

Whitestone REIT
Form PRE 14A
March 21, 2012
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

SCHEDULE 14A
(RULE 14a-101)

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-12

Whitestone REIT
(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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(3) Filing Party:

(4) Date Filed:

WHITESTONE REIT
2600 S. GESSNER, SUITE 500
HOUSTON, TEXAS 77063

April , 2012

Dear Shareholder:

You are cordially invited to attend the 2012 Annual Meeting of Shareholders to be held on Tuesday, May 22, 2012, at 10:00 a.m., Central Daylight Time, at the Norris Conference Center, 803 Town & Country Lane, Houston, Texas, 77024.

The notice of Annual Meeting and proxy statement accompanying this letter provide an outline of the business to be conducted at the meeting. I will also report on our progress during the past year and answer shareholders' questions.

It is important that your shares be represented at the Annual Meeting. I urge you to authorize a proxy to vote your shares via the internet, or by calling the toll-free telephone number, or by signing, dating and promptly returning your proxy card in the enclosed envelope. Your vote is important.

Sincerely yours,

/s/ James C. Mastandrea
James C. Mastandrea
Chairman and Chief Executive Officer

WHITESTONE REIT
2600 S. GESSNER, SUITE 500
HOUSTON, TEXAS 77063

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To be Held May 22, 2012

To our Shareholders:

You are invited to attend our 2012 Annual Meeting of Shareholders (the "Annual Meeting"), to be held at the Norris Conference Center, 803 Town & Country Lane, Houston, Texas, 77024, on Tuesday, May 22, 2012 at 10:00 a.m., Central Daylight Time for the following purposes:

1. To elect two trustees to serve until our 2015 annual meeting of shareholders and thereafter until each of their successors has been duly elected and qualified (Proposal No. 1);
2. To approve an amendment to our Declaration of Trust, as amended, that will provide for the reclassification of each Class A common share into one Class B common share (Proposal 2);
3. To ratify Pannell Kerr Forster of Texas, P.C. as our independent registered public accounting firm for the fiscal year ending December 31, 2012 (Proposal No. 3); and
4. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

The Board of Trustees recommends that you vote "FOR" the nominees for trustees, "FOR" the amendment to our Declaration of Trust, and "FOR" the ratification of Pannell Kerr Forster of Texas, P.C. as our independent registered public accounting firm for 2012.

Shareholders who are holders of record of our Class A or Class B common shares of beneficial interest at the close of business on March 23, 2012, the record date, will be entitled to receive notice of and to vote at the Annual Meeting. A proxy card is enclosed with this notice of Annual Meeting and proxy statement. A copy of our annual report to shareholders for the fiscal year ended December 31, 2011 is also enclosed with the proxy statement.

YOUR VOTE IS IMPORTANT - You are urged to authorize a proxy to vote your shares via the internet, or by calling the toll-free telephone number, or by signing, dating and promptly returning your proxy card in the enclosed envelope.

When you submit your proxy, you authorize James C. Mastandrea, John J. Dee, and David K. Holeman or any of them, each with full power of substitution, to vote your shares at the Annual Meeting in accordance with your instructions or, if no instructions are given, to vote in accordance with the recommendations of our Board set forth above.

By order of the Board of Trustees,

/s/ John J. Dee
John J. Dee
Chief Operating Officer and Corporate Secretary
April , 2012

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING TO BE HELD ON MAY 22, 2012:

This proxy statement and Whitestone's Annual Report to Shareholders for the fiscal year ended December 31, 2011 are available at: <http://www.amstock.com/ProxyServices/ViewMaterial.asp?CoNumber=16615>

TABLE OF CONTENTS

<u>SOLICITATION AND VOTING</u>	1
<u>What Proposals will be Voted upon at the Annual Meeting</u>	1
<u>Who is Entitled to Vote at the Annual Meeting</u>	1
<u>How Do I Vote</u>	1
<u>Can I Change or Revoke my Vote After I Return my Proxy Card</u>	2
<u>How Many Shares Must be Present to Constitute a Quorum for the Annual Meeting</u>	2
<u>What are the Recommendations of the Board</u>	3
<u>How are Votes Counted</u>	3
<u>How Many Votes are Needed to Approve Each Proposal</u>	3
<u>Who is Paying for This Proxy Solicitation</u>	4
<u>How Many Copies Should I Receive if I Share an Address with Another Shareholder</u>	4
<u>How Can I Obtain Whitestone's Annual Report on Form 10-K</u>	4
<u>How Can I Find Out the Results of the Voting at the Annual Meeting</u>	4
<u>How and When May I Submit a Shareholder Proposal for Whitestone's 2013 Annual Meeting of Shareholders</u>	4
<u>Whom Should I Contact if I Have Any Questions</u>	5
<u>PROPOSAL NO. 1 - ELECTION OF TRUSTEES</u>	6
<u>Nominees for Trustee</u>	6
<u>Members of the Board of Trustees</u>	7
<u>Qualifications of Trustees</u>	8
<u>CORPORATE GOVERNANCE</u>	10
<u>Independence</u>	10
<u>Meetings and Committees of the Board of Trustees</u>	10
<u>Nominating and Corporate Governance Committee</u>	10
<u>Shareholder Nominations for Trustee</u>	11
<u>Audit Committee</u>	12
<u>Compensation Committee</u>	13
<u>Code of Business Conduct and Ethics</u>	13
<u>Board Leadership Structure</u>	13
<u>Risk Management</u>	13
<u>Communications with our Board of Trustees</u>	14
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANANGEMENT</u>	15
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	16
<u>EXECUTIVE OFFICERS</u>	17
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	18
<u>Introduction</u>	18
<u>Highlights and Summary</u>	18
<u>Shareholder Say on Pay</u>	19
<u>Compensation Strategy and Philosophy</u>	20
<u>Compensation Objectives</u>	20
<u>Roles and Responsibilities in Compensation Decisions</u>	21
<u>Setting Executive Compensation</u>	22
<u>Compensation Related Risk Management</u>	22
<u>Employment Agreements: Payments Upon Change of Control</u>	23
<u>2011 Executive Compensation Elements</u>	24
<u>Compensation Committee Interlocks and Insider Participation</u>	25
<u>COMPENSATION COMMITTEE REPORT</u>	26
<u>EXECUTIVE COMPENSATION</u>	27

<u>Summary Compensation Table</u>	<u>27</u>
<u>Grants of Plan Based Awards</u>	<u>28</u>
<u>Outstanding Equity Awards at Fiscal Year End 2011</u>	<u>28</u>
<u>2011 Option Exercises and Shares Vested</u>	<u>28</u>
<u>COMPENSATION OF TRUSTEES</u>	<u>29</u>
<u>Cash Compensation</u>	<u>29</u>
<u>Equity Awards</u>	<u>29</u>
<u>2011 Trustee Compensation</u>	<u>29</u>
<u>PROPOSAL NO. 2 - AMENDMENT TO THE DECLARATION OF TRUST</u>	<u>30</u>
<u>Introduction</u>	<u>30</u>
<u>Proposed Amendment</u>	<u>30</u>
<u>Recommendation of the Board</u>	<u>30</u>
<u>Purpose of Proposed Amendment and Effect on Existing Class A and Class B Shareholders</u>	<u>30</u>
<u>Comparison of Class A Common Shares and Class B Common Shares</u>	<u>31</u>
<u>Implementation of Amendment</u>	<u>31</u>
<u>Appraisal Rights</u>	<u>31</u>
<u>Vote Required</u>	<u>31</u>
<u>AUDIT COMMITTEE INFORMATION</u>	<u>33</u>
<u>Report of the Audit Committee of the Board of Trustees</u>	<u>33</u>
<u>Independent Registered Public Accounting Firm Fees and Services</u>	<u>34</u>
<u>Pre-Approval Policies and Procedures</u>	<u>34</u>
<u>PROPOSAL NO. 3 – RATIFICATION OF THE SELECTION OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	<u>35</u>
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	<u>36</u>
<u>Executive Relocation</u>	<u>36</u>
<u>Policies and Procedures for Transactions with Related Persons</u>	<u>36</u>
<u>OTHER BUSINESS</u>	<u>37</u>
<u>APPENDIX A</u>	<u>A-1</u>

PRELIMINARY COPY - SUBJECT TO CHANGE

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

Tuesday, May 22, 2012

Whitestone REIT
2600 S. Gessner, Suite 500
Houston, Texas 77063

SOLICITATION AND VOTING

The Board of Trustees of Whitestone REIT (our "Board"), a Maryland real estate investment trust ("Whitestone"), is soliciting proxies to be used at our 2012 annual meeting of shareholders (the "Annual Meeting") to be held at 10:00 a.m., Central Daylight Time, on Tuesday, May 22, 2012, at the Norris Conference Center, 803 Town & Country Lane, Houston, Texas, 77024 or at any postponement or adjournment thereof. This proxy statement and accompanying proxy card are first being mailed to shareholders on or about April, 2012.

What proposals will be voted upon at the Annual Meeting?

The following proposals are scheduled for a vote: (1) to elect two trustees; (2) to amend our declaration of trust, as amended (our "Declaration of Trust"), to provide for the reclassification of each Class A common share of beneficial interest, par value \$0.001 per share ("Class A common share"), into one Class B common share of beneficial interest, par value \$0.001 per share ("Class B common share," and together with the Class A common shares, the "common shares") and (3) to ratify Pannell Kerr Forster of Texas, P.C. as our independent registered public accounting firm for the fiscal year ending December 31, 2012. As of the date of this proxy statement, we are not aware of any other matters that will be presented for consideration at the Annual Meeting.

Who is entitled to vote at the Annual Meeting?

Only shareholders of record of either our Class A common shares or our Class B common shares at the close of business on the record date, March 23, 2012, are entitled to receive notice of and to vote at the Annual Meeting or any postponement or adjournment thereof. As of the close of business on March 23, 2012, we had Class A shares and Class B shares outstanding. Class A and Class B common shareholders vote together as a single class and are entitled to one vote for each common share that they owned as of the record date.

Shareholder of Record: Shares Registered in Your Name. If, on March 23, 2012, your shares were registered directly in your name with Whitestone's transfer agent, American Stock Transfer & Trust Company, LLC, then you are a shareholder of record. As a shareholder of record, you may vote in person at the Annual Meeting or vote by proxy as set forth below.

Beneficial Owner: Shares Registered in the Name of a Broker, Bank or Other Agent. If, on March 23, 2012, your shares were held in an account with a broker, bank or other agent, then you are the beneficial owner of shares held in "street name," and this proxy statement was forwarded to you by that organization. The organization holding your account is considered to be the shareholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct your broker, bank or other agent how to vote the shares in your account. You are also invited to attend the Annual Meeting. However, because you are not the shareholder of record, you may not vote your shares in person at the Annual Meeting unless you request and obtain a valid proxy card from your broker, bank

or other agent.

How do I vote?

For Proposal 1 (election of trustees), you may either vote “FOR” all of the nominees to the Board or you may “WITHHOLD” your vote for all of the nominees or for any nominee that you specify. For Proposal 2 (amendment to our Declaration of Trust) and Proposal 3 (ratification of the appointment of Pannell Kerr Forster of Texas, P.C.), you may vote “FOR” or “AGAINST” such proposals or “ABSTAIN” from voting. The procedures for voting are set forth below.

Shareholder of Record: Shares Registered in Your Name. If you are a shareholder of record, you may vote in person at

1

the Annual Meeting or vote by giving your proxy authorization over the Internet or by telephone. Proxies validly delivered by shareholders (by internet, telephone or mail as described below) and timely received by us will be voted in accordance with the instructions contained therein. Whether or not you plan to attend the Annual Meeting, we encourage you to vote by proxy or to give your proxy authorization to ensure that your votes are counted. You may still attend the Annual Meeting and vote in person if you have already voted by proxy or given your proxy authorization.

If a shareholder provides a proxy but gives no instructions, the shareholder's shares will be voted in accordance with the recommendations of our Board.

You may authorize a proxy in three ways:

•**BY MAIL:** Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided. If the envelope is missing, please address your completed proxy card to Whitestone REIT, c/o American Stock Transfer & Trust Company, 59 Maiden Lane, New York, New York 10273-0923. Your signed proxy card must be received by the close of business on May 21, 2012.

•**BY INTERNET:** Go to www.voteproxy.com and use the Internet to transmit your voting instructions and for the electronic delivery of information until 11:59 p.m. Eastern Daylight Time on May 21, 2012. Have your proxy card available when you access the website and then follow the instructions.

•**BY PHONE:** Call 1-800-PROXIES (1-800-776-9437) and use any touch-tone telephone to transmit your voting instructions until 11:59 p.m. Eastern Daylight Time on May 21, 2012. Have your proxy card available when you call the phone number above and then follow the instructions.

Beneficial Owner: Shares Registered in the Name of Broker, Bank or Other Agent. If you are a beneficial owner of shares registered in the name of your broker, bank or other agent, you should have received the proxy materials from that organization rather than from Whitestone. You should follow the instructions provided by your broker, bank or other agent regarding how to vote your shares. To vote in person at the Annual Meeting, you must obtain a valid proxy from your broker, bank or other agent. To do this, follow the instructions from your broker, bank or other agent included with the proxy materials or contact your broker, bank or other agent to request a proxy card.

We provide Internet proxy authorization on-line with procedures designed to ensure the authenticity and correctness of your proxy authorization instructions. However, please be aware that you must bear any costs associated with your Internet access, such as usage charges from Internet access providers and telephone companies.

Can I change or revoke my vote after I return my proxy card?

Yes. If you are the record holder of your shares, may change or revoke your proxy at any time before it is exercised in one of three ways:

You may send a written notice of revocation, which is received by the close of business on May 21, 2012, to our Chief Operating Officer and Corporate Secretary, John J. Dee, at Whitestone REIT, 2600 S. Gessner, Suite 500, Houston, Texas 77063;

• You may submit another properly completed proxy card bearing a later date which is received by the close of business on May 21, 2012; or

• You may attend the Annual Meeting and notify the election officials that you wish to revoke your proxy and vote in person. However, your attendance at the Annual Meeting will not, by itself, revoke your proxy.

If your shares are held by your broker, bank or other agent as your nominee, you should follow the instructions provided by your broker, bank or other agent.

How many shares must be present to constitute a quorum for the Annual Meeting?

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A quorum of shareholders is necessary to hold a valid meeting. A quorum will be present if at least the holders of a majority of the outstanding shares entitled to vote are represented in person or by proxy at the Annual Meeting. Class A and

2

Class B common shareholders vote together as a single class. As of March 23, 2012, the record date, there was an aggregate of Class A and Class B common shares outstanding and entitled to vote. Thus, common shares must be represented in person or by proxy at the Annual Meeting to have a quorum.

Your shares will be counted towards the quorum if you vote in person at the Annual Meeting or if you submit a valid proxy by mail, Internet or telephone (or one is submitted on your behalf by your broker, bank or other agent).

Additionally, "WITHHOLD" votes, abstentions and broker non-votes, as described below, will also be counted towards the quorum requirement. If there is no quorum, the chairman of the Annual Meeting may adjourn the meeting until a later date.

What are the recommendations of the Board?

1. Our Board recommends a vote "FOR" each of the nominees for trustees.
2. Our Board recommends a vote "FOR" the amendment to our Declaration of Trust to provide for the reclassification of Class A common shares in to Class B common shares.
3. Our Board recommends a vote "FOR" the ratification of Pannell Kerr Forster of Texas, P.C. as our independent registered public accounting firm for the fiscal year ending December 31, 2012.

How are votes counted?

Votes will be counted by the inspector of election appointed for the Annual Meeting, who will separately count (i) "FOR" and "WITHHOLD" votes and broker non-votes with respect to Proposal No. 1 (election of trustees), and (ii) "FOR" and "AGAINST" votes, abstentions and broker non-votes with respect to Proposal Nos. 2 (amendment to our Declaration of Trust) and 3 (ratification of our independent registered public accounting firm).

Abstentions and broker non-votes will be treated as shares present for the purpose of determining the presence of a quorum for the transaction of business at the Annual Meeting. A broker non-vote occurs when a nominee, such as a broker, bank or other agent, holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary authority with respect to that proposal and has not received instructions with respect to that proposal from the beneficial owner. Brokers, banks or other agents that have not received voting instructions from their clients cannot vote on their clients' behalf with respect to "non-routine" proposals but may vote their clients' shares on "routine" proposals.

Under applicable rules of the New York Stock Exchange, Proposal 1 (election of trustees) and Proposal 2 (amendment to our Declaration of Trust) are non-routine proposals. Conversely, Proposal 3 (ratification of the appointment of Pannell Kerr Forster of Texas, P.C.) is a routine proposal. In the event that a broker, bank, or other agent indicates on a proxy that it does not have discretionary authority to vote certain shares on a non-routine proposal, then those shares will be treated as broker non-votes.

How many votes are needed to approve each proposal?

To be approved, Proposal No. 1 (election of Messrs. Mahaffey and Mastandrea as trustees), the affirmative vote of a plurality of all the votes cast at the Annual Meeting at which a quorum is present is sufficient, which means that the two nominees receiving the most "FOR" votes, among votes properly cast in person or by proxy, will be elected. In the event that Mr. Mahaffey or Mr. Mastandrea should be unavailable for election as a result of an unexpected occurrence, such shares will be voted for the election of such substitute nominee as the Nominating and Corporate Governance Committee may propose. If you vote "WITHHOLD" with respect to one or more nominees, your shares

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will not be included in determining the number of votes cast and, as a result, will have no effect on this proposal. Broker non-votes will not be counted as votes cast and will have no effect on the result of the vote.

To be approved, Proposal No. 2 (amendment to our Declaration of Trust), must receive “FOR” votes from at least a majority of our outstanding common shares entitled to vote on the proposal. For purposes of the vote on this proposal, abstentions and broker non-votes will have the same effect as a vote against the proposal.

To be approved, Proposal No. 3 (ratification of our independent registered public accounting firm) must receive “FOR” votes from a majority of all votes cast at the Annual Meeting, whether in person or by proxy (which means the votes cast “FOR” the proposal must exceed the votes cast “AGAINST” the proposal). For purposes of the vote on this proposal, abstentions will not be counted as votes cast and will have no effect on the result of the vote.

Who is paying for this proxy solicitation?

This solicitation is being made by mail on behalf of our Board, but may also be made without additional remuneration by our officers or employees by telephone, facsimile transmission, e-mail or personal interview. We will bear the expense of the preparation, printing and mailing of the enclosed form of proxy, notice of Annual Meeting, this proxy statement, a copy of our annual report and any additional material relating to the meeting that may be furnished to our shareholders by our Board subsequent to the furnishing of this proxy statement. To obtain the necessary representation of shareholders at the meeting, supplementary solicitations may be made by mail, telephone or interview by our officers or employees, without additional compensation, or selected securities dealers. We may also reimburse brokers, bankers, or other agents for the cost of forwarding our proxy materials to beneficial owners.

We have also retained Morrow & Co., LLC to assist in the solicitation of proxies for a fee of approximately \$7,000, plus out-of-pocket expenses. Any proxy given pursuant to this solicitation may be revoked by notice from the person giving the proxy at any time before it is exercised. Any such notice of revocation should be provided in writing signed by the shareholder in the same manner as the proxy being revoked and delivered to Morrow & Co., LLC at 470 West Avenue, Stamford, CT 06902, or our Corporate Secretary.

How many copies should I receive if I share an address with another shareholder?

The Securities and Exchange Commission (the "SEC") has adopted rules that permit companies and intermediaries, such as brokers, banks or other agents to satisfy the delivery requirements for proxy statements and annual reports with respect to two or more shareholders sharing the same address by delivering a single proxy statement addressed to those shareholders. This method, which is commonly referred to as "householding," potentially provides additional convenience for shareholders and cost-savings for companies. We have a number of shareholders sharing the same address, and we and some brokers, bankers or other agents may household our proxy materials. Once you have received notice from your broker, banker, or other agent that they will be householding at your address, householding will continue until you are notified otherwise or until you revoke your consent. If you did not respond that you did not want to participate in householding, you were deemed to have consented to the process. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement or annual report, please notify our Investor Relations department at Whitestone REIT, Attn: Investor Relations, 2600 S. Gessner, Suite 500, Houston, Texas 77063, or call (713) 435-2221. We will promptly deliver a separate copy of the proxy materials upon written or oral request to a shareholder at a shared address to which a single copy was delivered. If you currently receive multiple copies of the proxy materials at your address and would like to request householding of your communications, please contact our Investor Relations department at the address or phone number above.

How can I obtain Whitestone's Annual Report?

A copy of our annual report for the year ended December 31, 2011 is being sent with this proxy statement to shareholders on or about April, 2012. None of the information in our annual report is proxy solicitation material. We will also mail to you without charge, upon written request, a copy of any specifically requested exhibit to our annual report for the year ended December 31, 2011.

A copy of our Annual Report on Form 10-K has also been filed with the SEC and may be accessed from the SEC's homepage (www.sec.gov) and our website, www.whitestonereit.com.

How can I find out the results of the voting at the Annual Meeting?

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Preliminary voting results will be announced at the Annual Meeting. Final results will be announced in a Current Report on Form 8-K, which will be filed with the SEC within four business days after the conclusion of the Annual Meeting.

How and when may I submit a shareholder proposal for Whitestone's 2013 annual meeting of shareholders?

We will consider for inclusion in our proxy materials for the 2013 annual meeting of shareholders, shareholder proposals that are received at our executive offices no later than , 2012 and that comply with all applicable requirements of Rule 14a-8 promulgated under the Securities Exchange Act of 1934, as amended (