42503
6c	Dividend equivalents		
7	Royalties		
8	Net short-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9a	Net long-term capital gain (loss)		
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain	18	Tax-exempt income and nondeductible expenses
10	Net section 1231 gain (loss)		
11	Other income (loss)		0.21514
12	Section 179 deduction	19	Distributions
13	Other deductions	A	2.99366
H		A	0.45319 4.45537
W		B	0.47404 0.47404
		Z	(0.71209)
14	Self-employment earnings (loss)		

*See attached statement for additional information.

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

0.28650

For IRS Use Only

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

1. Ordinary business income (loss). Determine whether the income (loss) is passive or nonpassive and enter on your return as follows.

	<i>Report on</i>
Passive loss	See the Partner's Instructions
Passive income	Schedule E, line 28, column (h)
Nonpassive loss	See the Partner's Instructions
Nonpassive income	Schedule E, line 28, column (k)

2. Net rental real estate income (loss)

3. Other net rental income (loss)

Net income	Schedule E, line 28, column (h)
Net loss	See the Partner's Instructions

4. Guaranteed payments

5. Interest income

6a. Ordinary dividends

6b. Qualified dividends

6c. Dividend equivalents

7. Royalties

8. Net short-term capital gain (loss)

9a. Net long-term capital gain (loss)

9b. Collectibles (28%) gain (loss)

	Schedule D, line 5
	Schedule D, line 12
	28% Rate Gain Worksheet, line 4 (Schedule D instructions)
	See the Partner's Instructions

9c. Unrecaptured section 1250 gain

10. Net section 1231 gain (loss)

11. Other income (loss)

<i>Code</i>	
A Other portfolio income (loss)	See the Partner's Instructions
B Involuntary conversions	See the Partner's Instructions
C Sec. 1256 contracts & straddles	Form 6781, line 1
D Mining exploration costs recapture	See Pub. 535
E Cancellation of debt	Schedule 1 (Form 1040), line 21 or Form 982

F Section 951A income	} See the Partner's Instructions
G Section 965(a) inclusion	
H Subpart F income other than sections 951A and 965 inclusion	
I Other income (loss)	

12. Section 179 deduction

13. Other deductions

A Cash contributions (60%)	} See the Partner's Instructions
B Cash contributions (30%)	
C Noncash contributions (50%)	
D Noncash contributions (30%)	
E Capital gain property to a 50% organization (30%)	
F Capital gain property (20%)	} See the Partner's Instructions
G Contributions (100%)	
H Investment interest expense	Form 4952, line 1
I Deductions—royalty income	Schedule E, line 19
J Section 59(e)(2) expenditures	See the Partner's Instructions
K Excess business interest expense	See the Partner's Instructions
L Deductions—portfolio (other)	Schedule A, line 16
M Amounts paid for medical insurance	Schedule A, line 1 or Schedule 1 (Form 1040), line 29
N Educational assistance benefits	See the Partner's Instructions
O Dependent care benefits	Form 2441, line 12
P Preproductive period expenses	See the Partner's Instructions
Q Commercial revitalization deduction from rental real estate activities	See Form 8582 instructions
R Pensions and IRAs	See the Partner's Instructions
S Reforestation expense deduction through V	See the Partner's Instructions
T through V	Reserved for future use
W Other deductions	See the Partner's Instructions
X Section 965(c) deduction	See the Partner's Instructions

14. Self-employment earnings (loss)

Note: If you have a section 179 deduction or any partner-level deductions, see the Partner's Instructions before completing Schedule SE.

A Net earnings (loss) from self-employment	Schedule SE, Section A or B
B Gross farming or fishing income	See the Partner's Instructions
C Gross non-farm income	See the Partner's Instructions

15. Credits

A Low-income housing credit (section 42(j)(5)) from pre-2008 buildings	} See the Partner's Instructions	
B Low-income housing credit (other) from pre-2008 buildings		
C Low-income housing credit (section 42(j)(5)) from post-2007 buildings		
D Low-income housing credit (other) from post-2007 buildings		
E Qualified rehabilitation expenditures (rental real estate)		
F Other rental real estate credits		
G Other rental credits		
H Undistributed capital gains credit		Schedule 5 (Form 1040), line 74, box a
I Biofuel producer credit		See the Partner's Instructions

<i>Code</i>		<i>Report on</i>	
J Work opportunity credit	} See the Partner's Instructions		
K Disabled access credit			
L Empowerment zone employment credit			
M Credit for increasing research activities			
N Credit for employer social security and Medicare taxes			
O Backup withholding			
P Other credits			
16. Foreign transactions			
A Name of country or U.S. possession		} Form 1116, Part I	
B Gross income from all sources			
C Gross income sourced at partner level			
<i>Foreign gross income sourced at partnership level</i>			
D Section 951A category	} Form 1116, Part I		
E Foreign branch category			
F Passive category			
G General category			
H Other			
<i>Deductions allocated and apportioned at partner level</i>			
I Interest expense		Form 1116, Part I	
J Other		Form 1116, Part I	
<i>Deductions allocated and apportioned at partnership level to foreign source income</i>			
K Section 951A category	} Form 1116, Part I		
L Foreign branch category			
M Passive category			
N General category			
O Other			
<i>Other information</i>			
P Total foreign taxes paid		Form 1116, Part II	
Q Total foreign taxes accrued		Form 1116, Part II	
R Reduction in taxes available for credit		Form 1116, line 12	
S Foreign trading gross receipts		Form 8873	
T Extraterritorial income exclusion		Form 8873	
U Section 951A(c)(1)(A) tested income	} See the Partner's Instructions		
V Tested foreign income tax			
W Section 965 information			
X Other foreign transactions			
17. Alternative minimum tax (AMT) items			
A Post-1986 depreciation adjustment	} See the Partner's Instructions and the Instructions for Form 6251		
B Adjusted gain or loss			
C Depletion (other than oil & gas)			
D Oil, gas, & geothermal—gross income			
E Oil, gas, & geothermal—deductions			
F Other AMT items			
18. Tax-exempt income and nondeductible expenses			
A Tax-exempt interest income		Form 1040, line 2a	
B Other tax-exempt income		See the Partner's Instructions	
C Nondeductible expenses		See the Partner's Instructions	
19. Distributions			
A Cash and marketable securities	} See the Partner's Instructions		
B Distribution subject to section 737			
C Other property			
20. Other information			
A Investment income		Form 4952, line 4a	
B Investment expenses		Form 4952, line 5	
C Fuel tax credit information		Form 4136	
D Qualified rehabilitation expenditures (other than rental real estate)		See the Partner's Instructions	
E Basis of energy property		See the Partner's Instructions	
F Recapture of low-income housing credit (section 42(j)(5))		Form 8611, line 8	
G Recapture of low-income housing credit (other)		Form 8611, line 8	
H Recapture of investment credit		See Form 4255	
I Recapture of other credits		See the Partner's Instructions	
J Look-back interest—completed long-term contracts		See Form 8697	
K Look-back interest—income forecast method		See Form 8866	
L Dispositions of property with section 179 deductions	} See the Partner's Instructions		
M Recapture of section 179 deduction			
N Interest expense for corporate partners through Y			
O through Y			
Z Section 199A income			
AA Section 199A W-2 wages			
AB Section 199A unadjusted basis			
AC Section 199A REIT dividends			
AD Section 199A PTP income			
AE Excess taxable income			
AF Excess business interest income			
AG Gross receipts for section 59A(e)			
AH Other information			