

WHITESTONE REIT
CHARTER OF COMPENSATION COMMITTEE

Effective as of March 7, 2013

The Board of Trustees (the “**Board**”) of Whitestone REIT (the “**REIT**”) adopted this Charter of the Compensation Committee of the Board (the “**Committee**”) on March 7, 2013 (the “**Effective Date**”). This Charter supersedes any other Committee charter adopted by the Board prior to the Effective Date.

Purpose

With respect to the REIT and Whitestone REIT Operating Partnership, L.P. (together with the REIT, the “**Company**”), the primary purposes of the Committee are to:

- assist the Board in discharging the Board’s responsibilities relating to compensation of the Company’s trustees and executives and the Company’s overall compensation and benefits structure; and
- produce an annual report on executive compensation for inclusion in the Company’s annual meeting proxy statement in accordance with applicable rules and regulations.

Composition

The Committee shall be comprised of at least three members, each of whom shall:

- qualify as “independent” under the rules of the New York Stock Exchange (the “**NYSE**”);
- be a “non-employee director” within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended;
- be an “outside director” under§ 162(m) of the Internal Revenue Code of 1986, as amended; and
- otherwise be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee.

Members shall be appointed by the Board based on nominations recommended by the Nominating and Corporate Governance Committee, and shall serve at the pleasure of the Board and for such term or terms as the Board may determine. The Board may remove members from the Committee at any time, with or without cause.

Meetings

The Committee shall meet as often as its members deem necessary to perform the Committee’s duties. Members of the Committee may participate in a meeting of the

Committee by means of conference call or similar communications equipment by means of which all persons participating in the meeting can hear each other.

Duties and Powers

To carry out its purposes, the Committee shall have the following duties and powers:

Compensation

- Annually review and approve the Company's goals and objectives relevant to chief executive officer ("CEO") and executive compensation, including as the Committee deems appropriate, consideration of the Company's performance and relative shareholder return, the value of similar incentive awards to officers at comparable companies, the awards given to officers in past years and such other factors as the Committee deems relevant.
- Evaluate the CEO's and the other executives' performance in light of those goals and objectives.
- Annually review and approve the compensation level, including special or supplemental benefits or perquisites, of the CEO and the other executives of the Company.
- Annually review and make recommendations to the Board concerning the adoption, terms and operation of the Company's compensation plans for all trustees, officers and other executives, including incentive compensation and equity-based plans that are subject to board approval.
- Approve grants and/or awards of restricted shares, share options and other forms of equity-based compensation, and otherwise administer the Company's equity incentive plans in compliance with applicable tax laws.
- Review and approve, for the CEO and other executives, employment agreements, severance arrangements and change in control agreements/provisions, in each case as, when and if appropriate.
- Grant discretionary awards under the Company's compensation plans and determine the form of agreement and terms of such awards.
- Perform the administrative functions assigned to the Committee by the Board or the provisions of any incentive compensation plan or other employee benefit plan.
- Retain, as deemed necessary or appropriate by the Committee, any compensation consultant, independent legal counsel or other compensation advisor and approve the advisor's fees and other retention terms; provided, however, that in connection with the engagement of such an advisor, the Committee must consider, prior to engaging such advisor, all factors relevant to that advisor's independence from management, including, without limitation, the following:

- (a) The provision of other services to the Company by the advisor's employer;
- (b) The amount of fees received from the Company by the advisor's employer, as a percentage of total revenue of the advisor's employer;
- (c) The policies and procedures of the advisor's employer that are designed to prevent conflicts of interest;
- (d) Any business or personal relationship of the advisor with a member of the Committee;
- (e) Any shares of the Company owned by the advisor; and
- (f) Any business or personal relationship of the advisor or the advisor's employer with an executive officer of the Company.

General

- Report periodically to the Board and propose any necessary action to the Board.
- Review and discuss with management the Compensation Discussion and Analysis (“**CD&A**”) and the related executive compensation information required to be included in the Company’s proxy statement and annual report on Form 10-K by the rules and regulations of the Securities and Exchange Commission (the “**Commission**”) and, based on such review and discussion, approve the CD&A and the related executive compensation information for inclusion in the applicable filing; produce the annual Compensation Committee Report for inclusion in the Company’s proxy statement and annual report on Form 10-K in compliance with the rules and regulations promulgated by the Commission.
- Annually review the adequacy of this Charter and recommend any proposed changes to the Board for approval.
- Assist the Board in developing and evaluating candidates for executive positions, including the CEO, and oversee the development of executive succession plans.
- Annually evaluate the performance of the Committee.
- Perform any other activities consistent with this Charter, the Company’s amended and restated declaration of trust and bylaws and applicable laws, as the Committee deems appropriate or as requested by the Board.

Resources and Authority

The Committee shall have the resources and authority appropriate to discharge its responsibilities, including the authority to engage and approve fees and other retention terms of special or independent counsel or other advisors, as it deems appropriate to carry out its

duties, without seeking approval of the Board or management. The Company will provide for appropriate funding, as determined by the Committee, for the payment of (a) compensation to any advisors employed by the Committee under the preceding sentence, and (b) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

Delegation to Subcommittee

To the extent permitted by applicable law, the Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee; *provided, however*, that any actions taken pursuant to any such delegation shall be reported to the Committee at its next meeting.

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