

GRANITE REIT INC.
AND
GRANITE REAL ESTATE INVESTMENT TRUST
INSIDER TRADING AND BLACKOUT POLICY

1. Introduction

Granite REIT Inc. (the “**Company**”) and Granite Real Estate Investment Trust (the “**Trust**”) (together, “**Granite**”) encourage all directors, trustees, officers and employees to become stapled unit holders of Granite on a long-term investment basis. However, these individuals will from time to time become aware of developments or plans or other material information that would reasonably be expected to have a significant effect on the market price or value of Granite’s securities before these developments, plans or information are made public. Trading securities of Granite while in possession of material information before it is generally disclosed (known as “**insider trading**”), disclosing material information to third parties before it is generally disclosed (known as “**tipping**”) or recommending or encouraging a third party to purchase or sell Granite’s securities while in possession of such information (known as “**recommending**”) is against the law and may expose an individual to criminal prosecution or civil lawsuits. Such action will also result in a lack of confidence in the market for Granite’s securities, harming both Granite and its stapled unit holders. Accordingly, Granite has established this Policy to assist its directors, trustees, officers and employees in complying with the prohibitions against insider trading and tipping.

The procedures and restrictions set forth in this Policy are only a general framework to assist Granite Personnel, as defined below, in ensuring that any purchase or sale of securities occurs without actual or perceived violation of applicable securities laws. Granite Personnel have the ultimate responsibility for complying with applicable securities laws and should obtain additional guidance, including independent legal advice, as may be appropriate for their own circumstances.

The Company’s Board of Directors and the Trust’s Board of Trustees (the Board of Directors and Board of Trustees, each, the “**Board**”) will designate one or more individuals from time to time as Insider Trading and Blackout Policy Administrators for the purpose of administering this Policy. At the date hereof, the designated Insider Trading and Blackout Policy Administrators are the Chairman of Granite, the President and Chief Executive Officer and the Chief Financial Officer. This Policy has been reviewed and approved by the Board and may be reviewed and updated periodically by the Compensation, Governance and Nominating Committee of the Board of the Company. Any material amendments to this Policy shall be subject to approval by the Board.

2. Application

2.1 *Persons that are Subject to this Policy*

The following persons are required to observe and comply with this Policy:

- (a) all directors, trustees, officers and employees of Granite or its subsidiaries;

- (b) any other person retained by or engaged in business or professional activity on behalf of Granite or any of its subsidiaries (such as a consultant, independent contractor or adviser);
- (c) any family member, spouse or other person living in the household or a dependent child of any of the individuals referred to in Sections 2.1(a) and (b) above; and
- (d) partnerships, trusts, corporations, RRSPs and similar entities over which any of the above-mentioned individuals exercise control or direction.

For the purposes of this Policy, the persons listed above are collectively referred to as “**Granite Personnel**”. Sections 2.1(c) and (d) should be carefully reviewed by Granite Personnel; those sections have the effect of making various family members or holding companies or trusts of the persons referred to in Sections 2.1(a) and (b) subject to the Policy.

2.2 Trades that are Subject to this Policy

Under this Policy, all references to trading in securities of Granite include: (a) any sale or purchase of securities of Granite, including the exercise of stock options granted under Granite’s stock option plan and the acquisition of stapled units or any other securities pursuant to any Granite benefit plan or arrangement, and (b) any derivatives-based or other transaction agreement, arrangement or understanding, or material amendment or termination thereof, that would be required to be reported by insiders in accordance with applicable laws or regulations (including National Instrument 55-104 – *Insider Reporting Requirements and Exemptions* and Part XXI of the *Securities Act* (Ontario)).

3. Inside Information

“**Inside Information**” means:

- a change in the business, operations or capital of Granite that would reasonably be expected to have a significant effect on the market price or value of the securities of Granite (which includes any decision to implement such a change by Granite’s Board or by senior management who believe that confirmation of the decision by the Granite’s Board is probable);
- a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of the securities of Granite; or
- any information that could affect the decision of a reasonable investor to buy, hold or sell securities of Granite,

in each case, which has not been generally disclosed to the public. Inside Information is considered to be “generally disclosed” when it has been publicly disclosed in a manner calculated to effectively reach the marketplace and public investors have been given a reasonable amount of time to analyze the information. Disclosure of this information will most often occur by way of press release, but may be disclosed by other means in accordance with Granite’s Disclosure Policy. Examples of information that may constitute Inside Information are set out in Schedule “A” attached hereto. **It is the responsibility of any Granite Personnel contemplating a trade in securities of Granite (or any discussion concerning Granite or its securities) to determine**

prior to such trade (or discussion) whether he or she is aware of any information that constitutes Inside Information. If in doubt, the individual should consult with an Insider Trading and Blackout Policy Administrator. In addition, Section 7.1 of this Policy requires that certain Granite Personnel pre-clear trades in securities of Granite.

4. Prohibition Against Trading on Inside Information

Granite Personnel must not purchase, sell or otherwise trade securities of Granite with the knowledge of Inside Information until two full trading days after the disclosure to the public of the Inside Information, whether by way of press release, conference call, press conference or a filing made with securities regulatory authorities.

In addition, Granite Personnel must not make any trades in securities of Granite during the blackout periods described in Section 7 of this Policy.

5. Prohibition Against Speculating, Short-Selling, Puts and Calls

Certain types of trades in securities of Granite by Granite Personnel can raise particular concerns about potential breaches of applicable securities law or that the interests of the persons making the trade are not aligned with those of Granite. Granite Personnel are therefore prohibited at any time from, directly or indirectly, undertaking any of the following activities:

- (a) speculating in securities of Granite, which may include buying with the intention of quickly reselling such securities, or selling securities of Granite with the intention of quickly buying such securities (other than in connection with the acquisition and sale of securities issued under Granite's stock option plan or any other Granite benefit plan or arrangement);
- (b) buying Granite's securities on margin;
- (c) short selling a security of Granite or any other arrangement that results in a gain only if the value of Granite's securities declines in the future;
- (d) selling a "call option" giving the holder an option to purchase securities of Granite; and
- (e) buying a "put option" giving the holder an option to sell securities of Granite.

6. Prohibition on Hedging

Granite Personnel are prohibited from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in the market value of securities of Granite (or equivalents such as share units, the value of which is derived from equity securities of Granite) held, directly or indirectly, by such Granite Personnel, including equity securities granted as compensation.

7. Restrictions on Trading of Granite Securities

7.1 *Trading Pre-Clearance*

Granite Personnel other than directors and trustees of Granite are required to obtain written pre-clearance of any proposed trade of securities of Granite from at least two Insider Trading and Blackout Policy Administrators **before effecting the trade** in order to confirm that there is no Inside Information that has not been generally disclosed.

Notification is required not only for trades by the foregoing Granite Personnel, but also for any proposed trades by any other person if such Granite Personnel has control or direction over such securities (for example, if such Granite Personnel has the authority to direct the sale or acquisition of Granite securities by a personal holding company, spouse or minor children).

Such pre-clearance may be requested by completing the trade notice set out in Schedule “B” attached hereto and sending it by email to the Insider Trading and Blackout Policy Administrators. Granite Personnel who have requested pre-clearance for a proposed trade and have not received such pre-clearance from at least two of the Insider Trading and Blackout Policy Administrators may not proceed with such trade.

7.2 *Scheduled Blackout Periods*

No Granite Personnel shall trade in securities of Granite during the period commencing on the first trading day after the end of each fiscal quarter and ending at the conclusion of the second full trading day following the issuance of a press release in respect of Granite’s interim or annual financial statements (otherwise known as a “**blackout period**”). The trading restrictions described above also apply to the exercise of stock options granted under Granite’s stock option plan and any other securities that may be acquired pursuant to any Granite benefit plan or arrangement.

7.3 *Extraordinary Blackout Periods*

Additional blackout periods may be prescribed from time to time when it is determined there may be undisclosed Inside Information concerning Granite that makes it inappropriate for Granite Personnel to be trading. In such circumstances, an Insider Trading and Blackout Policy Administrator will issue a notice instructing the affected individuals not to trade in securities of Granite until further notice.

7.4 *No Standing Orders or Discretionary Authority*

In order to avoid inadvertent conflict with this Policy and contravention of applicable securities laws, Granite Personnel should not place standing orders (e.g., “limit orders”) with a broker to trade in Granite securities, unless such instructions are made in compliance with securities laws and guidance concerning automatic trading plans and the applicable Granite Personnel has informed Granite of any such automatic trading plan prior to its implementation. Standing orders leave Granite Personnel without any control over the timing of the transaction, which could be executed by the broker when the Granite Personnel is aware of Inside Information. Similarly, Granite Personnel are also cautioned not to provide others (such as brokers) with discretion to make purchases or dispositions of Granite securities on behalf of Granite Personnel, as for securities law purposes such trades are considered to be those of the Granite Personnel.

7.5 *Discretionary Exemptions*

Individuals subject to a blackout period who wish to trade securities of Granite or alter the instructions of any automatic trading plan in respect of Granite securities may apply to the Insider Trading and Blackout Policy Administrators for an exemption that permits them to trade securities of Granite or alter the terms of such automatic trading plan during the blackout period. Any such request should describe the nature of and reasons for the proposed trade or alteration. The Insider Trading and Blackout Policy Administrators will consider such requests and inform the requisitioning individual whether or not the proposed trade or alteration may be made. The requisitioning individual may not make any such trade or alter the applicable automatic trading plan until he or she has received specific written approval from at least two Insider Trading and Blackout Policy Administrators.

8. Prohibitions Against Tipping and Recommending

Granite Personnel are prohibited from communicating Inside Information to any person outside Granite (including a spouse, child, parent, sibling or other relative or friend of the Granite Personnel), unless: (a) disclosure is in the necessary course of Granite's business and the disclosure is made pursuant to the proper performance by such Granite Personnel of his or her duties on behalf of Granite; or (b) disclosure is compelled by law.

Subject to the above, Inside Information is to be kept strictly confidential by all Granite Personnel until after it has been generally disclosed.

Granite Personnel with knowledge of Inside Information shall not recommend or encourage any other person to trade in the securities of Granite (other than as required in the necessary course of business), regardless of whether the Inside Information is specifically communicated by Granite Personnel to such person.

If any Granite Personnel has any doubt with respect to whether any information is Inside Information or whether disclosure of Inside Information, or recommending or encouraging trading in Granite securities, is in the necessary course of business, the individual should contact an Insider Trading and Blackout Policy Administrator.

9. Securities of Other Companies

In the course of Granite's business, Granite Personnel may obtain material information about another publicly traded company that has not been generally disclosed. Securities laws generally prohibit such Granite Personnel from trading in securities of that other company while in possession of such information or communicating such information to another person. The restrictions set out in this Policy apply to all Granite Personnel with respect to both trading in the securities of another company while in possession of such information and communicating such information, and recommending or encouraging any person to trade in securities of such another publicly-traded issuer, whether such issuer's securities are publicly traded within Canada or otherwise.

10. Reporting Requirements

The directors, trustees, certain officers and certain other employees of Granite and its subsidiaries are "**Reporting Insiders**" under applicable securities laws. Reporting Insiders are required to file

reports (generally within five calendar days) of any direct or indirect beneficial ownership of, or control or direction over, securities of Granite and of any change in such ownership, control or direction with Canadian provincial securities regulators using the electronic filing system known as SEDI. In addition, Reporting Insiders must also file reports in respect of interest in, or right or obligation associated with, a related financial instrument (i.e., a derivative) involving a security of Granite, or any monetization, non-recourse loan or similar arrangement, trade or transaction that changes the Reporting Insider's economic exposure to, or interest in, securities of Granite and which may not necessarily involve a sale, whether or not required under applicable law.

It is the responsibility of each Reporting Insider to comply with these reporting requirements. Granite will assist Reporting Insiders in the preparation and filing of insider reports. To facilitate timely filings, Reporting Insiders should provide an Insider Trading and Blackout Policy Administrator with information about any trade subject to insider reporting within 24 hours of such trade being made.

A person that is uncertain as to whether he or she is a Reporting Insider or whether he or she is exempt from these requirements should contact an Insider Trading and Blackout Policy Administrator.

11. Penalties and Civil Liability

11.1 *Insider Trading, Tipping and Recommending Prohibitions*

The applicable Canadian securities laws that impose insider trading, tipping and recommending prohibitions also impose substantial penalties and civil liability for any breach of those prohibitions, namely, depending on the violation:

- (a) criminal fines of up to \$5,000,000 and four times the profit made or loss avoided;
- (b) prison sentences for a term not exceeding 10 years for insider trading, and five years for tipping or recommending;
- (c) civil liability for compensation to the seller or purchaser of the relevant securities for damages as a result of the trade; and
- (d) public interest orders such as trading bans and bans against acting as a director or officer of a public issuer and acting as or becoming a registrant.

Where a company is found to have committed an offence, the directors, trustees, officers and supervisory personnel of the company may be subject to the same or additional consequences.

U.S. securities laws similarly impose substantial penalties and civil liability for any such breaches.

11.2 *Insider Trade Reporting*

Failure to file an accurate insider report within the required time period is also an offence under securities laws and may result in one or more of the following:

- (a) the imposition of a late filing fee;

- (b) the Reporting Insider being identified as a late filer on a public database of late filers maintained by certain securities regulatory authorities;
- (c) the issuance of a cease trade order that prohibits the Reporting Insider from directly or indirectly trading in or acquiring securities or related financial instruments of the applicable issuer or any publicly-traded issuer in Canada until the failure to file is corrected or a specified period of time has elapsed; or
- (d) in appropriate circumstances, enforcement proceedings.

12. Enforcement

Any directors, trustees, officers, employees or consultant who violates this Policy may face disciplinary action up to and including termination of his or her employment or appointment with or engagement by Granite without notice. The violation of this Policy may also violate certain securities laws. If it appears that a director, trustee, officer, employee or consultant may have violated such securities laws, Granite may refer the matter to the appropriate regulatory authorities, which could lead to penalties, fines or imprisonment.

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Should you have any questions or wish information concerning the above, please contact an Insider Trading and Blackout Policy Administrator.

SCHEDULE “A”

Common Examples of Inside Information

(The following examples are not exhaustive.)

- Proposed changes in capital structure including stock splits, unit splits, stock dividends and unit distributions
- Proposed or pending financings
- Material increases or decreases in the amount of outstanding securities or indebtedness
- Proposed changes in corporate structure including amalgamations and reorganizations
- Proposed acquisitions of other issuers including take-over bids or mergers
- Material acquisitions or dispositions of assets
- Material changes or developments in products or contracts which would materially affect earnings upwards or downwards
- Material changes in the business of Granite
- Changes in senior management or control of Granite
- Bankruptcy or receivership
- Changes in Granite’s auditors
- The financial condition and results of operations of Granite
- Indicated changes in revenues or earnings upwards or downwards of more than recent average size
- Material legal proceedings
- Defaults in material obligations
- The results of the submission of matters to a vote of securityholders
- Transactions with directors, trustees, officers or principal securityholders
- The granting of options or payment of other compensation to directors, trustees or officers

SCHEDULE "B"

TRADE NOTICE

TO: Insider Trading and Blackout Policy Administrators
FROM: **[NAME OF GRANITE PERSONNEL]**
RE: Granite Real Estate Investment Trust and Granite REIT Inc. – Insider Trading and Blackout Policy (the "**Policy**")

I or a family member or other person living in my household, or a dependent child, or an entity over which I exercise control or direction, propose to **[buy/sell/describe other type of trade _____]** securities of Granite Real Estate Investment Trust and Granite REIT Inc. in the amount of up to _____ (the "**Proposed Trade**").

In accordance with the Policy, I hereby certify that:

1. I have read and understand the Policy.
2. I do not have (and in the case of a trade by a family member or other person living in my household or a dependent child or an entity over which I exercise control or direction, such family member, other person or entity or child does not have) knowledge of Inside Information (as defined in the Policy) which has not been generally disclosed.
3. I agree that the Proposed Trade will not be completed until pre-clearance is received from two Insider Trading and Blackout Policy Administrators designated under the Policy (as evidenced by their signatures below).
4. I agree that if pre-clearance is received for the Proposed Trade, it will, unless otherwise specified, be effective until the conclusion of the fifth trading day following the day on which pre-clearance is granted. If Inside Information is acquired prior to completion of the Proposed Trade, the Proposed Trade may not be executed, even though pre-clearance has been granted. If the Proposed Trade is not completed within such time, I acknowledge that it will be necessary to reapply for pre-clearance.
5. I understand that if pre-clearance is denied, that fact is itself Inside Information that should not be disclosed to or discussed with anyone.

DATED: _____, 20____

Name:

Title:

PRE-CLEARED ON _____, 20____

BY:

Name:

Title:

Name:

Title: