

Whitestone REIT Announces Tax Characteristics of 2018 Distributions

HOUSTON, Jan. 29, 2019 (GLOBE NEWSWIRE) -- Whitestone REIT (NYSE: WSR) ("Whitestone" or the "Company") today released the Federal income tax treatment of 2018 cash distributions to holders of common shares (CUSIP 966084204). The final classifications of the distributions for 2018, which will be reported on Form 1099-DIV, are as follows:

<u>Ex-Dividend</u>	<u>Record</u>	<u>Payable</u>	<u>Total</u>	<u>Ordinary</u>	<u>Total Capital</u>	<u>Unrecaptured</u>	<u>Return of</u>	<u>Section</u>
<u>Date</u>	<u>Date</u>	<u>Date</u>	<u>Distribution</u>	<u>Dividends</u>	<u>Gain</u>	<u>Sec 1250</u>	<u>Capital</u>	<u>199A</u>
<u>Date</u>	<u>Date</u>	<u>Date</u>	<u>Per Share</u>	<u>Dividends</u>	<u>Distribution</u>	<u>Gain</u> ⁽¹⁾	<u>(Nontaxable</u>	<u>Dividends</u>
							<u>Distribution)</u>	<u>(2)</u>
12/31/2017	1/2/2018	1/11/2018	\$0.095	\$0.037098	\$0.032740	\$0.013930	\$0.025162	\$0.037098
2/2/2018	2/5/2018	2/14/2018	\$0.095	\$0.037098	\$0.032740	\$0.013930	\$0.025162	\$0.037098
3/1/2018	3/2/2018	3/13/2018	\$0.095	\$0.037098	\$0.032740	\$0.013930	\$0.025162	\$0.037098
4/2/2018	4/3/2018	4/12/2018	\$0.095	\$0.037098	\$0.032740	\$0.013930	\$0.025162	\$0.037098
5/1/2018	5/2/2018	5/11/2018	\$0.095	\$0.037098	\$0.032740	\$0.013930	\$0.025162	\$0.037098
6/1/2018	6/4/2018	6/13/2018	\$0.095	\$0.037098	\$0.032740	\$0.013930	\$0.025162	\$0.037098
7/2/2018	7/3/2018	7/12/2018	\$0.095	\$0.037098	\$0.032740	\$0.013930	\$0.025162	\$0.037098
8/1/2018	8/2/2018	8/14/2018	\$0.095	\$0.037098	\$0.032740	\$0.013930	\$0.025162	\$0.037098
9/3/2018	9/4/2018	9/14/2018	\$0.095	\$0.037098	\$0.032740	\$0.013930	\$0.025162	\$0.037098
10/1/2018	10/2/2018	10/12/2018	\$0.095	\$0.037098	\$0.032740	\$0.013930	\$0.025162	\$0.037098
11/1/2018	11/2/2018	11/13/2018	\$0.095	\$0.037098	\$0.032740	\$0.013930	\$0.025162	\$0.037098
12/3/2018	12/4/2018	12/13/2018	\$0.095	\$0.037098	\$0.032740	\$0.013930	\$0.025162	\$0.037098
2018 Total			\$1.140	\$0.445180	\$0.392880	\$0.167165	\$0.301939	\$0.445180

(1) Represents additional characterization of, and is included in, "Total Capital Gain Distribution."

(2) Represents dividends eligible for the 20% qualified business income deduction under Section 199A, and is included in "Ordinary Dividends."

Shareholders are encouraged to consult with their personal tax advisors as to their specific tax treatment of Whitestone REIT cash distributions. For additional information, contact Whitestone REIT's Investor Relations Department.

About Whitestone REIT

Whitestone is a community-centered retail REIT that acquires, owns, manages, develops and redevelops high quality "e-commerce resistant" neighborhood, community and lifestyle retail centers principally located in the largest, fastest-growing and most affluent markets in the Sunbelt. Whitestone's optimal mix of national, regional and local tenants provides daily necessities, needed services and entertainment to the communities in which they are located. Whitestone's properties are primarily located in business-friendly Phoenix, Austin, Dallas-Fort Worth, Houston and San Antonio, which are among the fastest growing U.S. population centers with highly educated workforces, high household incomes and strong job growth.

Whitestone's forward-thinking business model has produced industry leading compound annual growth rates in excess of 20% in revenues, property net operating income, funds from operations and net income since its IPO in 2010. As of January 25, 2019, Whitestone's total shareholder return ranks #1 of 17, #1 of 17, and #1 of 16, of the U.S. public shopping center REITs for the one-year, three-year, and five-year periods, respectively.⁽¹⁾ For additional information, visit www.whitestonereit.com.

Forward-Looking Statements

Certain statements contained in this press release constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Company intends for all such forward-looking statements to be covered by the safe-harbor provisions for forward-looking statements contained in Section 27A of the Securities Act and Section 21E of the Exchange Act, as applicable. Such information is subject to certain risks and uncertainties, as well as known and unknown risks, which could cause actual results to differ materially from those projected or anticipated. Therefore, such statements are not intended to be a guarantee of our performance in future periods. Such forward-looking statements can generally be identified by the Company's use of forward-looking terminology, such as "may," "will," "plan," "expect," "intend," "anticipate," "believe," "continue," "goals" or similar words or phrases that are predictions of future events or trends and which do not relate solely to historical matters.

The following are some of the factors that could cause the Company's actual results and its expectations to differ materially from those described in the Company's forward-looking statements: the Company's ability to meet its long-term goals, its assumptions regarding its earnings guidance, including its ability to execute effectively its acquisition and disposition strategy, to continue to execute its development pipeline on schedule and at the expected costs, and its ability to grow its NOI as expected, which could be impacted by a number of factors, including, among other things, its ability to continue to renew leases or re-let space on attractive terms and to otherwise address its leasing rollover; its ability to successfully identify, finance and consummate suitable acquisitions, and the impact of such acquisitions, including financing developments, capitalization rates and internal rates of return; the Company's ability to reduce or otherwise effectively manage its general and administrative expenses; the Company's ability to fund from cash flows or otherwise distributions to its shareholders at current rates or at all; current adverse market and economic conditions; lease terminations or lease defaults; the impact of competition on the Company's efforts to renew existing leases; changes in the economies and other conditions of the specific markets in which the Company operates; economic, legislative and regulatory changes, including the impact of the Tax Cuts and Jobs Act of 2017; the success of the Company's real estate strategies and investment objectives; the Company's ability to continue to qualify as a REIT under the Internal

Revenue Code of 1986, as amended; and other factors detailed in the Company's most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and other documents the Company files with the Securities and Exchange Commission from time to time.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. The Company cannot guarantee the accuracy of any such forward-looking statements contained in this press release, and the Company does not intend to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Contact Whitestone REIT:

Kevin Reed
Director of Investor Relations
(713) 435-2219
kreed@whitestonereit.com

(1) Whitestone REIT Total Shareholder Return as compared to its peers according to the SNL Public REIT Market Data based on closing prices on January 25, 2019. Peers include: Regency Centers Corp., Cedar Realty Trust Inc., Retail Opportunity Investments, Weingarten Realty Investors, Saul Centers Inc., Urban Edge Properties, Federal Realty Investment, Urstadt Biddle Properties Inc., RPT Realty, Retail Properties of America, Kite Realty Group Trust, Acadia Realty Trust, Wheeler REIT Inc., Brixmor Property Group Inc., Kimco Realty Corp., and Site Centers Corp.

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	
12/31/17		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, 2018, Whitestone REIT had elected to be taxed as a REIT in accordance with Section 856(c)(1) of the Code. As of December 31, 2018, 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 2018 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 2018 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(c)(2)

Section 312

Section 316

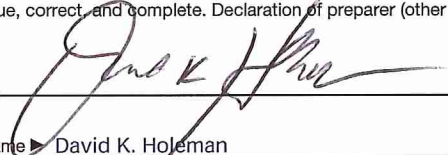
Section 857

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, 2018.**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 ►

1/30/19

Print your name ► David K. Holman

Title ► Chief Financial Officer

Paid Preparer Use Only

Print/Type preparer's name

Mark C. Sutton

Preparer's signature

Mark C. Sutton

Date

Check ☐ if self-employed

PTIN

P00711710

Firm's name ► Plante & Moran, PLLC

Firm's EIN ► 38-1357951

Firm'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, 2018

<u>Record Date</u>	<u>Payable Date</u>	<u>Total Dividend Per Share</u>		<u>Return of Capital Per Share</u>	
1/2/2018	1/11/2018	\$	0.095	\$	0.025
2/5/2018	2/14/2018	\$	0.095	\$	0.025
3/2/2018	3/13/2018	\$	0.095	\$	0.025
4/3/2018	4/12/2018	\$	0.095	\$	0.025
5/2/2018	5/11/2018	\$	0.095	\$	0.025
6/4/2018	6/13/2018	\$	0.095	\$	0.025
7/3/2018	7/12/2018	\$	0.095	\$	0.025
8/2/2018	8/14/2018	\$	0.095	\$	0.025
9/4/2018	9/14/2018	\$	0.095	\$	0.025
10/2/2018	10/12/2018	\$	0.095	\$	0.025
11/2/2018	11/13/2018	\$	0.095	\$	0.025
12/4/2018	12/13/2018	\$	0.095	\$	0.025