

Press Release

Whitestone REIT Announces the Tax Characteristics of 2014 Distributions

Houston, Texas, January 29, 2015 – Whitestone REIT (NYSE: WSR – “Whitestone”), released today the Federal income tax treatment of its 2014 cash distributions to holders of its Common Shares (CUSIP 966084204). The final classifications of the distributions for 2014 which will be reported on Form 1099-DIV are as follows:

Record Date	Payable Date	Total Distribution per Share	Taxable Ordinary Dividend (Box 1a)	Qualified Dividends (Box 1b)	Capital Gain Distribution (Box 2a)	Un- recaptured Section 1250 Gain (1) (Box 2b)	Return of Capital- Non Taxable (Box 3)
1/6/2014	1/13/2014	\$0.095	\$0.05065	\$0.0000	\$0.02413	\$0.01269	\$0.02022
2/3/2014	2/10/2014	\$0.095	\$0.05065	\$0.0000	\$0.02413	\$0.01269	\$0.02022
3/3/2014	3/10/2014	\$0.095	\$0.05065	\$0.0000	\$0.02413	\$0.01269	\$0.02022
4/2/2014	4/9/2014	\$0.095	\$0.05065	\$0.0000	\$0.02413	\$0.01269	\$0.02022
5/5/2014	5/12/2014	\$0.095	\$0.05065	\$0.0000	\$0.02413	\$0.01269	\$0.02022
6/2/2014	6/9/2014	\$0.095	\$0.05065	\$0.0000	\$0.02413	\$0.01269	\$0.02022
7/1/2014	7/9/2014	\$0.095	\$0.05065	\$0.0000	\$0.02413	\$0.01269	\$0.02022
8/1/2014	8/8/2014	\$0.095	\$0.05065	\$0.0000	\$0.02413	\$0.01269	\$0.02022
9/2/2014	9/9/2014	\$0.095	\$0.05065	\$0.0000	\$0.02413	\$0.01269	\$0.02022
10/1/2014	10/9/2014	\$0.095	\$0.05065	\$0.0000	\$0.02413	\$0.01269	\$0.02022
11/3/2014	11/11/2014	\$0.095	\$0.05065	\$0.0000	\$0.02413	\$0.01269	\$0.02022
12/1/2014	12/9/2014	\$0.095	\$0.05065	\$0.0000	\$0.02413	\$0.01269	\$0.02022
Totals		\$1.140	\$0.6078	\$0.000	\$0.28956	\$0.15225	\$0.24259
		100%	53.32%		25.40%		21.28%

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

About Whitestone REIT

Whitestone REIT (NYSE:WSR) is a fully integrated real estate investment trust ("REIT") that owns, manages, operates, leases and repositions and redevelops Value-Add Community Centered Properties™. Whitestone focuses on value creation in its community centers, concentrating on local service-oriented tenants that comprise approximately 70% of its tenants. Whitestone's diversified tenant base provides service offerings including medical, education, casual dining, and convenience services. The largest of its 1,272 tenants comprised less than 1.8 % of its annualized base rental revenues as of September 30, 2014. Founded in 1998, the Company is internally managed with a portfolio of 63 commercial properties in Texas, Arizona, and Illinois. For additional information about the Company, please visit www.whitestonereit.com.

Contact Whitestone REIT:

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saylor@whitestonereit.com

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

OMB No. 1545-2224

► See separate instructions.

Part I Reporting Issuer

1 Issuer's name WHITESTONE REIT		2 Issuer's employer identification number (EIN) 76-0594970	
3 Name of contact for additional information DAVID K. HOLEMAN	4 Telephone No. of contact 713.827.9595	5 Email address of contact DHOLEMAN@WHITESTONEREIT.COM	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 2600 S. GESSNER ROAD, SUITE 500		7 City, town, or post office, state, and Zip code of contact HOUSTON, TX 77063	
8 Date of action 12/31/14	9 Classification and description COMMON STOCK DIVIDENDS		
10 CUSIP number 966084105	11 Serial number(s) N/A	12 Ticker symbol WSR	13 Account number(s) 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, 2014, Whitestone REIT had elected to be taxed as a REIT in accordance with Section 856(c)(1) of the Code. As of December 31, 2014, 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 2014 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 2014 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, 2014.

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 ►

Print your name ► David K. Holzman

Date ►

2/5/15

Paid
Preparer
Use Only

Print/Type preparer's name

Dean A. Rocheleau

Firm's name ► Plante & Moran, PLLC

Firm's address ► 2601 Cambridge Court, Suite 500, Auburn Hills, MI

Preparer's signature

Dean A. Rocheleau

Title ► Chief Financial Officer

Date

1/31/15

Check if self-employed

PTIN P00053805

Firm's EIN ► 38-1357951

Phone no. 248.375.7100

Whitestone REIT Class B Common Shares

FEIN: 76-0594970

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

FYE December 31, 2014

Record Date	Payable Date	Total Dividend Per Share	Return of Capital Per Share
12/1/2014	12/9/2014	0.095	0.020
11/3/2014	11/11/2014	0.095	0.020
10/1/2014	10/9/2014	0.095	0.020
9/2/2014	9/9/2014	0.095	0.020
8/1/2014	8/8/2014	0.095	0.020
7/1/2014	7/9/2014	0.095	0.020
6/2/2014	6/9/2014	0.095	0.020
5/5/2014	5/12/2014	0.095	0.020
4/2/2014	4/9/2014	0.095	0.020
3/3/2014	3/10/2014	0.095	0.020
2/3/2014	2/10/2014	0.095	0.020
1/6/2014	1/13/2014	0.095	0.020