

Whitestone REIT
Form SC 13D/A
December 29, 2017

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

SCHEDULE 13D
Under the Securities Exchange Act of 1934
(Amendment No. 2)*

Whitestone REIT
(Name of Issuer)
Common Shares, par value \$0.001 per share

(Title of Class of Securities)

966084204

(CUSIP Number)

Peter McMillan III

President

KBS Strategic Opportunity REIT, Inc.

800 Newport Center Drive, Suite 700

Newport Beach, California 92660

(949) 417-6500

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with a copy to:

Robert H. Bergdolt, Esq.

Christopher R. Stambaugh, Esq.

DLA Piper LLP (US)

4141 Parklake Avenue, Suite 300

Raleigh, North Carolina 27612-2350

(919) 786-2000

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

December 28, 2017

(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box.

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 (Act) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 966084204

Schedule 13D

1 Name of Reporting Person

KBS SOR Properties LLC

2 Check the Appropriate Box if a Member of a Group

(a) (b)

3 SEC Use Only

4 Source of Funds (See Instructions)

OO

5 Check Box if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

6 Citizenship or Place of Organization

Delaware

7 Sole Voting Power

Number of

Shares

3,603,189

Beneficially

8 Shared Voting Power

Owned by

Each

0

9 Sole Dispositive Power

Reporting

Person

3,603,189

With

10 Shared Dispositive Power

0

11 Aggregate Amount Beneficially Owned by Each Reporting Person

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3,603,189

12 Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

13 Percent of Class Represented by Amount in Row (11)

9.36%

14 Type of Reporting Person (See Instructions)

OO

CUSIP No. 966084204

Schedule 13D

1 Name of Reporting Person

KBS SOR (BVI) Holdings, Ltd.

2 Check the Appropriate Box if a Member of a Group

(a) (b)

3 SEC Use Only

4 Source of Funds (See Instructions)

OO

5 Check Box if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

6 Citizenship or Place of Organization

British Virgin Islands

7 Sole Voting Power

Number of

Shares

3,603,189

Beneficially

8 Shared Voting Power

Owned by

Each

0

9 Sole Dispositive Power

Reporting

Person

3,603,189

With

10 Shared Dispositive Power

0

11 Aggregate Amount Beneficially Owned by Each Reporting Person

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3,603,189

12 Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

13 Percent of Class Represented by Amount in Row (11)

9.36%

14 Type of Reporting Person (See Instructions)

OO

CUSIP No. 966084204

Schedule 13D

1 Name of Reporting Person

KBS Strategic Opportunity Limited Partnership

2 Check the Appropriate Box if a Member of a Group

(a) (b)

3 SEC Use Only

4 Source of Funds (See Instructions)

OO

5 Check Box if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

6 Citizenship or Place of Organization

Delaware

7 Sole Voting Power

Number of

Shares

3,603,189

Beneficially

8 Shared Voting Power

Owned by

Each

0

9 Sole Dispositive Power

Reporting

Person

3,603,189

With

10 Shared Dispositive Power

0

11 Aggregate Amount Beneficially Owned by Each Reporting Person

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3,603,189
12 Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

13 Percent of Class Represented by Amount in Row (11)

9.36%
14 Type of Reporting Person (See Instructions)

PN

CUSIP No. 966084204

Schedule 13D

1 Name of Reporting Person

KBS Strategic Opportunity REIT, Inc.

2 Check the Appropriate Box if a Member of a Group

(a) (b)

3 SEC Use Only

4 Source of Funds (See Instructions)

OO

5 Check Box if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

6 Citizenship or Place of Organization

Maryland

7 Sole Voting Power

Number of

Shares

3,603,189

Beneficially

8 Shared Voting Power

Owned by

Each

0

9 Sole Dispositive Power

Reporting

Person

3,603,189

With

10 Shared Dispositive Power

0

11 Aggregate Amount Beneficially Owned by Each Reporting Person

Edgar Filing: Whitestone REIT - Form SC 13D/A

3,603,189

12 Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

13 Percent of Class Represented by Amount in Row (11)

9.36%

14 Type of Reporting Person (See Instructions)

CO

CUSIP No. 966084204

Schedule 13D

1 Name of Reporting Person

KBS Capital Advisors LLC

2 Check the Appropriate Box if a Member of a Group

(a) (b)

3 SEC Use Only

4 Source of Funds (See Instructions)

OO

5 Check Box if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

6 Citizenship or Place of Organization

Delaware

7 Sole Voting Power

Number of

Shares

3,603,189

Beneficially 8 Shared Voting Power

Owned by

Each

0

9 Sole Dispositive Power

Reporting

Person

3,603,189

With

10 Shared Dispositive Power

0

11 Aggregate Amount Beneficially Owned by Each Reporting Person

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3,603,189

12 Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

13 Percent of Class Represented by Amount in Row (11)

9.36%

14 Type of Reporting Person (See Instructions)

OO

CUSIP No. 966084204

Schedule 13D

1 Name of Reporting Person

Keith D. Hall

2 Check the Appropriate Box if a Member of a Group

(a) (b)

3 SEC Use Only

4 Source of Funds (See Instructions)

OO

5 Check Box if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

6 Citizenship or Place of Organization

United States

7 Sole Voting Power

Number of

Shares

3,603,189

Beneficially

8 Shared Voting Power

Owned by

Each

0

9 Sole Dispositive Power

Reporting

Person

3,603,189

With

10 Shared Dispositive Power

0

11 Aggregate Amount Beneficially Owned by Each Reporting Person

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3,603,189
12 Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

13 Percent of Class Represented by Amount in Row (11)

9.36%
14 Type of Reporting Person (See Instructions)

IN

CUSIP No. 966084204

Schedule 13D

1 Name of Reporting Person

Peter McMillan III

2 Check the Appropriate Box if a Member of a Group

(a) (b)

3 SEC Use Only

4 Source of Funds (See Instructions)

OO

5 Check Box if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

6 Citizenship or Place of Organization

United States

7 Sole Voting Power

Number of

Shares

3,603,189

Beneficially

8 Shared Voting Power

Owned by

Each

0

9 Sole Dispositive Power

Reporting

Person

3,603,189

With

10 Shared Dispositive Power

0

11 Aggregate Amount Beneficially Owned by Each Reporting Person

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3,603,189

12 Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

13 Percent of Class Represented by Amount in Row (11)

9.36%

14 Type of Reporting Person (See Instructions)

IN

Responses to each item of this Statement on Schedule 13D are incorporated by reference into the response to each other item, as applicable.

Item 1. Security and Issuer

This Amendment No. 2 supplements and amends the Schedule 13D filed on June 13, 2017 and amended by Amendment No. 1 filed on June 21, 2017 by the Reporting Persons (as so amended, the Schedule 13D), relating to the Common Shares of Whitestone REIT, a Maryland real estate investment trust (the Issuer). Each Item reported below amends and supplements the information disclosed under the corresponding Item of the Schedule 13D. Unless otherwise indicated herein, capitalized terms used but not defined in this Amendment No. 2 shall have the same meanings herein as are ascribed to such terms in the Schedule 13D.

Item 3. Source and Amount of Funds or Other Consideration

Item 3 of the Schedule 13D is hereby amended and restated in its entirety as follows:

A total of \$42,879,057.06 was paid to acquire the securities reported as beneficially owned herein by the Reporting Persons. The purchase of the securities was funded from general funds available to the Reporting Persons and the applicable subsidiaries and affiliates thereof, including capital contributions from investors.

Item 4. Purpose of Transaction

Item 4 of the Schedule 13D is hereby supplemented as follows:

The Reporting Person had phone conversations with management of the Issuer in which they discussed changes to employee compensation arrangements (including but not limited to long-term equity incentive compensation) which could further align the interests between management and shareholders and improve shareholder returns. As a result of positions taken by management and consideration of the continuing effect those positions could have on the Issuer s performance, the Reporting Persons delivered a notice to the Issuer of intention to (i) nominate trustees for election to the Issuer s Board of Trustees at the Issuer s 2018 annual meeting of shareholders and (ii) at that meeting seek shareholder approval of a non-binding proposal that the Issuer s Board of Trustees take the necessary steps to declassify the Board and require that all trustees stand for election annually.

Item 5. Interest in Securities of the Issuer

Item 5 of the Schedule 13D is hereby amended and restated in its entirety as follows:

(a) and (b). The Reporting Persons beneficially own an aggregate of 3,603,189 Common Shares, which represent, in the aggregate, approximately, 9.36% of the outstanding Common Shares. The percentage of beneficial ownership reported in this Schedule 13D is based on an aggregate of 38,486,707 Common Shares outstanding as of November 1, 2017, based on information provided by the Issuer in its Quarterly Report on Form 10-Q filed on November 3, 2017.

The 3,603,189 Common Shares were purchased by SOR Properties in multiple open market brokerage transactions on the New York Stock Exchange (NYSE) as described below. SOR BVI (as the sole member of SOR Properties), SOR OP (as the sole shareholder of SOR BVI), SOR REIT (as the sole general partner of SOR OP), the Advisor (as the external advisor to SOR OP), and Messrs. Keith D. Hall, Peter McMillan III (as the members of the Investment Committee of the Advisor approved by the board of directors of KBS SOR to make decisions with respect to the Common Shares), may be deemed to be the beneficial owner of the securities beneficially owned directly by SOR Properties, and each disclaims beneficial ownership of the securities.

(c) SOR Properties acquired the 3,603,189 Common Shares through the following open market purchases:

| Date | Number of Common Shares | Average Price per Common Share | Aggregate Purchase Price** |
|-----------------|-------------------------|--------------------------------|----------------------------|
| May 5, 2017 | 26,400 | \$ 11.8059 | \$ 311,807.76 |
| May 8, 2017 | 83,500 | \$ 12.0308 | \$ 1,004,989.30 |
| May 9, 2017 | 106,367 | \$ 12.0824 | \$ 1,285,696.38 |
| May 10, 2017 | 2,725 | \$ 12.0850 | \$ 32,945.26 |
| May 11, 2017 | 76,962 | \$ 12.1733 | \$ 937,266.32 |
| May 12, 2017 | 100,000 | \$ 12.0570 | \$ 1,206,200.00 |
| May 15, 2017 | 14,871 | \$ 12.0966 | \$ 179,962.90 |
| May 16, 2017 | 62,684 | \$ 12.0066 | \$ 752,935.13 |
| May 17, 2017 | 350,177 | \$ 11.1557 | \$ 3,909,971.33 |
| May 18, 2017 | 11,696 | \$ 11.2100 | \$ 131,229.12 |
| May 19, 2017 | 56,877 | \$ 11.5604 | \$ 658,090.57 |
| May 22, 2017 | 67,265 | \$ 11.9207 | \$ 802,518.54 |
| May 23, 2017 | 200,000 | \$ 11.8829 | \$ 2,378,580.00 |
| May 24, 2017 | 142,806 | \$ 12.0231 | \$ 1,718,398.88 |
| May 25, 2017 | 123,483 | \$ 11.9154 | \$ 1,472,582.46 |
| May 26, 2017 | 184,801 | \$ 11.8727 | \$ 2,195,934.84 |
| May 30, 2017 | 200,000 | \$ 11.6870 | \$ 2,339,400.00 |
| May 31, 2017 | 89,000 | \$ 11.5117 | \$ 1,025,431.30 |
| June 1, 2017 | 45,788 | \$ 11.5375 | \$ 528,736.93 |
| June 2, 2017 | 179,259 | \$ 11.7617 | \$ 2,110,183.17 |
| June 5, 2017 | 103,957 | \$ 11.7909 | \$ 1,226,786.16 |
| June 6, 2017 | 86,658 | \$ 11.7811 | \$ 1,021,793.14 |
| June 7, 2017 | 140,930 | \$ 11.7851 | \$ 1,662,283.44 |
| June 8, 2017 | 126,100 | \$ 11.9519 | \$ 1,508,395.59 |
| June 9, 2017 | 63,460 | \$ 12.0988 | \$ 768,424.45 |
| June 12, 2017 | 52,354 | \$ 12.3092 | \$ 644,959.40 |
| June 13, 2017 | 118,291 | \$ 12.3331 | \$ 1,460,077.64 |
| June 14, 2017 | 91,051 | \$ 12.3360 | \$ 1,124,119.29 |
| June 15, 2017 | 1,500 | \$ 12.2493 | \$ 18,388.95 |
| June 16, 2017 | 100,000 | \$ 12.2205 | \$ 1,223,050.00 |
| June 19, 2017 | 78,269 | \$ 12.1833 | \$ 954,357.40 |
| June 20, 2017 | 46,862 | \$ 12.1548 | \$ 570,066.86 |
| June 21, 2017 | 81,100 | \$ 12.1768 | \$ 988,349.48 |
| June 22, 2017 | 37,356 | \$ 12.1770 | \$ 455,257.57 |
| June 30, 2017 | 2,800 | \$ 12.1954 | \$ 34,175.12 |
| July 5, 2017 | 2,800 | \$ 12.1807 | \$ 34,133.96 |
| July 6, 2017 | 75,284 | \$ 12.1326 | \$ 914,143.50 |
| July 7, 2017 | 17,075 | \$ 12.1579 | \$ 207,766.89 |
| July 10, 2017 | 48,674 | \$ 12.1751 | \$ 593,097.56 |
| July 11, 2017 | 80,007 | \$ 12.1145 | \$ 970,044.87 |
| August 28, 2017 | 100,000 | \$ 12.2268 | \$ 1,223,680.00 |
| August 29, 2017 | 24,000 | \$ 12.1919 | \$ 292,845.60 |
| Total | 3,603,189 | \$ 11.8910 | \$ 42,879,057.06 |

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- * Represents the total shares acquired and the average price per share on a given day through multiple open market brokerage transactions on the NYSE in varying share quantities and at varying share prices.
- ** Aggregate purchase price reflects the inclusion of fees for sales commissions on the various share purchases totaling \$33,664.35.

(c) Except as set forth in this Statement or as previously disclosed in this Schedule 13D, none of the Reporting Persons, or, to the best knowledge of the Reporting Persons, any other person named in Item 2 has engaged in any transaction during the past 60 days in any Common Shares.

(d) To the best knowledge of the Reporting Persons, no one other than the Reporting Persons, or the partners, members, affiliates or shareholders of the Reporting Persons has the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the Common Shares acquired.

(e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer

Item 6 of the Schedule 13D is hereby amended by amending and restating the second paragraph entitled "Equity Securities Purchase Program" in its entirety as follows:

On March 28, 2016, the board of directors of KBS SOR approved and adopted an equity securities purchase program (the "Program"). KBS SOR, through its subsidiaries, acquired the 3,603,189 Common Shares described in Item 5 pursuant to the Program. Under the Program, an investment committee of the Advisor composed of Peter McMillan III and Keith D. Hall will evaluate and approve all of the proposed investments and sales of equity securities acquired under the Program.

SIGNATURES

After reasonable inquiry and to the best knowledge and belief of each of the undersigned, each of the undersigned certifies that the information set forth in this statement with respect to such person is true, complete and correct.

Dated: December 29, 2017

KBS SOR PROPERTIES LLC

By: KBS SOR (BVI) Holdings, Ltd., its
sole member

By: KBS Strategic Opportunity Limited
Partnership, its sole shareholder

By KBS Strategic Opportunity
REIT, Inc., its sole general partner

By: /s/ Peter McMillan III
Name: Peter McMillan III
Title: President

KBS SOR (BVI) HOLDINGS, LTD.

By: KBS Strategic Opportunity Limited
Partnership, its sole shareholder

By KBS Strategic Opportunity REIT, Inc., its
sole general partner

By: /s/ Peter McMillan III
Name: Peter McMillan III
Title: President

**KBS STRATEGIC OPPORTUNITY
LIMITED PARTNERSHIP**

By: KBS Strategic Opportunity REIT,
Inc., its sole general partner

By: /s/ Peter McMillan III
Name: Peter McMillan III
Title: President

**KBS STRATEGIC OPPORTUNITY REIT,
INC.**

By: /s/ Peter McMillan III
Name: Peter McMillan III
Title: President

KBS CAPITAL ADVISORS LLC

By: GKP Holding LLC, a Manager

By: /s/ Peter McMillan III
Peter McMillan III, Manager

By: /s/ Keith D. Hall
Keith D. Hall, Manager

KEITH D. HALL

/s/ Keith D. Hall

PETER MCMILLAN III

/s/ Peter McMillan III