

Whitestone REIT
Form 10-Q
November 06, 2015

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, 2015

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. Yes 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). Yes 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

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 No

As of November 3, 2015, there were 26,985,799 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, 2015 (unaudited)	December 31, 2014
ASSETS		
Real estate assets, at cost		
Property	\$831,425	\$673,655
Accumulated depreciation	(84,743) (71,587
Total real estate assets	746,682	602,068
Cash and cash equivalents	5,660	4,236
Restricted cash	86	—
Marketable securities	414	973
Escrows and acquisition deposits	5,537	4,092
Accrued rents and accounts receivable, net of allowance for doubtful accounts	14,099	11,834
Unamortized lease commissions and loan costs	8,333	8,879
Prepaid expenses and other assets	2,817	2,215
Total assets	\$783,628	\$634,297
LIABILITIES AND EQUITY		
Liabilities:		
Notes payable	\$498,468	\$394,093
Accounts payable and accrued expenses	21,828	15,882
Tenants' security deposits	5,043	4,372
Dividends and distributions payable	7,834	6,627
Total liabilities	533,173	420,974
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, 2015 and December 31, 2014, respectively	—	—
Common shares, \$0.001 par value per share; 400,000,000 shares authorized; 26,977,957 and 22,835,695 issued and outstanding as of September 30, 2015 and December 31, 2014, respectively	27	23
Additional paid-in capital	358,136	304,078
Accumulated deficit	(111,263) (93,938
Accumulated other comprehensive loss	(646) (91
Total Whitestone REIT shareholders' equity	246,254	210,072
Noncontrolling interest in subsidiary	4,201	3,251
Total equity	250,455	213,323
Total liabilities and equity	\$783,628	\$634,297

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,	
	2015	2014	2015	2014
Property revenues				
Rental revenues	\$ 18,785	\$ 14,407	\$ 52,426	\$ 41,464
Other revenues	5,814	4,132	15,395	11,712
Total property revenues	24,599	18,539	67,821	53,176
Property expenses				
Property operation and maintenance	4,823	4,000	13,245	11,537
Real estate taxes	3,474	2,591	9,303	7,073
Total property expenses	8,297			