



WHITESTONE REIT

WHITESTONE REIT SUSTAINABILITY STATEMENT

Adopted March 2019

Whitestone REIT acquires retail community-centered properties in the fastest growing, largest population markets in the U.S., located in and around Phoenix, Austin, Dallas, San Antonio and Houston. We create value by leasing, managing, developing, and redeveloping properties to be a place of connection and convenience, crafted for the local needs of the community.

We are more than landlords--we build unity and synergy between our tenants, designing a tenant mix for cross-referral business, which is the glue that creates the community atmosphere within our properties. In doing so, we create value for the community and, more importantly, for our shareholders.

We understand that managing our environmental, social and governance responsibilities is critical to creating and sustaining long-term value. Our priorities in those efforts are providing sustainable, high quality rental spaces with credit-worthy tenants; investing in our people to ensure we can attract and retain the talent we need to remain successful; and operating to the highest possible standards of ethics and transparency.

Environment

Redeveloping and Revitalizing

We acquire and “turn around” properties and seek to add value through renovating and re-tenanting our properties to create Whitestone-branded Community Centered Properties™.

Adding leasable square footage to existing structures, upgrading and renovating existing structures and developing and building on unused land are all ways that we revitalize existing space to better serve the local community.

When redeveloping our properties, we seek opportunities to improve their environmental footprint. Examples include providing parking spaces for low emission and fuel efficient vehicles; installing low voltage lighting; installing enclosed trash collectors. Furthermore, we undertake extensive due diligence related to any possible contamination at all the properties we purchase, investing in any necessary clean up to ensure we and new tenants comply with all environmental regulations.

Whitestone usually provides triple net (NNN) leases that pass on the utility expenses directly to its tenants. Tenants are incentivized to economize on utilities such as electricity and water usage, and improve their profitability by reducing expenses they pay.

Looking forward, Whitestone plans to evaluate the possibility of Energy Star and LEED certifications for select properties, as well as voluntarily participate in GRESB assessments and CDP disclosure in the future.

Social

Employees

We believe that our people are the heart of our culture, philosophy and strategy. Our employees are in direct contact with our tenants and the communities we serve. We continually focus on developing associates who are self-disciplined and motivated and display at all times a high degree of character and competence. Employee engagement is critical to our long term success, so employees' performance are reviewed annually. Employees are provided with equity incentives to align their interests with those of our shareholders. Every Whitestone associate is encouraged to be an owner by being issued with stock as part of their compensation package.

Other benefits include:

- Health insurance
- Employer-contributed HSA account supplements
- Employer-paid Basic Life and Accidental Death and Dismemberment Insurance
- 401K matching
- "Building Better Health" program, which encourages and promotes a healthy and active lifestyle through education and company challenges
- Supplemental Health Club Contributions
- Onsite flu shots
- Daily supply of fruit and other healthy snacks; and
- Support for Employee Participation in Charitable Events, such as the Houston Marathon, Texan 5K Running of the Bulls, and the MS150 Bike Ride from Houston to Austin

The company provides opportunities for educational and employee development, which include:

- Real Estate Executive Development (REED) Program
- First Scholar MBA Program at The Jones Graduate School of Business at Rice University in Houston, TX
- OSHA Safety Training
- Annual Diversity/Sexual Harassment/Sensitivity Training
- Whitestone Business Strategy Model Training
- Departmental Training
- Leadership Training
- Benefits and 401K Educational Seminars
- Individualized Employee Retirement Planning offered quarterly
- Performance Improvement and Process Training

Regarding employee engagement, Whitestone hosts a number of employee events throughout the year, such as:

- Associate of the Quarter Award Ceremonies
- Monthly employee birthday celebrations
- Annual Whitestone Family Events
- Company Sponsored Co-Ed Softball Team
- Associate Potluck for events including Thanksgiving and Super Bowl
- Halloween Costume Contest
- Holiday Department Decoration Contests and Tacky Sweater contests

The company looks to comply with all safety standards, including ADA requirements at its properties, and continues to refine both our safety standards as well as our anti-workplace harassment policy regularly.

Tenants

The company leases to tenants who share and will uphold the same high values that are legal, ethical, moral and honest in all areas related to the company, and in the services these tenants will provide to WHITESTONE's Community Centered Properties. Evaluation of our tenants as well as their satisfaction is done through several processes administered by our Strategy Team, our Property Management and Leasing departments. These due diligence measurements include, but are not limited to:

- The lease renewal process
- Whitestone's employment of the "4Q" Methodology
- Informal tenant surveys and tenant meetings

Governance

The Whitestone Board of Trustees strives to achieve the highest standards, with respect to transparency, accounting and auditing progress towards achieving our long-term goals.

- Whitestone avoids conflicts of interest with full disclosure policies and maintains a lead independent director as well as an independent Board with oversight from designated committees and Chairpersons.
- The company has recently taken steps to declassify its Board and will submit this proposal for shareholder vote at its 2019 annual meeting of shareholders.
- The Board takes its refreshment very seriously. Three of the seven trustees have served less than four years on the Whitestone Board.
- Trustees receive a percentage of compensation in stock, furthering their alignment with shareholder interests.
- Whitestone does not make political contributions, nor identifies with any political party to obtain favorable treatment.
- Board members regularly visit properties to provide oversight around the Community-Centered properties philosophy
- Members of senior management present to the Board on an annual basis the performance of their respective departments

- Finally, Whitestone employs the use of aerial drones to update the Board on property and tenant matters to avoid the environmentally and financially expensive cost of frequent air travel, as well as to minimize our carbon footprint.

Volunteering and Philanthropy

- Whitestone's senior managers donate a percentage of their personal time to develop, teach and train junior associates; teach and lecture at well-regarded universities; and perform volunteer work
- Whitestone employees have worked with orphanages in Kenya, Rwanda, and India, and donate personal time and money to special causes