



Green Bond Framework

April 2020

Company Overview

Granite Real Estate Investment Trust and Granite REIT Inc. (collectively, “Granite”) is one of Canada’s leading industrial property REITs with total investment property value of approximately \$4.5 billion as of December 31, 2019. Granite is engaged in the acquisition, development, ownership and management of logistics, e-commerce, warehouse and industrial properties across 9 countries in North America and Europe. As at December 31, 2019, the portfolio consists of 91 properties totaling 40 million square feet.

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, we seek to practically incorporate sustainability in our actions and decision-making process, while generating returns for our unitholders. Consistent with this principle, we apply the following practices and measures in our business:

- Promote energy efficiency and sustainable practices at our properties
- Exceed required standards where feasible in our developments and major replacement projects
- Reduce use of resources and increase waste diversion
- Promote volunteerism and community support
- Promote employee well-being

In support of these practices, Granite established the following Green Bond Framework (the “Framework”) which complies with the Green Bond Principles (the “GBP”) developed by the International Capital Markets Association as of June 2018. This Framework is based on the four core components of the GBP:

1. Use of Proceeds
2. Process for Evaluation and Selection
3. Management of Proceeds
4. Allocation and Impact Reporting

The Framework may be used by Granite or any of its subsidiaries for the issuance of Green Bonds and/or other Green financial instruments (hereinafter either referred to as a “Green Bond”).

1. Use of Proceeds

Granite intends to use the net proceeds from the issuances of Green Bonds to finance and/or refinance eligible green projects (the “Eligible Green Projects” or the “Projects”) as identifying with one or more of the following categories:

Eligible Green Project Category	Eligible Investments
Green Buildings	<p>Investments related to the purchase, development, re-development or improvement of logistics, e-commerce, warehouse and industrial properties that have received or are expected to receive at least one of the following green building certifications (or other equivalent green certification):</p> <ul style="list-style-type: none"> - LEED: Silver, Gold, Platinum - DGNB: Silver, Gold, Platinum - BREEAM: Very Good, Excellent, Outstanding - Green Globes: Two, Three, Four <p>Buildings with LEED Silver, DGNB Silver or Two Green Globes certifications will also be confirmed to have been designed to achieve a 20 to 30% energy efficiency improvement.</p>
Resource Efficiency & Management	<p>Investments that improve energy or water efficiency greater than 15%, or make other environmentally beneficial improvements to properties or land including, but not limited to, investments in:</p> <ul style="list-style-type: none"> - LED and other energy efficient lighting - Cool roof and other sustainability-oriented construction materials - Smart meters - Energy storage - Xeriscaping/drought-tolerant landscaping - Sustainable drainage systems - Water and energy-saving technologies and materials
Clean Transportation	<p>Investments in infrastructure to accommodate electric vehicles or other clean transportation.</p>
Renewable Energy	<p>Investments aimed at providing renewable energy including, but not limited to, wind, solar or geothermal. Geothermal projects are expected to result in direct emissions <100 grams of CO₂/kWh.</p>

Pollution Prevention & Control	Remediation of contaminated soil and other construction waste diversion.
Biodiversity & Conservation	Tree planting and ecological restoration to preserve biodiversity and native ecosystems.

2. Process for Project Evaluation and Selection

Granite will appoint a Green Bond Working Committee (the “Committee”) to oversee the implementation of its Framework. The Committee will consist of members across different departments such as Sustainability, Finance, Development, Asset Management and Legal. The Committee will identify projects that satisfy the Eligible Green Projects criteria set forth in the “Use of Proceeds” section. Projects identified will be brought to Granite’s senior management team for final approval.

3. Management of Proceeds

The net proceeds from a Green Bond issue will be deposited to Granite’s general account and be earmarked for allocation to Eligible Green Projects in accordance with the Framework. Net proceeds may be used for investments associated with Eligible Green Projects made by Granite in the 36 months preceding the issuance of a Green Bond. Granite intends to utilize net proceeds within 36 months of an offering. Prior to allocation, net proceeds of a Green Bond issuance may be utilized, in part or in full, for repayment of Granite’s credit facilities, held in cash or cash equivalents, or for general corporate purposes.

All relevant information regarding the issuance of Green Bonds and the Eligible Green Projects financed will be kept in a Green Bond Register managed by the Finance department. Granite’s internal records will show the allocation of the net proceeds of the relevant offering to Eligible Green Projects as long as the offering remains outstanding.

Payment of principal and interest on any Green Bonds will be made from general funds and will not be directly linked to the performance on any Eligible Green Projects.

4. Allocation and Impact Reporting

Granite will engage a third party to complete an annual verification of its allocation of net proceeds issued to Eligible Green Projects until full allocation. In addition, until full allocation, Granite will provide annual updates via its corporate website www.granitereit.com and/or in its Annual Report that include relevant information such as Eligible Green Projects, amount allocated to Eligible Green Projects and the balance of unallocated net proceeds.

Granite will provide information on the level of green building certifications for applicable Eligible Green Projects and if feasible and practicable, Granite may provide such information as:

- Annual energy saved or renewable energy generated
- Annual greenhouse gas emissions reduced/avoided
- Natural capital value (i.e. trees planted)

External Review

Granite has obtained an independent second party opinion from Sustainalytics on its Green Bond Framework indicating alignment with the Green Bond Principles. This opinion is available on Sustainalytics' website: <https://www.sustainalytics.com/sustainable-finance/our-work/>, and also available on Granite's website: <https://granitereit.com/green-bond-framework-second-party-opinion>.