

Tax Characteristics of 2015 Whitestone REIT Distributions

The following table presents the federal income tax treatment of cash distributions paid to holders of Whitestone REIT common shares during the calendar year ended December 31, 2015:

Record Date	Payable Date	Total Distribution per Share	Ordinary Dividends-Taxable (Box 1a)	Qualified Dividends (Box 1b)	Capital Gain Distributions (Box 2a)	Unrecaptured Section 1250 Gain⁽¹⁾ (Box 2b)	Return of Capital-Nontaxable (Box 3)
1/6/2015	1/13/2015	\$0.095	\$0.0579	\$0.0000	\$0.00128	\$0.0005	\$0.03582
2/3/2015	2/10/2015	\$0.095	\$0.0579	\$0.0000	\$0.00128	\$0.0005	\$0.03582
3/3/2015	3/10/2015	\$0.095	\$0.0579	\$0.0000	\$0.00128	\$0.0005	\$0.03582
4/2/2015	4/9/2015	\$0.095	\$0.0579	\$0.0000	\$0.00128	\$0.0005	\$0.03582
5/5/2015	5/12/2015	\$0.095	\$0.0579	\$0.0000	\$0.00128	\$0.0005	\$0.03582
6/2/2015	6/9/2015	\$0.095	\$0.0579	\$0.0000	\$0.00128	\$0.0005	\$0.03582
7/2/2015	7/9/2015	\$0.095	\$0.0579	\$0.0000	\$0.00128	\$0.0005	\$0.03582
8/3/2015	8/10/2015	\$0.095	\$0.0579	\$0.0000	\$0.00128	\$0.0005	\$0.03582
9/2/2015	9/9/2015	\$0.095	\$0.0579	\$0.0000	\$0.00128	\$0.0005	\$0.03582
10/5/2015	10/12/2015	\$0.095	\$0.0579	\$0.0000	\$0.00128	\$0.0005	\$0.03582
11/2/2015	11/9/2015	\$0.095	\$0.0579	\$0.0000	\$0.00128	\$0.0005	\$0.03582
12/2/2015	12/9/2015	\$0.095	\$0.0579	\$0.0000	\$0.00128	\$0.0005	\$0.03582
Totals		\$1.14	\$0.69483	\$0.0000	\$0.01539	\$0.006	\$0.42978
		100%	60.95%		1.35%		37.70%

(1) Amounts in Box 2b are included in Box 2a.

**Report of Organizational Actions
Affecting Basis of Securities**

OMB No. 1545-2224

► See separate instructions.

Part I Reporting Issuer

1 Issuer's name		2 Issuer's employer identification number (EIN)	
WHITESTONE REIT		76-0594970	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
DAVID K. HOLEMAN	713.827.9595	DHOLEMAN@WHITESTONEREIT.COM	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and Zip code of contact	
2600 S. GESSNER ROAD, SUITE 500		HOUSTON, TX 77063	
8 Date of action		9 Classification and description	
12/31/15		COMMON STOCK DIVIDENDS	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
966084204	N/A	WSR	N/A

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ► Whitestone REIT is organized and operates as a Real Estate Investment Trust (REIT) as defined under Section 856(a) of the Code. Pursuant to Section 857(a)(1) of the Code, Whitestone REIT is required to distribute 90% of its REIT taxable income during each taxable year for which it has elected to be a REIT. As of December 31, 2015, Whitestone REIT had elected to be taxed as a REIT in accordance with Section 856(c)(1) of the Code. As of December 31, 2015, Whitestone REIT had one class of common stock for which distributions of cash were made that resulted in an adjustment to the basis of that stock in the hands of its respective shareholders. Distributions of cash, a portion of which are treated as a return of capital, were made on the payment dates outlined in the attached schedule. The total distributions made by Whitestone REIT to its shareholders exceeded the amount of its current year and accumulated earnings and profits as determined under Section 312 of the Code. The excess amount of these distributions is treated as a return of capital to the shareholders and, as a result, they are required to reduce their tax basis in their stock as provided in Section 301(c)(2). The dates upon which shareholders of record were measured are also identified on the attached schedule.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ► See attached table for quantitative effect of the distributions reported as a return of capital on a per share basis. The percentage of the distributions that was a return of capital is reported to the Corporation's shareholders on their 2015 Forms 1099-DIV.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ► The calculation for the return of capital portion of distributions made to common stock shareholders of Whitestone REIT during 2015 represents the total distributions made to Whitestone REIT common shareholders less the amount attributed to ordinary income and capital gain.

Part II Organizational Action (continued)**17** List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶

Section 301

Section 312

Section 316

Section 857

Section 6042

18 Can any resulting loss be recognized? ▶ **No****19** Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ **Reportable tax year ended December 31, 2015.****Sign Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ▶

Date ▶

Print your name ▶ **David K. Holeman**Title ▶ **Chief Financial Officer****Paid Preparer Use Only**

Print/Type preparer's name

Mark C. Sutton

Preparer's signature

Mark C. Sutton

Date

1-29-16Check ☐ if self-employed

PTIN

P00711710Firm's name ▶ **Plante & Moran, PLLC**

Firm's EIN ▶

38-1357951Firm's address ▶ **2601 Cambridge Court, Suite 500, Auburn Hills, MI**

Phone no.

248.375.7100

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054

Whitestone REIT Class B Common Shares

FEIN: 76-0594970

Form 8937 - Part II, Lines 14 and 15 Supplemental Schedule

FYE December 31, 2015

<u>Record Date</u>	<u>Payable Date</u>	<u>Total Dividend Per Share</u>	<u>Return of Capital Per Share</u>
12/2/2015	12/9/2015	0.095	0.036
11/2/2015	11/9/2015	0.095	0.036
10/5/2015	10/12/2015	0.095	0.036
9/2/2015	9/9/2015	0.095	0.036
8/3/2015	8/10/2015	0.095	0.036
7/2/2015	7/9/2015	0.095	0.036
6/2/2015	6/9/2014	0.095	0.036
5/5/2015	5/12/2015	0.095	0.036
4/2/2015	4/9/2015	0.095	0.036
3/3/2015	3/10/2015	0.095	0.036
2/3/2014	2/10/2015	0.095	0.036
1/6/2015	1/13/2015	0.095	0.036