

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 14, 2013

S T R A T U S ®

Stratus Properties Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

0-19989
(Commission File
Number)

72-1211572
(I.R.S. Employer
Identification Number)

212 Lavaca St., Suite 300
Austin, Texas
(Address of principal executive offices)

78701
(Zip Code)

Registrant's telephone number, including area code: (512) 478-5788

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

Stratus Properties Inc. issued a press release dated August 14, 2013, announcing its second-quarter and six-month 2013 results (see Exhibit 99.1).

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

The Exhibit included as part of this Current Report is listed in the attached Exhibit Index.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Stratus Properties Inc.

By: /s/ Erin D. Pickens

Erin D. Pickens
Senior Vice President and
Chief Financial Officer
(authorized signatory and
Principal Financial Officer)

Date: August 14, 2013

Stratus Properties Inc.
Exhibit Index

**Exhibit
Number**

[99.1](#) Press release dated August 14, 2013, titled "Stratus Properties Inc. Reports Second-Quarter and Six-Month 2013 Results."

NEWS RELEASE

NASDAQ Symbol: "STRS"

Financial and Media Contact:

William H. Armstrong III

(512) 478-5788

Stratus Properties Inc.
212 Lavaca St., Suite 300
Austin, Texas 78701

STRATUS PROPERTIES INC. REPORTS SECOND-QUARTER AND SIX-MONTH 2013 RESULTS

HIGHLIGHTS

- As of June 30, 2013, sales of 144 of the 159 condominium units at the W Austin Hotel & Residences project had closed for \$164.5 million (an average of \$1.1 million per unit), including 16 units for \$23.8 million (an average of \$1.5 million per unit) in second-quarter 2013, compared with 8 units for \$4.5 million (an average of \$0.6 million per unit) in second-quarter 2012. In July 2013, Stratus sold three additional units for \$4.4 million and as of July 31, 2013, had two units under contract.
- Lot sales totaled 13 lots for \$4.1 million in second-quarter 2013, compared with six lots for \$2.1 million in second-quarter 2012. In July 2013, Stratus sold two lots for \$0.5 million and as of July 31, 2013, had 27 lots under contract.
- Revenue per available room at the W Austin Hotel was \$250 during second-quarter 2013 and \$264 for the first six months of 2013, compared with \$225 during second-quarter 2012 and \$232 for the first six months of 2012.
- ACL Live hosted 49 events during second-quarter 2013 and 96 events for the first six months of 2013, compared with 50 events during second-quarter 2012 and 99 events for the first six months of 2012.
- Construction of the final two buildings at Parkside Village is expected to be completed in early 2014 and as of June 30, 2013, occupancy of the completed 77,641 square feet was 95 percent. Of the remaining buildings under development, the 7,500-square-foot building is fully pre-leased, and leasing activities are ongoing for the 4,500-square-foot building.
- Total Stratus debt was \$123.8 million at June 30, 2013, compared with \$137.0 million at December 31, 2012.

SUMMARY FINANCIAL RESULTS

| | Three Months Ended | | Six Months Ended | |
|---|--------------------|-----------|------------------|--------------------|
| | 2013 | 2012 | 2013 | 2012 |
| (In Thousands, Except Per Share Amounts) | | | | |
| Revenues | \$ 42,525 | \$ 19,369 | \$ 75,984 | \$ 46,869 |
| Operating income (loss) | 4,953 | (1,666) | 8,074 | (821) |
| Income (loss) from continuing operations | 2,967 | (4,616) | 4,798 | (7,613) |
| Income from discontinued operations | — | — | — | 4,805 ^a |
| Net income (loss) | 2,967 | (4,616) | 4,798 | (2,808) |
| Net income (loss) attributable to Stratus common stock | 632 | (3,558) | 1,785 | (1,855) |
| Diluted net income (loss) per share attributable to Stratus common stock: | | | | |
| Continuing operations | \$ 0.08 | \$ (0.44) | \$ 0.22 | \$ (0.85) |
| Discontinued operations | — | — | — | 0.61 ^a |
| Diluted net income (loss) per share attributable to Stratus common stock | \$ 0.08 | \$ (0.44) | \$ 0.22 | \$ (0.24) |
| Diluted weighted average shares of common stock outstanding | 8,131 | 8,095 | 8,133 | 7,836 |

a. Includes the results of Stratus' two office buildings at 7500 Rialto Boulevard (including a gain on sale of \$5.1 million, \$0.67 per share), which Stratus sold in February 2012.

AUSTIN, TX, August 14, 2013 - Stratus Properties Inc. (NASDAQ: STRS) reported net income attributable to common stock of \$0.6 million, \$0.08 per share, for second-quarter 2013, compared with a net loss attributable to common stock of \$3.6 million, \$0.44 per share, for second-quarter 2012. For the first six months of 2013, Stratus reported net income attributable to common stock of \$1.8 million, \$0.22 per share, compared with a net loss attributable to common stock of \$1.9 million, \$0.24 per share, for the first six months of 2012. Results for the first six months of 2013 included a gain of \$1.5 million associated with the sale of a 16-acre tract of land at Lantana and income of \$1.8 million related to an insurance settlement resulting from claims associated with damage caused by the June 2011 balcony glass breakage incidents at the W Austin Hotel & Residences project. The results for the first six months of 2012 included a gain of \$5.1 million associated with the sale of two office buildings at 7500 Rialto Boulevard (7500 Rialto) in February 2012.

William H. Armstrong III, Chairman of the Board, Chief Executive Officer and President of Stratus, stated, “The Austin real estate market is strong, and our assets are performing well. The W Austin Hotel & Residences project continues to exceed our expectations, with hotel operations reflecting increased occupancy and room rates. The W Residences are approximately 94 percent sold. Austin City Limits Live is building on its premier music industry reputation, and we are actively seeking to generate additional entertainment revenue through booking and sponsorship opportunities at ACL Live as well as through third-party booking and music promotion sponsorship sales. Our Parkside Village project is over 90 percent leased, and our development activities at Barton Creek, Meridian and Lakeway are progressing. We also are pursuing beneficial refinancing opportunities made possible by our business performance and the current interest rate environment.”

W Austin Hotel & Residences Project. Stratus completed development of the W Austin Hotel & Residences project in downtown Austin, Texas through a joint venture with Canyon-Johnson Urban Fund II, L.P., at a cost of approximately \$300 million. Delivery of condominium units commenced in January 2011. As of July 31, 2013, sales of 147 of the 159 condominium units had closed for \$168.8 million and two of the remaining 12 units were under contract.

Revenue per available room at the W Austin Hotel was \$250 during second-quarter 2013 and \$264 for the first six months of 2013, compared with \$225 during second-quarter 2012 and \$232 for the first six months of 2012. The 251-room hotel, which Stratus believes sets the standard for contemporary luxury in downtown Austin, is managed by Starwood Hotels & Resorts Worldwide, Inc.

The W Austin Hotel & Residences project also includes Austin City Limits Live at the Moody Theater (ACL Live), a live music and entertainment venue and production studio with a maximum capacity of approximately 3,000 people. In addition to hosting concerts and private events, the venue is the home of Austin City Limits, a television program showcasing popular music legends. ACL Live hosted 49 events during second-quarter 2013 and 96 events during the first six months of 2013, compared to 50 events during second-quarter 2012 and 99 events during the first six months of 2012. ACL Live currently has booked events through February 2014.

The project has 39,328 square feet of leasable office space, including 9,000 square feet for Stratus' corporate office. The project also includes approximately 18,362 square feet of leasable retail space, all of which is leased. As of June 30, 2013, occupancy was 64 percent for the office space and 86 percent for the retail space. A lease has been signed for an additional 20 percent of the office space and leasing activities for the remaining office space are ongoing.

Parkside Village Project. In May 2011, Stratus, through its joint venture Tract 107, L.L.C., secured a \$13.7 million construction loan to finance the development of Parkside Village, an 89,641-square-foot retail project under development in the Circle C community in southwest Austin. The project consists of a 33,650-square-foot full-service movie theater and restaurant, a 13,890-square-foot medical clinic and five

other retail buildings, including a 14,926-square-foot building, a 10,175-square-foot building, a 7,500-square-foot building, a 4,500-square-foot building and a stand-alone 5,000-square-foot building. Construction of the final two buildings is expected to be completed in early 2014 and as of June 30, 2013, occupancy of the completed 77,641 square feet was 95 percent. Of the remaining buildings under development, the 7,500-square-foot building is fully pre-leased, and leasing activities are ongoing for the 4,500-square-foot building. In connection with an extension of the maturity of the construction loan from May 31, 2013 to August 31, 2013, the loan amount was reduced to \$11.0 million. Stratus is actively pursuing refinancing for this construction loan.

Lantana. Lantana is a partially developed, mixed-use real estate development project. In August 2012, Stratus completed the sale of eight of the remaining eleven undeveloped commercial tracts of land for \$15.8 million. These tracts, which totaled approximately 154 acres, have entitlements for approximately 1.1 million square feet of office space. During March 2013, Stratus sold a 16-acre tract for \$2.1 million, which had entitlements for approximately 70,000 square feet of office space. As of June 30, 2013, Stratus had entitlements for approximately 485,000 square feet of office and retail use on the remaining 29 acres. Regional utility and road infrastructure is in place with capacity to serve Lantana at full build-out permitted under Stratus' existing entitlements.

Financial Results. Stratus is continuing its high-priority development activities and is focused on maximizing long-term property values. Stratus' developed property sales included the following (dollars in thousands):

| | Three Months Ended June 30, | | | |
|-----------------------------|-----------------------------|-----------|------------|----------|
| | 2013 | | 2012 | |
| | Units/Lots | Revenues | Units/Lots | Revenues |
| W Austin Hotel & Residences | | | | |
| Condominium Units | 16 | \$ 23,777 | 8 | \$ 4,525 |
| Barton Creek | | | | |
| Calera: | | | | |
| Verano Drive | 8 | 2,486 | 4 | 1,350 |
| Calera Drive | 3 | 680 | — | — |
| Amarra Drive: | | | | |
| Phase I Lots | 1 | 300 | 2 | 745 |
| Phase II Lots | 1 | 600 | — | — |
| Total Residential | 29 | \$ 27,843 | 14 | \$ 6,620 |

| | Six Months Ended June 30, | | | |
|-----------------------------|---------------------------|-----------|------------|-----------|
| | 2013 | | 2012 | |
| | Units/Lots | Revenues | Units/Lots | Revenues |
| W Austin Hotel & Residences | | | | |
| Condominium Units | 26 | \$ 37,763 | 20 | \$ 17,176 |
| Barton Creek | | | | |
| Calera: | | | | |
| Verano Drive | 15 | 4,535 | 7 | 2,185 |
| Calera Drive | 4 | 898 | 1 | 240 |
| Amarra: | | | | |
| Phase I Lots | 1 | 300 | 2 | 745 |
| Phase II Lots | 1 | 600 | — | — |
| Mirador Estate | 1 | 405 | 1 | 375 |
| Total Residential | 48 | \$ 44,501 | 31 | \$ 20,721 |

The increase in developed units/lots sales revenues in the 2013 periods primarily resulted from an increase in the number of condominium units sold and higher average sales prices associated with larger units, as well as increased lot sales at Barton Creek.

As discussed above, during March 2013, Stratus sold a 16 acre tract at Lantana for \$2.1 million, which had entitlements for approximately 70,000 square feet of office space.

Revenue from the Hotel segment totaled \$9.9 million for second-quarter 2013 and \$20.0 million for the first six months of 2013, compared with \$8.7 million for second-quarter 2012 and \$17.7 million for the first six months of 2012. Hotel revenues reflect revenues for the W Austin Hotel and primarily include revenues from room reservations and food and beverage sales. The increase in hotel revenues in second-quarter 2013 primarily reflects higher average room rates and food and beverage sales.

Revenue from the Entertainment segment totaled \$3.4 million for second-quarter 2013 and \$6.7 million for the first six months of 2013, compared with \$2.9 million for second-quarter 2012 and \$6.1 million for the first six months of 2012. Entertainment revenues include revenues for ACL Live and primarily includes ticket sales; sponsorships, personal seat license sales and suite sales; and sales of concessions and merchandise. The Entertainment segment also includes revenues and costs associated with events hosted at other venues, and the results of the Stageside Productions joint venture formed in October 2012.

Rental revenue from the Commercial Leasing segment totaled \$1.4 million for second-quarter 2013 and \$2.8 million for the first six months of 2013, compared with \$1.2 million for second-quarter 2012 and \$2.3 million for the first six months of 2012. The increase in rental revenue in the 2013 periods primarily reflects increased occupancy of the office and retail space at the W Austin Hotel & Residences project and the Parkside Village project.

Stratus is a diversified real estate company engaged in the acquisition, development, management, operation and/or sale of commercial, hotel, entertainment, multi- and single-family residential real estate properties, including the W Austin Hotel & Residences project, located primarily in the Austin, Texas area.

CAUTIONARY STATEMENT. *This press release contains forward-looking statements in which Stratus discusses certain of its expectations regarding future operational and financial performance. Forward-looking statements are all statements other than statements of historical facts, such as those statements regarding future events related to financing and regulatory matters, expectations regarding performance of financial obligations, anticipated development plans and sales of land, units and lots, projected timeframes for development, construction and completion of Stratus' projects, projected capital expenditures, liquidity and capital resources, anticipated results of Stratus' business strategy, and other plans and objectives of management for future operations and activities. The words "anticipates," "may," "can," "plans," "believes," "estimates," "expects," "projects," "intends," "likely," "will," "should," "to be" and any similar expressions and/or statements that are not historical facts are intended to identify those assertions as forward-looking statements.*

Stratus cautions readers that forward-looking statements are not guarantees of future performance, and its actual results may differ materially from those anticipated, projected or assumed in the forward-looking statements. Important factors that can cause Stratus' actual results to differ materially from those anticipated in the forward-looking statements include, but are not limited to, changes in economic and business conditions, business opportunities that may be presented to and/or pursued by Stratus, the availability of financing, increases in interest rates, the termination of sales contracts or letters of intent due to, among other factors, the failure of one or more closing conditions or market changes, the failure to attract homebuilding customers for Stratus' developments or their failure to satisfy their purchase commitments, the failure of third parties to satisfy debt service obligations, the failure to complete agreements with strategic partners and/or appropriately manage relationships with strategic partners, a decrease in the demand for real estate in the Austin, Texas market, competition from other real estate developers, increases in operating costs, including real estate taxes and the cost of construction materials, changes in laws, regulations or the regulatory environment affecting the development of real estate and other factors described in more detail under "Risk Factors" in Item 1A. of Stratus' Annual Report on Form 10-K for the year ended December 31, 2012.

Investors are cautioned that many of the assumptions on which Stratus' forward-looking statements are based are likely to change after its forward-looking statements are made. Further, Stratus may make changes to its business plans that could or will affect its results. Stratus cautions investors that it does not intend to update its forward-looking statements more frequently than quarterly, notwithstanding any changes in its assumptions, changes in business plans, actual experience, or other changes, and Stratus undertakes no obligation to update any forward-looking statements.

A copy of this release is available on Stratus' website, www.stratusproperties.com.

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STRATUS PROPERTIES INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (Unaudited)
(In Thousands, Except Per Share Amounts)

| | Three Months Ended | | Six Months Ended | |
|---|--------------------|-------------------|--------------------|--------------------|
| | June 30, | | June 30, | |
| | 2013 | 2012 | 2013 | 2012 |
| Revenues: | | | | |
| Real estate | \$ 28,043 | \$ 6,801 | \$ 46,905 | \$ 21,087 |
| Hotel | 9,816 | 8,607 | 19,895 | 17,624 |
| Entertainment venue | 3,424 | 2,832 | 6,632 | 6,103 |
| Rental | 1,242 | 1,129 | 2,552 | 2,055 |
| Total revenues | <u>42,525</u> | <u>19,369</u> | <u>75,984</u> | <u>46,869</u> |
| Cost of sales: | | | | |
| Real estate | 23,833 | 7,385 | 39,785 | 20,838 |
| Hotel | 7,538 | 6,781 | 14,812 | 13,432 |
| Entertainment venue | 2,979 | 2,317 | 5,435 | 4,794 |
| Rental | 685 | 529 | 1,347 | 1,015 |
| Depreciation | 2,308 | 2,166 | 4,538 | 4,283 |
| Total cost of sales | <u>37,343</u> | <u>19,178</u> | <u>65,917</u> | <u>44,362</u> |
| Insurance settlement | (1,785) | — | (1,785) | — |
| General and administrative expenses | 2,014 | 1,857 | 3,778 | 3,328 |
| Total costs and expenses | <u>37,572</u> | <u>21,035</u> | <u>67,910</u> | <u>47,690</u> |
| Operating income (loss) | 4,953 | (1,666) | 8,074 | (821) |
| Interest expense, net | (2,008) | (2,967) | (4,307) | (6,608) |
| Other income, net | 95 | 11 | 1,345 ^a | 40 |
| Income (loss) from continuing operations before income taxes and equity in unconsolidated affiliates' income | 3,040 | (4,622) | 5,112 | (7,389) |
| Equity in unconsolidated affiliates' income | 149 | 147 | 111 | 75 |
| Provision for income taxes | (222) | (141) | (425) | (299) |
| Income (loss) from continuing operations | <u>2,967</u> | <u>(4,616)</u> | <u>4,798</u> | <u>(7,613)</u> |
| Income from discontinued operations | — | — | — | 4,805 ^b |
| Net income (loss) and total comprehensive income (loss) | <u>2,967</u> | <u>(4,616)</u> | <u>4,798</u> | <u>(2,808)</u> |
| Net (income) loss and total comprehensive (income) loss attributable to noncontrolling interest in subsidiaries | <u>(2,335)</u> | <u>1,058</u> | <u>(3,013)</u> | <u>953</u> |
| Net income (loss) and total comprehensive income (loss) attributable to Stratus common stock | <u>\$ 632</u> | <u>\$ (3,558)</u> | <u>\$ 1,785</u> | <u>\$ (1,855)</u> |
| Basic and diluted net income (loss) per share attributable to Stratus common stock: | | | | |
| Continuing operations | \$ 0.08 | \$ (0.44) | \$ 0.22 | \$ (0.85) |
| Discontinued operations | — | — | — | 0.61 ^b |
| Basic and diluted net income (loss) per share attributable to Stratus common stock | <u>\$ 0.08</u> | <u>\$ (0.44)</u> | <u>\$ 0.22</u> | <u>\$ (0.24)</u> |
| Weighted-average shares of common stock outstanding: | | | | |
| Basic | <u>8,099</u> | <u>8,095</u> | <u>8,102</u> | <u>7,836</u> |
| Diluted | <u>8,131</u> | <u>8,095</u> | <u>8,133</u> | <u>7,836</u> |

a. Includes \$0.7 million of interest collected in connection with a municipal utility district reimbursement and \$0.5 million for a gain on recovery of land previously sold.

b. Includes the results of 7500 Rialto (including a first-quarter 2012 gain on sale of \$5.1 million, \$0.67 per share), which Stratus sold in February 2012.

STRATUS PROPERTIES INC.
CONSOLIDATED BALANCE SHEETS (Unaudited)
(In Thousands)

| | June 30, 2013 | December 31, 2012 |
|---|------------------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 17,785 ^a | \$ 12,784 |
| Restricted cash | 31,401 | 17,657 |
| Real estate held for sale | 29,318 | 60,244 |
| Real estate under development | 46,250 | 31,596 |
| Land available for development | 41,334 | 49,569 |
| Real estate held for investment | 185,302 | 189,331 |
| Investment in unconsolidated affiliates | 4,214 | 3,402 |
| Other assets | 13,590 | 14,545 |
| Total assets | \$ 369,194 | \$ 379,128 |
| LIABILITIES AND EQUITY | | |
| Accounts payable | \$ 29,251 | \$ 13,845 |
| Accrued liabilities | 6,312 | 8,605 |
| Deposits | 1,960 | 2,073 |
| Debt | 123,792 | 137,035 |
| Other liabilities and deferred gain | 9,053 | 8,675 |
| Total liabilities | 170,368 | 170,233 |
| Commitments and contingencies | | |
| Equity: | | |
| Stratus stockholders' equity: | | |
| Common stock | 91 | 90 |
| Capital in excess of par value of common stock | 203,480 | 203,298 |
| Accumulated deficit | (61,524) | (63,309) |
| Common stock held in treasury | (19,114) | (18,392) |
| Total Stratus stockholders' equity | 122,933 | 121,687 |
| Noncontrolling interests in subsidiaries ^b | 75,893 | 87,208 |
| Total equity | 198,826 | 208,895 |
| Total liabilities and equity | \$ 369,194 | \$ 379,128 |

a. Includes \$1.6 million available to Stratus, \$1.2 million available to the Parkside Village project and \$15.0 million available to the W Austin Hotel & Residences project.

b. Primarily relates to Canyon-Johnson's interest in the W Austin Hotel & Residences project.

STRATUS PROPERTIES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(In Thousands)

| | Six Months Ended June 30, | |
|--|------------------------------|------------------|
| | 2013 | 2012 |
| Cash flow from operating activities: | | |
| Net income (loss) | \$ 4,798 | \$ (2,808) |
| Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities: | | |
| Depreciation | 4,538 | 4,283 |
| Cost of real estate sold | 31,375 | 14,614 |
| Gain on sale of 7500 Rialto | — | (5,146) |
| Stock-based compensation | 157 | 109 |
| Equity in unconsolidated affiliates' income | (111) | (75) |
| Deposits | (113) | 12 |
| Purchases and development of real estate properties | (8,728) | (6,571) |
| Recovery of land previously sold | (485) | — |
| Municipal utility districts reimbursement | 208 | — |
| Increase in other assets | (12,631) | (3,083) |
| Increase (decrease) in accounts payable, accrued liabilities and other | 1,366 | (3,775) |
| Net cash provided by (used in) operating activities | <u>20,374</u> | <u>(2,440)</u> |
| Cash flow from investing activities: | | |
| Capital expenditures: | | |
| Commercial leasing properties | (510) | (2,806) |
| Entertainment venue | (119) | (164) |
| Hotel | (3) | — |
| Proceeds from sale of 7500 Rialto | — | 5,697 |
| Investment in unconsolidated affiliates | (700) | (185) |
| Net cash (used in) provided by investing activities | <u>(1,332)</u> | <u>2,542</u> |
| Cash flow from financing activities: | | |
| Borrowings from credit facility | 9,000 | 9,500 |
| Payments on credit facility | (23,368) | (9,909) |
| Borrowings from project and term loans | 1,568 | 9,019 |
| Payments on project and term loans | (443) | (6,861) |
| Noncontrolling interests (distributions) contributions | (103) | 341 |
| Common stock issuance | — | 4,817 |
| Repurchase of treasury stock | (623) | — |
| Net payments for stock-based awards | (72) | (19) |
| Net cash (used in) provided by financing activities | <u>(14,041)</u> | <u>6,888</u> |
| Net increase in cash and cash equivalents | 5,001 | 6,990 |
| Cash and cash equivalents at beginning of year | 12,784 | 8,085 |
| Cash and cash equivalents at end of period | <u>\$ 17,785</u> | <u>\$ 15,075</u> |

BUSINESS SEGMENTS

Stratus currently has four operating segments: Real Estate Operations, Hotel, Entertainment and Commercial Leasing.

The Real Estate Operations segment is comprised of Stratus' real estate assets (developed, under development and available for development), which consists of its properties in the Barton Creek community, the Circle C community and Lantana, and the condominium units at the W Austin Hotel & Residences project.

The Hotel segment includes the W Austin Hotel located at the W Austin Hotel & Residences project.

The Entertainment segment includes ACL Live, a live music and entertainment venue and production studio at the W Austin Hotel & Residences project. In addition to hosting concerts and private events, this venue is the new home of Austin City Limits, a television program showcasing popular music legends. The Entertainment segment also includes revenues and costs associated with events hosted at other venues, and the results of the Stageside Productions joint venture formed in October 2012.

The Commercial Leasing segment includes the office and retail space at the W Austin Hotel & Residences project, a retail building and a bank building in Barton Creek Village, and 5700 Slaughter and the Parkside Village project in the Circle C community. In February 2012, Stratus sold the two office buildings at 7500 Rialto Boulevard (7500 Rialto). Accordingly, the operating results for 7500 Rialto are not included in the tables below (in thousands).

| | Real Estate Operations ^a | Hotel | Entertainment | Commercial Leasing | Eliminations and Other ^b | Total |
|---------------------------------------|--|----------|---------------|-----------------------|--|------------|
| Three Months Ended June 30, 2013: | | | | | | |
| Revenues: | | | | | | |
| Unaffiliated customers | \$ 28,043 | \$ 9,816 | \$ 3,424 | \$ 1,242 | \$ — | \$ 42,525 |
| Intersegment | 26 | 50 | 15 | 150 | (241) | — |
| Cost of sales, excluding depreciation | 23,861 | 7,532 | 3,000 | 705 | (63) | 35,035 |
| Depreciation | 59 | 1,558 | 310 | 418 | (37) | 2,308 |
| Insurance settlement | (1,785) | — | — | — | — | (1,785) |
| General and administrative expenses | 1,661 | 116 | 51 | 325 | (139) | 2,014 |
| Operating income (loss) | \$ 4,273 | \$ 660 | \$ 78 | \$ (56) | \$ (2) | \$ 4,953 |
| Capital expenditures | \$ 5,060 | \$ 2 | \$ 110 | \$ 450 | \$ — | \$ 5,622 |
| Total assets at June 30, 2013 | 165,902 | 116,750 | 45,804 | 46,820 | (6,082) | 369,194 |
| Three Months Ended June 30, 2012: | | | | | | |
| Revenues: | | | | | | |
| Unaffiliated customers | \$ 6,801 | \$ 8,607 | \$ 2,832 | \$ 1,129 | \$ — | \$ 19,369 |
| Intersegment | 12 | 49 | 23 | 94 | (178) | — |
| Cost of sales, excluding depreciation | 7,407 | 6,781 | 2,344 | 544 | (64) | 17,012 |
| Depreciation | 73 | 1,445 | 306 | 378 | (36) | 2,166 |
| General and administrative expenses | 1,448 | 123 | 41 | 362 | (117) | 1,857 |
| Operating (loss) income | \$ (2,115) | \$ 307 | \$ 164 | \$ (61) | \$ 39 | \$ (1,666) |
| Capital expenditures | \$ 1,570 | \$ — | \$ 51 | \$ 567 | \$ — | \$ 2,188 |
| Total assets at June 30, 2012 | 199,526 | 121,236 | 44,429 | 45,020 | (7,595) | 402,616 |

| | Real Estate Operations ^a | Hotel | Entertainment | Commercial Leasing | Eliminations and Other ^b | Total |
|---------------------------------------|--|-----------|---------------|-----------------------|--|-----------|
| Six Months Ended June 30, 2013: | | | | | | |
| Revenues: | | | | | | |
| Unaffiliated customers | \$ 46,905 | \$ 19,895 | \$ 6,632 | \$ 2,552 | \$ — | \$ 75,984 |
| Intersegment | 40 | 132 | 23 | 281 | (476) | — |
| Cost of sales, excluding depreciation | 39,841 | 14,812 | 5,489 | 1,387 | (150) | 61,379 |
| Depreciation | 123 | 3,035 | 617 | 837 | (74) | 4,538 |
| Insurance settlement | (1,785) | — | — | — | — | (1,785) |
| General and administrative expenses | 3,164 | 190 | 74 | 627 | (277) | 3,778 |
| Operating income (loss) | \$ 5,602 | \$ 1,990 | \$ 475 | \$ (18) | \$ 25 | \$ 8,074 |
| Capital expenditures | \$ 8,728 | \$ 3 | \$ 119 | \$ 510 | \$ — | \$ 9,360 |

Six Months Ended June 30, 2012:

Revenues:

| | | | | | | |
|---------------------------------------|------------|-----------|----------|----------|-------|-----------|
| Unaffiliated customers | \$ 21,087 | \$ 17,624 | \$ 6,103 | \$ 2,055 | \$ — | \$ 46,869 |
| Intersegment | 18 | 98 | 29 | 226 | (371) | — |
| Cost of sales, excluding depreciation | 20,883 | 13,432 | 4,844 | 1,041 | (121) | 40,079 |
| Depreciation | 150 | 2,890 | 610 | 704 | (71) | 4,283 |
| General and administrative expenses | 2,677 | 163 | 56 | 676 | (244) | 3,328 |
| Operating (loss) income | \$ (2,605) | \$ 1,237 | \$ 622 | \$ (140) | \$ 65 | \$ (821) |
| Income from discontinued operations | \$ — | \$ — | \$ — | \$ 4,805 | \$ — | \$ 4,805 |
| Capital expenditures | 6,571 | — | 164 | 2,806 | — | 9,541 |

a. Includes sales commissions and other revenues together with related expenses.

b. Includes eliminations of intersegment amounts, including the deferred development fee income between Stratus and the joint venture with Canyon-Johnson.