

# Leading Proxy Advisory Firm ISS Recommends Granite REIT Unitholders Vote **“FOR”** All of FrontFour & Sandpiper’s Trustee Nominees on the **BLUE** Proxy Card

- *ISS Notes FrontFour & Sandpiper’s Compelling Case for Change*
- *ISS Recommends Unitholders Vote **FOR** Al Mawani, Peter Aghar & Samir Manji on the **BLUE** proxy card*
- *ISS Recommends **WITHHOLD** vote for G. Wesley Voorheis, Peter Dey and Brydon Cruise*

TORONTO, June 5, 2017 – FrontFour Capital Group LLC (“**FrontFour**”) and Sandpiper Group (“**Sandpiper**”), owners of approximately 6.2% of the outstanding stapled units of Granite Real Estate Investment Trust (“**Granite**”) (GRT.UN:TSX, GRP.U:NYSE), announced today that leading independent proxy advisory firm, Institutional Shareholder Services Inc. (“**ISS**”), has recommended that Granite unitholders vote **FOR** the election of all of FrontFour and Sandpiper’s highly-qualified nominees, **Al Mawani, Peter Aghar and Samir Manji**, to Granite’s Board of Trustees and the Board of Directors of Granite REIT Inc. (together, the “**Board**”) on the **BLUE proxy card** in connection with Granite’s upcoming Annual General Meeting (“**AGM**”) on June 15, 2017.

In addition, ISS has also recommended that unitholders **WITHHOLD** their vote from current Board members, **G. Wesley Voorheis** (Chairman), **Peter Dey** (Vice Chairman) and **Brydon Cruise** (Compensation Committee Chair). We believe this may be the first time in Canada that ISS has recommended that the Chairman and Vice Chairman of a company be removed in a contested situation, which further highlights and reinforces FrontFour and Sandpiper’s thesis and case for change.

Over the last four weeks, in an effort to distract unitholders from the serious governance, compensation and performance concerns at Granite, the Board has made a number of false and misleading statements about FrontFour and Sandpiper. We are pleased that ISS, a respected, independent advisory firm, has concluded that FrontFour and Sandpiper have **made a compelling case for change that warrants immediate action.**

In making its recommendation, ISS noted the following in its report:

- Unlike the TSX trading results [...Granite’s] TSR (as traded on the NYSE) has significantly underperformed each of the relevant indices on 3-year and since conversion timeframes
- [A] significant part of the favourable TSX performance stems from currency effect that is an external factor over which management has no influence
- The rigor of the board refreshment process is questionable [...] one of the new nominees, [Kelly] Marshall, is a close friend of Brydon Cruise, who himself was appointed to the board during the last year after representing the REIT’s financial advisor in the strategic review process. Such nomination practices may raise concerns for the trust’s unitholders, and should be rectified to keep the board accountable and independent
- Lack of prior core real estate experience and skills of the Chairman and Vice Chairman might provide an impediment to successful and timely execution of the REIT’s strategic goals going forward
- The transformed REIT is now subject to a different strategic plan that requires board members with the appropriate experience and expertise to capitalize on opportunities to enhance unitholder value
- [Granite’s] board admits that there is a need for a change and the dissidents’ nominees appear to represent an attractive opportunity for board refreshment (especially, given the lack of real estate expertise of some of the incumbent board members and the questionable nomination practices adopted by the board, which appear to favour relationships that may call into question the independence of nominees)
- During the recent engagements with some of the REIT’s biggest unitholders, the board may have

been willing to listen, but appears to have dug in its heels with respect to the need for further change

**On multiple occasions, FrontFour, Sandpiper and other large unitholders have attempted to engage with the Board in an effort to reach a settlement and avoid a costly proxy contest – at every turn the Board has refused to engage in a sincere fashion, preferring to demonstrate highly questionable entrenchment. In fact, the Board has spent significant unitholder capital employing multiple advisors to attack its own unitholders. ISS’s recommendation is a catalyst that is likely to have a material impact on the voting results at Granite’s upcoming AGM. FrontFour and Sandpiper remain willing to engage with the Board in order to avoid further unnecessary unitholder costs and distraction.**

With the AGM approaching, FrontFour and Sandpiper urge all unitholders to follow ISS’s recommendations and to vote “FOR” all of our highly-qualified trustee nominees on the BLUE proxy card: **Al Mawani, Peter Aghar and Samir Manji, as recommended by ISS.**

**YOUR SUPPORT IS EXTREMELY IMPORTANT – YOUR VOTE CAN ENSURE POSITIVE CHANGE IS ACCOMPLISHED AND VALUE IS UNLOCKED AT GRANITE**

**Concerned unitholders of Granite REIT along with ISS recommend that unitholders vote their BLUE form of proxy FOR FrontFour and Sandpiper’s nominees prior to 12:00 p.m. ET on Monday, June 12, 2017.**

If you require any assistance in completing your BLUE form of proxy, please contact our strategic unitholder advisor and proxy solicitor, Kingsdale Advisors (“**Kingsdale**”) by telephone at 1-855-682-4840 toll-free in North America or call collect at 416-867-2272 outside of North America or by e-mail at [contactus@kingsdaleadvisors.com](mailto:contactus@kingsdaleadvisors.com). Even if you have voted the White proxy, it is not too late. A later-dated BLUE proxy will replace any previously voted White proxy.

## **FRONTFOUR CAPITAL GROUP LLC**

FrontFour Capital Group LLC, located in the United States at 35 Mason Street, Greenwich, CT 06830, was formed in December 2006. FrontFour Capital Group LLC is registered with the Securities & Exchange Commission as an investment adviser under the Investment Advisers Act of 1940, as amended.

## **SANDPIPER GROUP**

Sandpiper is a Vancouver-based private equity firm focused on investing in real estate through direct property investments and securities. For more information about Sandpiper, visit [www.sandpipergroup.ca](http://www.sandpipergroup.ca).