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Whitestone REIT
Form 10-Q
November 06, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the quarterly period ended September 30, 2013

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the transition period from _____ to _____

Commission file number 001-34855

WHITESTONE REIT

(Exact Name of Registrant as Specified in Its Charter)

Maryland

(State or Other Jurisdiction of
Incorporation or Organization)

76-0594970

(I.R.S. Employer
Identification No.)

2600 South Gessner, Suite 500

Houston, Texas

(Address of Principal Executive Offices)

77063

(Zip Code)

(713) 827-9595

(Registrant's Telephone Number, Including Area Code)

N/A

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ýYes ¨No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ýYes ¨No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting

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company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer “

Accelerated filer ý

Non-accelerated filer “

Smaller reporting company “

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

“Yes ý No

As of November 1, 2013, there were 21,942,702 common shares of beneficial interest, \$0.001 par value per share, outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

Whitestone REIT and Subsidiaries

CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

	September 30, 2013 (unaudited)	December 31, 2012
ASSETS		
Real estate assets, at cost		
Property	\$483,379	\$409,669
Accumulated depreciation	(62,737)	(53,920)
Total real estate assets	420,642	355,749
Cash and cash equivalents	9,506	6,544
Marketable securities	873	1,403
Escrows and acquisition deposits	6,129	6,672
Accrued rents and accounts receivable, net of allowance for doubtful accounts	9,169	7,947
Related party receivable	—	652
Unamortized lease commissions and loan costs	5,564	4,160
Prepaid expenses and other assets	2,749	2,244
Total assets	\$454,632	\$385,371
LIABILITIES AND EQUITY		
Liabilities:		
Notes payable	\$266,260	\$190,608
Accounts payable and accrued expenses	13,505	13,824
Tenants' security deposits	3,360	3,024
Dividends and distributions payable	5,109	5,028
Total liabilities	288,234	212,484
Commitments and contingencies:	—	—
Equity:		
Preferred shares, \$0.001 par value per share; 50,000,000 shares authorized; none issued and outstanding as of September 30, 2013 and December 31, 2012	—	—
Common shares, \$0.001 par value per share; 400,000,000 shares authorized; 17,341,947 and 16,943,098 issued and outstanding as of September 30, 2013 and December 31, 2012, respectively	17	16
Additional paid-in capital	231,001	224,237
Accumulated deficit	(69,879)	(57,830)
Accumulated other comprehensive loss	(68)	(392)
Total Whitestone REIT shareholders' equity	161,071	166,031
Noncontrolling interest in subsidiary	5,327	6,856
Total equity	166,398	172,887
Total liabilities and equity	\$454,632	\$385,371

See accompanying notes to Consolidated Financial Statements

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Whitestone REIT and Subsidiaries

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

(Unaudited)

(in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2013	2012	2013	2012
Property revenues				
Rental revenues	\$12,594	\$8,992	\$35,407	\$25,643
Other revenues	3,697	2,626	9,548	7,388
Total property revenues	16,291	11,618	44,955	33,031
Property expenses				
Property operation and maintenance	4,145	2,969	10,558	8,080
Real estate taxes	2,673	1,629	6,483	4,442