

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): November 23, 2020

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
Series D Participating Cumulative Preferred Stock Purchase Rights	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 8.01. Other Events.

On November 23, 2020, Stratus Properties Inc., a Delaware corporation ("Stratus" or the "Company"), delivered a letter (the "Rights Plan Response Letter") to Oasis Management Company Ltd. ("Oasis"), in response to Oasis' letter to the Board of Directors of Stratus dated November 16, 2020 relating to the Stockholder Rights Agreement dated as of September 22, 2020, by and between Stratus and Computershare Inc., as rights agent (the "Rights Plan"). The Rights Plan Response Letter confirms that as long as Oasis (and any of its Related Persons, as defined in the Rights Plan) does not otherwise engage in (or have not otherwise engaged in) conduct that would otherwise result in Oasis becoming an Acquiring Person (as defined in the Rights Plan) and such conduct is in accordance with Section 14(a) of the Securities Exchange Act of 1934, the Company's bylaws, the Company's certificate of incorporation and Delaware law, the Rights Plan will not be triggered by any of the following activities in connection with a proxy contest: (1) "discussing with other shareholders – digitally, telephonically or otherwise"; (2) "ordinary course activities and communications with other shareholders in a proxy solicitation, including seeking proxies"; (3) "meeting and communicating with other shareholders to share [Oasis'] concerns about the Company"; or (4) "purchases of stock in the market by shareholders we solicit, who have no understanding or agreement to act with [Oasis]." In addition, the Rights Plan Response Letter states that, to the extent Oasis continues to question the proper interpretation of the Rights Plan, the Company commits to wield any discretion it has under the Rights Plan during the pendency of any proxy contest consistent with these statements.

The foregoing description of the Rights Plan Response Letter does not purport to be complete and is qualified in its entirety by reference to the Rights Plan Response Letter, which is filed as Exhibit 99.1 hereto and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number

Exhibit Title

[99.1](#)

Rights Plan Response Letter dated November 23, 2020.

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The cover page from this Current Report on Form 8-K, formatted in Inline XBRL.

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: November 23, 2020

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

November 23, 2020

Dear Mr. Meyer:

I write on behalf of Stratus Properties Inc. (“Stratus” or the “Company”) in response to your letter dated November 16, 2020 to the Company’s Board of Directors (the “Board”) regarding the Stockholder Rights Agreement dated as of September 22, 2020 by and between the Company and Computershare Inc., as Rights Agent (the “Rights Agreement”). Responses to your questions regarding the Rights Agreement are set forth below, as are clarifications of certain of the many erroneous statements in your letter. All undefined terms herein are as defined in the Rights Agreement.

As an initial matter, the Board’s adoption of the Rights Agreement was a necessary, reasonable, and proportionate response to a threat to the Company’s ability to develop and execute on a long-term strategic plan to maximize value for its stockholders. Specifically, the Rights Agreement preserves the Company’s ability to potentially convert from a C-Corporation to a real estate investment trust (“REIT”) under the U.S. Internal Revenue Code of 1986, as amended (the “Code”). As explained in the Company’s prior public statements, the Board has initiated an in-depth exploration of a potential conversion to a REIT. The Board believes that the Company’s potential opportunity to convert to a REIT is a valuable asset that could be limited or lost altogether should ownership of its outstanding stock exceed certain concentration levels. The Board consequently approved, and the Company entered into, the Rights Agreement in order to preserve the Company’s ability to potentially complete a REIT conversion.

The Rights Agreement operates in a familiar manner. The Distribution Time will occur a certain number of days after any Person becomes an Acquiring Person by becoming the Beneficial Owner of 9.8% or more of the outstanding shares of the Company’s Common Stock, subject to certain exemptions and limitations. One such exemption is for “Grandfathered Person[s],” meaning those who held 9.8% or more of the Company’s Common Stock prior to the adoption of the Rights Plan. As your letter notes, Oasis “has beneficially owned more than 13.5% of [the Company’s common stock] since September 1, 2016.” Oasis is thus a Grandfathered Person under the Rights Agreement, and will remain as such so long as it does not alter its holdings or commit other acts that would eliminate that exemption, as set forth in the Rights Agreement.

Your letter contends that the Rights Agreement seeks to “chill[] shareholder engagement.” But in reaching this erroneous conclusion ***you tellingly omit that the Rights Agreement specifically permits stockholders to engage in communications relating to a proxy contest.*** As the Rights Agreement expressly states, if a security is acquired and the pertinent “agreement, arrangement, or understanding (A) arises solely from a revocable proxy or consent given in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable provisions of the Exchange Act Regulations and (B) is not also then reportable by such person on Schedule 13D under the Exchange Act”, then such acquisition is excluded from the pertinent Beneficial Ownership definition. The Company has not sought to

quell or limit legitimate stockholder communications or activity; rather, it has sought to preserve an important corporate asset and stockholder engagement.

In response to your specific questions, the Company and its Board respond in the negative. As long as Oasis (and any of its Related Persons) does not otherwise engage in (or have not otherwise engaged in) conduct that would otherwise result in Oasis becoming an Acquiring Person and such conduct is in accordance with Section 14(a) of the Exchange Act, the Company's bylaws, the Company's certificate of incorporation and Delaware law, the Rights Plan will *not* be triggered by any of the following activities in connection with a proxy contest: (1) "discussing with other shareholders – digitally, telephonically or otherwise"; (2) "ordinary course activities and communications with other shareholders in a proxy solicitation, including seeking proxies"; (3) "meeting and communicating with other shareholders to share [Oasis'] concerns about the Company;" or (4) "purchases of stock in the market by shareholders we solicit, who have no understanding or agreement to act with [Oasis]." To the extent Oasis continues to question the proper interpretation of the Rights Agreement, the Company hereby further commits to wield any discretion it has under the Rights Agreement during the pendency of any proxy contest consistent with these statements.

The Board appreciates that Oasis disagrees with the Company's contemplated conversion to a REIT, as has been made clear in numerous of Oasis' public statements. But Oasis is a minority stockholder, owning 13.5% of the Company's outstanding common stock. While the Board understands that the tax-related benefits of a REIT conversion may not accrue to Oasis as they might for other of the Company's investors, that does not change the fact that such a conversion may well be in the best interests of the Company and its stockholders as a whole. The Rights Agreement preserves that optionality for the Board and its stockholders, each of whom would have to vote and ultimately approve any such REIT conversion. It thus ensures that Oasis or other minority stockholders may not take actions that, intentionally or not, forever take from the Company and a majority of its stockholders the potential opportunity to obtain the benefit of a REIT conversion.

I trust this resolves your concerns.

Very truly yours,

/s/ Erin D. Pickens

Erin D. Pickens
Senior Vice President and Chief Financial Officer