

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 31, 2021**

**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)

**001-37716**  
(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))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	STRS	The NASDAQ Stock Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

#### Item 1.01. Entry into a Material Definitive Agreement.

On September 1, 2021, Stratus Block 150, L.P., a Texas limited partnership (the Limited Partnership) and subsidiary of Stratus Properties Inc. (Stratus), completed financing transactions the proceeds of which were used to purchase the land for Block 150, a proposed luxury high-rise rental project in downtown Austin, Texas. The proceeds will also be used to fund additional predevelopment costs of the project. These financing transactions included (i) the Limited Partnership entering into a \$14.0 million land acquisition loan agreement with Comerica Bank (Comerica), as lender, and (ii) the Limited Partnership raising \$11.7 million from the sale of Class B limited partnership interests in a private placement, along with \$3.9 million in cash and pursuit costs contributed by Stratus Block 150 GP, L.L.C., a Texas limited liability company and general partner of the Limited Partnership (the General Partner), and Stratus Properties Operating Co., L.P., a Texas limited partnership and the sole Class A limited partner of the Limited Partnership (the Class A limited partner), both wholly-owned subsidiaries of Stratus.

The Limited Partnership issued, in a private placement exempt from registration under federal and state securities laws, Class B limited partnership interests to a limited number of “accredited investors,” as defined in Rule 501 of Regulation D under the Securities Act of 1933, as amended (the Class B limited partners), for \$11.7 million (the Offering), resulting in the Class B limited partners owning an aggregate of 75.0% of the equity capital interest in the Limited Partnership. Upon completion of the Offering, Stratus holds, in the aggregate, a 25.0% indirect equity capital interest in the Limited Partnership through the Stratus subsidiaries serving as the General Partner and the Class A limited partner of the Limited Partnership.

In connection with the financing transactions and purchase of land for Block 150, the General Partner, the Class A limited partner and the Class B limited partners entered into an Amended and Restated Limited Partnership Agreement (the Partnership Agreement), effective as of August 31, 2021. The Partnership Agreement anticipates that Block 150 will be capitalized in a two-phase process consisting of the initial “land partnership” and potentially followed by the “development partnership.” The land partnership phase is intended to encompass acquiring the land (completed on September 1, 2021), obtaining downtown density bonus approvals, site development permit approvals and other approvals necessary to develop the project as envisioned, completing design and site planning work, and positioning the Limited Partnership to raise the substantial additional debt and equity capital that will be needed to enter into the development partnership phase, start construction and complete the development of Block 150. To complete the financing for the land partnership phase, the Limited Partnership intends to raise an additional \$5.4 million in equity capital no later than March 31, 2022, resulting in a total of \$21.0 million in equity and \$14.0 million in debt financing. If the General Partner determines to proceed with the development partnership phase, the General Partner intends to cause the Limited Partnership to sell additional interests in the Limited Partnership to existing or new partners, subject to a right of first offer in favor of existing Class B limited partners and other limitations described in the Partnership Agreement.

The Limited Partnership will be managed by the General Partner. The Class B limited partners have limited approval rights, generally only in connection with (i) amendments to the Partnership Agreement that would materially affect a Class B limited partner’s economic rights (excluding the sale of new interests to raise additional capital for the Limited Partnership in accordance with the Partnership Agreement), and (ii) a sale of Block 150 to a Stratus affiliate. The Class B limited partnership interests are subject to substantial restrictions on transfer under the Partnership Agreement and applicable law, including approval by the General Partner. For the land partnership phase, capital contributions will accrue an 8.0% annual return. The Limited Partnership will pay a loan guaranty fee to Stratus for Status’ guaranty of the Block 150 land acquisition loan (as described in Item 8.01 below) in an amount equal to 1.0% of the outstanding principal balance of the loan per year. If a change of control of Stratus occurs as defined in the Partnership Agreement, each Class B limited partner will have a put right, requiring the Class A limited partner to purchase all, but not less than all, of such Class B limited partner’s interests, for a price generally providing a cumulative 10.0% return on capital contributions. The anticipated size, scope and cost of Block 150 could change materially, depending on regulatory approvals, market conditions, and the completion of design, site planning and financing. If the General Partner were to determine that a financially attractive project for Block 150 cannot be completed, the development partnership would not proceed, the land for Block 150 would be sold and the Limited Partnership would be liquidated.

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The JBM Trust, of which James R. Moffett, Jr. serves as co-trustee, purchased Class B limited partnership interests, representing an approximately 6.4% equity capital interest in the Limited Partnership, for a cash payment of \$1.0 million, on the same terms as other Class B limited partners. Mr. Moffett has reported beneficial ownership of 625,000 shares (approximately 7.6%) of Stratus' outstanding common stock by virtue of serving as sole manager of LCHM Holdings, LLC.

The foregoing summary of the Partnership Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Partnership Agreement, a copy of which will be filed as an exhibit to Stratus' Quarterly Report on Form 10-Q for the quarter ending September 30, 2021.

Item 8.01. Other Events.

On September 1, 2021, the Limited Partnership entered into an 18-month, \$14.0 million land acquisition loan agreement with Comerica, guaranteed by Stratus and secured by the Block 150 project.

On September 7, 2021, Stratus issued a press release, titled "Stratus Properties Inc. Announces Purchase of Land and Plans to Develop Block 150 in Downtown Austin." A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated by reference into this Item 8.01.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit Number</u>	<u>Exhibit Title</u>
<a href="#">99.1</a>	Press release dated September 7, 2021, titled "Stratus Properties Inc. Announces Purchase of Land and Plans to Develop Block 150 in Downtown Austin."
104	The cover page from this Current Report on Form 8-K, formatted in Inline XBRL.

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

Date: September 7, 2021

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

## NEWS RELEASE

NASDAQ Symbol: "STRS"  
**Financial and Media Contact:**  
William H. Armstrong III  
(512) 478-5788

### **STRATUS PROPERTIES INC. ANNOUNCES PURCHASE OF LAND AND PLANS TO DEVELOP BLOCK 150 IN DOWNTOWN AUSTIN**

*Plans to Develop Luxury Multi-Family High-Rise Development with Ground-Level Retail*

*Construction Expected to Begin in Early 2023, with Anticipated Completion in Mid-2025*

AUSTIN, TX, September 7, 2021 - Stratus Properties Inc. (NASDAQ: STRS) ("Stratus" or the "Company") today announced its plans for Block 150, a proposed luxury high-rise rental project in downtown Austin, Texas. The site at 12<sup>th</sup> and San Antonio is located just a few blocks west of the Texas State Capitol in Austin. Based on preliminary plans, Block 150 would be developed as a 400-foot tower, consisting of approximately 420,000 gross square feet with 300 Class A luxury multi-family units for lease and ground-level retail. The project includes the historic AO Watson house, which will be renovated and expanded to offer amenities that may include a restaurant, pool and garden, while preserving the property's historic and architectural features. Stratus' subsidiary closed the land purchase on September 1, 2021, and Stratus expects to finalize development plans over the next 12 to 18 months. Block 150 is expected to achieve an Austin Energy Green Building rating.

**William H. Armstrong III, Chairman of the Board and Chief Executive Officer of Stratus, stated, "We are very excited about Block 150, a high-rise rental project in downtown Austin focused on luxury living and design sustainability. Unlike the surrounding properties, Block 150 will not be impacted by Capitol view height restrictions and will have unobstructed 360-degree views of the Capitol, downtown Austin, the University of Texas campus and west Austin."**

**Mr. Armstrong continued, "This project is also eligible for Austin's downtown density bonus, which would enhance its development potential. Block 150 takes advantage of the booming residential real estate market in Austin and is another addition to our growing pipeline of multi-family projects. This extraordinary site presents the opportunity to develop high-quality properties with third-party capital that preserves upside for Stratus shareholders."**



*Rendering of Block 150*

The project is owned by Stratus Block 150, L.P., a Texas limited partnership. Financing for the land purchase and predevelopment costs is in place and includes a land acquisition loan to the limited partnership in the amount of \$14 million, guaranteed by Stratus. The remaining land acquisition and predevelopment costs will be funded by approximately \$21 million in equity contributed to the limited partnership by Stratus and private equity investors. Stratus will receive 25 percent of the limited partnership's equity, in exchange for development costs to date and cash, and will manage the project.

Upcoming key milestones for the project include completing design and engineering, securing final site development and building permits, obtaining downtown density bonus approvals, and raising the balance of the development capital, which Stratus projects could take between 12 to 18 months. Stratus' preliminary development plans may change, and the anticipated size, scope and cost of the project could change materially. Subject to market conditions, obtaining financing for the balance of the development capital, Board approval, and necessary project approvals, entitlements and permits, construction on Block 150 is expected to begin in early 2023 with anticipated completion in mid-2025.

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

Stratus is a diversified real estate company engaged primarily in the acquisition, entitlement, development, management, and sale of commercial, and multi-family and single-family residential real estate properties, real estate leasing, and the operation of hotel and entertainment businesses located in the Austin, Texas area and other select, fast-growing markets in Texas.

#### ***Forward-Looking Statements***

This press release contains forward-looking statements in which Stratus discusses factors it believes may affect its future performance. Forward-looking statements are all statements other than statements of historical fact. The words "anticipates," "may," "can," "could," "plans," "believes," "potential," "possible," "estimates," "expects," "projects," "targets," "intends," "likely," "will," "should," "to be" and any similar expressions 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, expected, 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, Stratus' ability to complete financing arrangements for the development and construction of Block 150 and execute profitably on its development plan for Block 150, Stratus' ability to obtain various approvals, including downtown density bonus approvals, permits, entitlements and licenses for the development of Block 150, Stratus' ability to continue to effectively develop and execute its strategies, including its ability to develop, finance, construct and sell properties on its anticipated schedule and at prices its Board considers acceptable, changes in the demand for real estate in select markets in Texas where Stratus operates, changes in economic, market and business conditions, the uncertain and ongoing impact of the COVID-19 pandemic, and other factors described in more detail under the heading "Risk Factors" in Stratus' Annual Report on Form 10-K for the year ended December 31, 2020, filed with the U.S. Securities and Exchange Commission.

Investors are cautioned that many of the assumptions upon which Stratus' forward-looking statements are based are likely to change after the date the forward-looking statements are made. Further, Stratus may make changes to its business plans that could affect its results. Stratus cautions investors that it undertakes no obligation to update any forward-looking statements, which speak only as of the date made, notwithstanding any changes in its assumptions, business plans, actual experience, or other changes.

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A copy of this release is available on Stratus' website, [stratusproperties.com](http://stratusproperties.com).

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