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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): October 21, 2009



**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**  
(IRS Employer Identification Number)

**98 San Jacinto Blvd., Suite 220**  
**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 1.01. Entry into a Material Definitive Agreement.

As previously disclosed by Stratus Properties Inc. (“Stratus”), on June 26, 2009, Stratus Partnership Investments, L.P. (“Stratus Partnership Investments”), a subsidiary of Stratus that is jointly managed by Stratus and Canyon-Johnson Urban Fund II, L.P. (“Canyon-Johnson”), entered into an Assignment and Assumption of Note, Mortgage and Other Loan Documents (the “Assignment”) with Corus Bank, N.A. (“Corus”) whereby Corus assigned to Stratus Partnership Investments the Loan Agreement, the Note, and the related priority lien Mortgage and other related documents (collectively, the “Corus Loan Documents”) along with the outstanding balance under the Corus Loan Documents of approximately \$2.2 million. As full consideration for the Assignment, Stratus Partnership Investments paid \$250,000 to Corus.

Effective October 21, 2009, Stratus Partnership Investments assigned and transferred the Corus Loan Documents to Beal Bank Nevada (“Beal Bank”). In connection with the assignment, CJUF II Stratus Block 21 LLC (the “Company”), as borrower, and Beal Bank, as lender, entered into an amended and restated loan agreement, an amended and restated promissory note and related loan documents (the “Beal Loan Agreement”), which provide for a secured loan to the Company to finance the development of Block 21, a 36-story mixed-use development in downtown Austin, Texas, anchored by a W Austin Hotel & Residences (the “Project”). Pursuant to the Beal Loan Agreement, the Company may borrow up to an aggregate of \$120 million to fund the construction, development and marketing costs of the Project.

The Beal Loan Agreement contains customary financial covenants and other restrictions. Amounts borrowed under the Beal Loan Agreement will bear interest at an annual rate equal to The Wall Street Journal Prime Rate, as it changes from time to time, plus 6¼ percent.

Borrowed amounts may not be prepaid, in whole or in part, prior to the third anniversary of the date of the Full Loan Opening, which is defined under the Beal Loan Agreement as the first disbursement of loan proceeds to the Company following the disbursement made to the Company at the closing of the Loan Agreement. Borrowed amounts may be prepaid in whole or in part following the third anniversary of the date of the Full Loan Opening and on or prior to the fourth anniversary of the date of the Full Loan Opening, subject to a prepayment fee equal to 1% of the amount of principal being prepaid. Optional prepayments made after the fourth anniversary of the date of the Full Loan Opening are not subject to prepayment premiums or fees. In addition, as and when residential condominium units are sold by the Company, all Net Sales Proceeds (as defined under the Beal Loan Agreement) from the sale of the residential unit sold, and all Net Operating Income (as defined under the Beal Loan Agreement), must be offered to Beal Bank as a principal prepayment under the Loan Agreement. Beal Bank, in its sole discretion, may at any time elect to accept or reject any offered prepayments.

Repayments under the Beal Loan Agreement may be accelerated by the lender upon the occurrence of customary events of default. The Beal Loan Agreement matures on October 21, 2014. The full payment and performance of the Beal Loan Agreement has been guaranteed by each of Stratus and Canyon-Johnson.

A copy of the press release relating to this announcement is attached as Exhibit 99.1.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation Under an Off-Balance Sheet Arrangement of a Registrant.

See Item 1.01, which is incorporated herein by reference.

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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.

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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

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

Date: October 22, 2009

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Stratus Properties Inc.  
Exhibit Index

Exhibit  
Number

[99.1](#) Press Release dated October 22, 2009, titled "W Austin Hotel & Residences Secures Construction Financing to Complete Project on Schedule."

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**FOR IMMEDIATE RELEASE**

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**W AUSTIN HOTEL & RESIDENCES SECURES CONSTRUCTION FINANCING  
TO COMPLETE PROJECT ON SCHEDULE**

(October 22, 2009)—Austin-based Stratus Properties Inc. (NASDAQ: STRS) and the Canyon-Johnson Urban Funds announced today the closing of a replacement construction loan for the W Austin Hotel & Residences project. The loan was funded by Beal Bank Nevada (“Beal”) and originated by Beal’s wholly owned lending subsidiary, CLG Hedge Fund, LLC. The development team secured the financing after determining that the original lender, Corus Bank, N.A., would be unable to fund the loan. The project is under construction, currently at the 25<sup>th</sup> of 37 total floors, and is on schedule to open in December 2010.

“Our ability to secure a construction loan in the current economic climate reflects the strength and quality of this project and of the relative strength of the local Austin real estate market,” said Beau Armstrong, CEO of Stratus Properties. “Unlike many markets, downtown Austin has a small supply of upper end condominiums – just over 400 units – and is not likely to have any additional new supply in the next five years. We appreciate in particular CLG’s unique flexibility and experience, and Beal Bank Nevada’s strength and liquidity, which helped make this transaction possible.”

Commenting on the transaction, Anthony Sassine, Director of Loan Originations at CLG Hedge Fund, LLC, noted, “The disruption in the credit markets has given us the opportunity to work on a number of compelling projects with some of the best developers in the country.” Mr. Sassine added, “This was a complex, fluid transaction made possible by the phenomenal Stratus/Canyon-Johnson team. The W Austin is a landmark development for the city, and we are very pleased to be involved in such a great project.”

The mixed-use project, known as “Block 21,” is located in the heart of downtown Austin’s 2<sup>nd</sup> Street District overlooking Lady Bird Lake, and will feature 159 luxury residential units, 252 hotel guestrooms and suites, 18,000 square feet of retail and restaurants, 37,000 square feet of office space and a street-level plaza. Also unique to the project, a state-of-the art, live music venue that will serve as the new home of the world renowned *Austin City Limits*, the country’s longest running televised music series. The venue will be operated by Live Nation.

W Austin Residences will be located on floors 18 through 37, providing excellent views of Lady Bird Lake, the Hill Country, University of Texas Tower, State Capitol Building and the downtown skyline. Homeowners will enjoy all of the W brand’s celebrated comforts including the renowned 24/7 Whatever/Whenever® concierge service, an 8,000-square-foot spa and fitness area, private pool and preferred access to property restaurants and the music venue.

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### **About Canyon-Johnson Urban Funds**

The Canyon-Johnson Urban Funds (CJUF) are the country's largest private real estate funds focused on the development of urban properties in underserved neighborhoods. A joint venture between Canyon Capital Realty Advisors and an entity of Earvin "Magic" Johnson's Magic Johnson Enterprises, the funds were formed to identify, enhance and capture value through the development and redevelopment of real estate in densely populated, ethnically diverse urban communities. The funds' objectives are to seek current income and capital appreciation and, in addition to meeting investment goals, the funds are committed to providing for and fostering economic opportunities for the residents of the urban neighborhoods in which Canyon-Johnson invests. With nearly \$2 billion in committed equity capital, the funds are positioned to facilitate more than \$8 billion in development and revitalization in major U.S. metropolitan areas. For more information, visit [www.cjuf.com](http://www.cjuf.com).

### **About Stratus Properties, Inc.**

Stratus Properties Inc. is a diversified real estate company engaged in the acquisition, development, management and sale of commercial, multi-family and residential real estate properties located primarily in the Austin, TX area. Stratus Properties Inc. is a publicly traded company and is listed on the NASDAQ under the symbol STRS. Learn more at [www.stratusproperties.com](http://www.stratusproperties.com).

### **About CLG Hedge Fund, LLC**

CLG Hedge Fund, LLC is a wholly owned subsidiary of Beal Bank Nevada that focuses on commercial real estate lending. CLG originates loans from \$10 million to over \$550 million on all types of collateral, including income properties, raw land, land development and construction, with emphasis on individual pricing based on each asset's specific characteristics and risk profile. Contact Anthony Sassine at 214-395-8101 or [asassine@CLGHedgefund.com](mailto:asassine@CLGHedgefund.com).

### **About Beal Bank Nevada**

Beal Bank Nevada, with headquarters located at 1970 Village Center Circle, Las Vegas, NV is a well-capitalized financial institution, with capital in excess of \$1.8 billion and assets in excess of \$5.5 billion as of June 30, 2009. Beal Bank Nevada is a member of the FDIC.

CAUTIONARY STATEMENT This press release contains certain forward-looking statements in which Stratus discusses factors it believes may affect its performance in the future. Forward-looking statements are all statements other than historical facts, such as statements regarding Stratus' proposed real estate sales and development activities at W Austin Hotel & Residences. Important factors that might cause future results to differ from those projections include economic and business conditions, the availability of financing, regulatory approvals, environmental regulations and other factors which are described in more detail in Stratus' 2008 Annual Report on Form 10-K filed with the Securities and Exchange Commission.

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