

**GRANITE REIT INC.
AND
GRANITE REAL ESTATE INVESTMENT TRUST**

INTERNAL REPORTING PROCEDURES

It is the policy of Granite REIT Inc. (the “**Company**”) and Granite Real Estate Investment Trust (the “**Trust**”) (together, “**Granite**”) that all of its officers and employees, including part-time and temporary employees, should report to Granite’s management any concerns about accounting and auditing matters that affect Granite and any potential violations of Granite’s Code of Conduct and Ethics or Anti-Bribery Policy. In addition, Granite encourages outside third parties to report material and relevant accounting or auditing complaints to the proper persons within Granite. This memorandum establishes procedures for such reporting, and shall apply to both the Company and the Trust.

The audit committees of the Board of Directors of the Company and the Board of Trustees of the Trust (each, the “**Audit Committee**”) have adopted these procedures in compliance with Canadian and United States securities law requirements relating to: (i) the receipt, retention and treatment of complaints received by Granite regarding accounting, internal accounting controls or auditing matters; and (ii) the confidential, anonymous submission by employees of Granite of concerns regarding questionable accounting or auditing matters (these matters, together with potential violations of Granite’s Code of Conduct & Ethics are collectively referred to as “**Activities of Concern**”). Activities of Concern include, without limitation, the misstatement of financial results, the employment of fraudulent accounting policies, the exercise of improper influence over the external auditors and the failure to disclose material events, liabilities or contingencies.

These procedures promote Granite’s goal of creating an environment in which officers and employees openly communicate with management and the Audit Committee regarding Activities of Concern and where outside parties are able to contact management and the Audit Committee to alert them to potential areas of concern.

No officer or employee of Granite will be disciplined, reprimanded, dismissed or otherwise penalized by Granite or any director, trustee, officer or employee of Granite for taking action consistent with these procedures in good faith. Any act of retaliation should be reported immediately pursuant to the procedures set out below. A director, trustee, officer or employee who retaliates against a person who has reported a violation in good faith will be subject to discipline up to and including dismissal.

Reporting Activities of Concern

Reporting to the General Counsel, Chief Financial Officer or Chief Executive Officer

Granite encourages all officers, employees and outside parties to report Activities of Concern to any of the General Counsel, Chief Financial Officer or the Chief Executive Officer (each a “**Reporting Officer**”). Reports of Activities of Concern may be submitted in person or by telephone (including by collect call), email or standard mail. **All reports can be submitted anonymously if so desired and no attempts will be made by Granite to identify the sender.** Correspondence should be sent to:

Granite REIT Inc.
77 King Street West, Suite 4010
Toronto, Ontario, Canada L4G 7A9
P.O. Box 159
Toronto-Dominion Centre
Toronto, Ontario
M5K 1H1
(647) 925.7500 (phone)

Attention:

General Counsel
(gc_report@granitereit.com)

- or -

Chief Financial Officer
(cfo_report@granitereit.com)

- or -

Chief Executive Officer
(ceo_report@granitereit.com)

Reporting to the Audit Committee

In addition to, or in lieu of, reporting to a Reporting Officer, a report of an Activity of Concern may be made directly to the Chair of the Audit Committee by telephone (including by collect call), email or standard mail. **All such reports can be submitted anonymously if so desired and no attempts will be made by Granite to identify the sender.** Correspondence should be sent to:

Granite REIT Inc.
77 King Street West, Suite 4010
Toronto, Ontario, Canada L4G 7A9
P.O. Box 159
Toronto-Dominion Centre
Toronto, Ontario
M5K 1H1
(647) 925.7500 (phone)

Attention:

Chair of Audit Committee
(cac_report@granitereit.com)

Anonymous Reports

Anonymous reports may also be made by contacting a hotline, hosted by Ethics Point, a third party provider as follows:

By Phone: 1-855-366-2143

Online: www.granitereit.ethicspoint.com

Please note that reports made anonymously either to a Reporting Officer, the Chair of the Audit Committee, or by way of the hotline should contain sufficient detail and information so that, if necessary, a meaningful investigation can be conducted. If a person chooses not to identify himself or herself in his or her report and the information provided is insufficient, Granite may not be able to adequately investigate and resolve the complaint.

Treatment and Handling of Reports of Activities of Concern

Except as provided in the following paragraph, any person to whom an Activity of Concern is reported, if other than a Reporting Officer or the Chair of the Audit Committee, or who becomes aware of an Activity of Concern, must, as soon as practicable and in any event within five business days, contact a Reporting Officer to provide details of the Activity of Concern. A Reporting Officer will promptly (a) advise the Chair of the Audit Committee that a report has been received, (b) review the report and (c) if the situation so requires, investigate such reported Activity of Concern. In determining the extent of investigation, if any, that is necessary, a Reporting Officer shall consider all relevant facts and circumstances, including the gravity of the alleged wrongdoing and the likelihood of a material effect on Granite's financial statements, business operations and reputation.

If upon receiving a report of an Activity of Concern, the Chair of the Audit Committee together with their selection of the appropriate Reporting Officer will complete the necessary review, investigation (if any), record keeping and reporting.

The Audit Committee will review and take any action it deems appropriate in its judgment with respect to any reported Activity of Concern it is made aware of, including retaining independent expert advisors and meeting with officers/employees of Granite.

Any decision by the Audit Committee, General Counsel, Chief Financial Officer, Chief Executive Officer or Chair of the Audit Committee to review or investigate any matter brought to its/his/her attention as a result of these procedures will not in any way be, or be deemed to be, a determination by that party or Granite that any actions or inactions that are the subject of the report of the Activity of Concern have in fact occurred or are improper.

Available Assistance

It is essential that all officers, employees and outside parties understand these procedures. All interested parties are encouraged to raise any questions about these procedures with any Reporting Officer.

Exceptions to Procedures

The Audit Committee is responsible for approving exceptions to these procedures.