GRANITE REIT INC.
AND
GRANITE REAL ESTATE INVESTMENT TRUST

ENVIRONMENTAL POLICY

Environmental Commitment and Objectives

Granite Real Estate Investment Trust and Granite REIT Inc. (referred to together with all affiliated entities as "**Granite**"), is engaged in the acquisition, development, ownership and management of logistics, warehouse and industrial properties in North America and Europe. Granite has an organizational commitment to responsible environmental management.

In support of this commitment, Granite will provide a sound framework for an environmental management system and endeavour to:

1. anticipate, identify and address environmental issues;

2. require accountability at all levels of Granite's organization;

3. provide Granite's employees with the tools, training and resources to recognize, achieve and maintain sound environmental practices; and

4. include consideration of environmental matters in business planning, leasing, acquisition and disposition decisions.

The objective of this policy is for Granite to manage environmental risk and exercise appropriate due diligence concerning the environmental challenges presented by its properties.

Compliance

This policy and program applies to all Granite employees. Compliance with this policy and the programs managed pursuant to this policy is supported by various Granite employee procedures, including:

- Procedures for Monitoring Tenants' Environmental Performance During Lease Tenure and on Lease Termination;
- Environmental Due Diligence Procedures for Property Acquisitions;
- Environmental Due Diligence Procedures for Property Dispositions;
- Spills/Discharges Management and Response Procedure; and
- External Environmental Complaints Management and Response Procedure.

The foregoing procedures contemplate the exercise of due diligence by Granite employees in handling environmental matters and the communication of environmental risk assessments to an

environmental committee (described below), a transaction team, executive management and/or the board of trustees and board of directors of Granite (collectively, the "**Board**"), as appropriate in the circumstances.

Environmental Committee

An environmental committee, with representation including Granite's Environmental Director (Chair) and representatives from Granite's legal and asset management groups (the "**Environmental Committee**"), will have primary responsibility:

1. for reviewing and refining environmental programs and managing their implementation, subject to the oversight of Granite's executive management; and

2. for supervising any environmental site assessments in respect of properties that Granite intends to acquire, in accordance with the declaration of trust governing Granite Real Estate Investment Trust.

The Environmental Committee shall report periodically to the executive management team regarding material matters considered by the Environmental Committee and, in turn, the executive management team shall report periodically to the Board, through the Audit Committees of the Board.

Risk Management and Mitigation

The Environmental Committee will make recommendations to executive management regarding the prioritization of environmental risks and the allocation of resources to the mitigation of such risks.

Constraints in the execution of any environmental program include financial, technological, operational and/or regulatory constraints. Granite understands that commitment of resources to support adherence to this policy is essential. Granite shall use commercially reasonable efforts to manage those constraints in a manner that supports the allocation of resources in accordance with environmental priorities for risk management.

Non-Conformance

Matters of non-conformance with the programs overseen pursuant to this policy, and the supporting employee procedures (collectively with this policy, the "**Environmental Governance Regime**"), should be remedied or avoided wherever appropriate. If it is not appropriate to remedy or avoid a non-conformance then the rationale for the non-conformance should be reported to, and documented by, Granite's Environmental Director and approved by the Environmental Committee. The Environmental Committee shall also consider whether such non-conformances indicate a need for revisions to the Environmental Governance Regime. Instances of continuing non-conformance shall be reported to executive management by the Environmental Committee.

Enhancing Granite's Environmental Governance Regime

Granite is committed to maintaining an Environmental Governance Regime for sound environmental management. As further issues are identified, enhancements to the Environmental Governance Regime may be developed. In addition, the Environmental Committee will periodically review Granite's Environmental Governance Regime and report to executive management, who will in turn report to the Board, as necessary, regarding any material recommendations for improvements and revisions.