

PILLARSTONE CAPITAL REIT

Form 10-K/A

April 03, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

(AMENDMENT NO. 1)

(Mark One)

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

For the fiscal year ended December 31, 2016

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: 001-15409

PILLARSTONE CAPITAL REIT

(Exact Name of Registrant as Specified in Its Charter)

Maryland	39-6594066
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

2600 South Gessner, Suite 555, Houston, Texas	77063
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: (832) 810-0100

Securities registered pursuant to Section 12(b) of the Act:

None

Securities registered pursuant to Section 12(g) of the Act:

Common Shares of Beneficial Interest, par value \$0.01 per share

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 (§232.405 of this chapter) 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information

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statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the voting common shares held by nonaffiliates of the registrant as of June 30, 2016 (the last business day of the registrant's most recently completed second fiscal quarter) was approximately \$448,845 based on the closing price of \$2.50 per common share on the over-the-counter bulletin board on that date.

As of March 15, 2017, the Registrant had issued 443,299 common shares of beneficial interest and had 405,169 shares outstanding after deducting 38,130 shares held in treasury.

DOCUMENTS INCORPORATED BY REFERENCE: We incorporate by reference in Part III of this Annual Report on Form 10-K portions of our definitive proxy statement for our 2017 Annual Meeting of Shareholders, which proxy statement will be filed no later than 120 days after the end of our fiscal year ended December 31, 2016.

EXPLANATORY NOTE

This Amendment No. 1 on Form 10-K/A (“Amendment No. 1”) is being filed to amend our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 (“Original Form 10-K”), filed with the U.S. Securities and Exchange Commission (the “SEC”) on March 22, 2017 (“Original Filing Date”). The purpose of this Amendment No. 1 is to file the Consent of Boulay PLLP as Exhibit 23.1 and to file Exhibit 21.1, both of which were inadvertently omitted from the Original Form 10-K. We had received a signed copy of the Consent of Independent Registered Public Accounting Firm from Boulay PLLP prior to filing the Original Form 10-K.

As required by the rules of the SEC, this Amendment No. 1 sets forth an amended “Item 15. Exhibits and Financial Statement Schedules” in its entirety and includes the new certifications from the Company’s chief executive officer and chief financial officer. Because no financial statements have been included in this Amendment No. 1 and this Amendment No. 1 does not contain or amend any disclosures with respect to Items 307 and 308 of Regulation S-K, paragraphs 3, 4, and 5 of the certifications have been omitted.

Except as described above, this Amendment No. 1 does not modify or update in any way the financial position, results of operations, cash flows or other disclosures in, or exhibits to, the Original Form 10-K, nor does it reflect events occurring after the filing of the Original Form 10-K. Accordingly, this Amendment No. 1 should be read in conjunction with the Original Form 10-K.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

Exhibit Number	Exhibit Description
2.1	Additional Contribution Agreement between the Company and Paragon Real Estate Development, LLC (filed as Exhibit 2.7 to the Company's Current Report on Form 8-K filed on March 5, 2003 and incorporated herein by reference)
2.2	Amendment to Additional Contribution Agreement between the Company, the Board of Trustees and each Trustee individually dated September 29, 2006. (filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed on October 3, 2006 and incorporated herein by reference)
3.1	Articles of Amendment and Restatement of the Declaration of Trust of the Company (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed on March 29, 2016 and incorporated herein by reference)
3.2	Third Amended and Restated Amendment No. 2 to the Amended and Restated Bylaws of the Company (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed on December 13, 2016 and incorporated herein by reference)
10.1	Employment Agreement of James C. Mastandrea (filed as Exhibit 2.3 to the Company's Current Report on Form 8-K filed on March 5, 2003 and incorporated herein by reference) (1)
10.2	Employment Agreement of John J. Dee (filed as Exhibit 2.4 to the Company's Current Report on Form 8-K filed on March 5, 2003 and incorporated herein by reference) (1)
10.3	Restricted Share Agreement of James C. Mastandrea (filed as Exhibit 2.5 to the Company's Current Report on Form 8-K filed on March 5, 2003 and incorporated herein by reference) (1)
10.4	Restricted Share Agreement of John J. Dee (filed as Exhibit 2.6 to the Company's Current Report on Form 8-K filed on March 5, 2003 and incorporated herein by reference) (1)
10.5	Form of Restricted Share Agreement for Trustees dated September 26, 2006 (filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed on October 3, 2006 and incorporated herein by reference) (1)
10.6	2004 Share Option Plan of the Company (filed as Exhibit 4.1 to the Company's Registration Statement on Form S-8 filed on July 23, 2004 and incorporated herein by reference)
10.7	Stock Subscription Agreement between James C. Mastandrea and the Company dated as of September 29, 2006 (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on October 3, 2006 and incorporated herein by reference)
10.8	Form of Stock Subscription Agreement between Investors and the Company dated as of September 29, 2006 (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 3, 2006 and incorporated herein by reference)
10.9	Modification Agreement between the Company and John J. Dee dated April 3, 2006 (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on April 6, 2006 and incorporated herein by reference)
10.10	Modification Agreement between the Company and James C. Mastandrea dated April 3, 2006 (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 6, 2006 and incorporated herein by reference)
10.11	Form of First Amendment to Restricted Share Agreement for Trustees dated September 25, 2008 (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 and incorporated herein by reference)
10.12	First Amendment to Stock Subscription Agreement between James C. Mastandrea and the Company dated September 25, 2008 (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 and incorporated herein by reference)
10.13	

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Form of Second Amendment to Restricted Share Agreement for Trustees dated September 21, 2009 (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2009 and incorporated herein by reference)

10.14 Second Amendment to Stock Subscription Agreement between James C. Mastandrea and the Company dated September 21, 2009 (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2009 and incorporated herein by reference)

10.15 Form of Third Amendment to Restricted Share Agreement for Trustees dated September 28, 2010 (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2010 and incorporated herein by reference)

10.16 Third Amendment to Stock Subscription Agreement between James C. Mastandrea and the Company dated September 28, 2010 (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2010 and incorporated herein by reference)

Exhibit Number	Exhibit Description
10.17	Form of Fourth Amendment to Restricted Share Agreement for Trustees dated September 29, 2011 (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011 and incorporated herein by reference)
10.18	Fourth Amendment to Stock Subscription Agreement between James C. Mastandrea and the Company dated September 29, 2011 (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011 and incorporated herein by reference)
10.19	Form of Fifth Amendment to Restricted Share Agreement for Trustees dated September 28, 2012 (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2012 and incorporated herein by reference)
10.20	Fifth Amendment to Stock Subscription Agreement between James C. Mastandrea and the Company dated September 28, 2012 (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2012 and incorporated herein by reference)
10.21	Form of Sixth Amendment to Restricted Share Agreement for Trustees dated September 30, 2013 (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013 and incorporated herein by reference)
10.22	Sixth Amendment to Stock Subscription Agreement between James C. Mastandrea and the Company dated September 30, 2013 (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013 and incorporated herein by reference)
10.23	Form of Seventh Amendment to Restricted Share Agreement for Trustees dated September 30, 2014 (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014 and incorporated herein by reference)
10.24	Seventh Amendment to Stock Subscription Agreement between James C. Mastandrea and the Company dated September 30, 2014 (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014 and incorporated herein by reference)
10.25	Form of Eighth Amendment to Restricted Share Agreement for Trustees dated September 30, 2015 (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015 and incorporated herein by reference)
10.26	Eighth Amendment to Stock Subscription Agreement between James C. Mastandrea and the Company dated September 30, 2015 (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015 and incorporated herein by reference)
10.27	Contribution Agreement among Whitestone REIT Operating Partnership, Pillarstone Capital REIT Operating Partnership LP and the Company dated December 8, 2016 (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 13, 2016 and incorporated herein by reference)
10.28	OP Unit Purchase Agreement among Whitestone REIT Operating Partnership, Pillarstone Capital REIT Operating Partnership LP and the Company dated December 8, 2016 (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on December 13, 2016 and incorporated herein by reference)
10.29	Tax Protection Agreement among Whitestone REIT Operating Partnership, Pillarstone Capital REIT Operating Partnership LP and the Company dated December 8, 2016 (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 13, 2016 and incorporated herein by reference)
10.30	Amended and Restated Limited Partnership Agreement of Pillarstone Capital REIT Operating Partnership LP, dated December 8, 2016 (filed as Exhibit 10.5 to the Company's Current Report on Form 8-K filed on December 13, 2016 and incorporated herein by reference)
10.31	Form of Management Agreement dated December 8, 2016 (filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed on December 13, 2016 and incorporated herein by reference)
10.33	Second Amendment to Amended and Restated Credit Agreement, Joinder and Reaffirmation of Guaranties, dated December 8, 2016, among Whitestone REIT Operating Partnership, L.P., Whitestone REIT, Pillarstone Capital REIT Operating Partnership LP, et al., as guarantors, the lenders party thereto,

- and Bank of Montreal, as Administrative Agent (filed as Exhibit 10.6 to the Company's Current Report on Form 8-K filed on December 13, 2016 and incorporated herein by reference)
- 10.34 Limited Guaranty, dated December 8, 2016, between Pillarstone Capital REIT Operating Partnership LP and Bank of Montreal, as Administrative Agent (filed as Exhibit 10.7 to the Company's Current Report on Form 8-K filed on December 13, 2016 and incorporated herein by reference)
- 10.35 Loan Agreement, dated September 26, 2013, by and between Whitestone Uptown Tower, LLC and Morgan Stanley Mortgage Capital Holdings LLC, as amended (filed as Exhibit 10.8 to the Company's Current Report on Form 8-K filed on December 13, 2016 and incorporated herein by reference)
- 10.36 Promissory Note by Whitestone Uptown Tower, LLC to Morgan Stanley Mortgage Capital Holdings LLC, dated September 23, 2013 (filed as Exhibit 10.9 to the Company's Current Report on Form 8-K filed on December 13, 2016 and incorporated herein by reference)

Exhibit Number	Exhibit Description
10.37	Loan Agreement, dated November 26, 2013, by and between Whitestone Industrial-Office LLC and Jackson National Life Insurance Company (filed as Exhibit 10.10 to the Company's Current Report on Form 8-K filed on December 13, 2016 and incorporated herein by reference)
10.38	Fixed Rate Promissory Note by Whitestone Industrial-Office LLC to Jackson National Life Insurance Company, dated November 26, 2013 (filed as Exhibit 10.11 to the Company's Current Report on Form 8-K filed on December 13, 2016 and incorporated herein by reference)
21.1	Subsidiaries of the Registrant
23.1	Consent of Independent Registered Public Accounting Firm
31.1	Section 302 Certification pursuant to the Sarbanes-Oxley Act of 2002 - Chief Executive Officer (2)
31.2	Section 302 Certification pursuant to the Sarbanes-Oxley Act of 2002 - Chief Financial Officer (2)
31.3	Section 302 Certification pursuant to the Sarbanes-Oxley Act of 2002 - Chief Executive Officer
31.4	Section 302 Certification pursuant to the Sarbanes-Oxley Act of 2002 - Chief Financial Officer
32.1	CEO/CFO Certification under Section 906 of Sarbanes-Oxley Act of 2002 (2)
99.1	Consolidated Financial Statements of Pillarstone Capital REIT Operating Partnership LP as of December 31, 2016 and for the period September 23, 2016 (Inception) to December 31, 2016 (2)
101.INS*	XBRL Instance Document (2)
101.SCH*	XBRL Taxonomy Extension Schema Document (2)
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document (2)
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document (2)
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document (2)
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document (2)

(1)Indicates a management contract or compensatory plan or arrangement

(2)Previously filed or furnished with the Original Form 10-K

SIGNATURES

In accordance with the requirements of the Exchange Act of 1934, the registrant caused this Amendment No. 1 to be signed on its behalf by the undersigned, thereunto duly authorized.

PILLARSTONE CAPITAL REIT

Date: April 3, 2017 By: /s/ John J. Dee

John J. Dee

Chief Financial Officer and Senior Vice President