

STRATUS PROPERTIES INC  
Form 8-K  
May 10, 2007

---

**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): May 8, 2007**

**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))

---

Item 1.01. Entry into a Material Definitive Agreement.

On May 8, 2007, Stratus Properties Inc. and certain of its affiliates (“Stratus”) entered into an agreement (the “Agreement”) with Canyon-Johnson Urban Fund II, L.P., pursuant to which the parties agreed to enter into a joint venture with respect to the development of Block 21, a \$250 million mixed-use development in downtown Austin, Texas. Under the Agreement, the parties agreed to form a limited liability company in connection with the project, although the ultimate formation of the limited liability company will be subject to satisfaction of various conditions set forth in the letter agreement. The press release issued by Stratus pertaining to this project is attached hereto as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits

(d) Exhibit.

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/ John E. Baker

-----  
John E. Baker  
Senior Vice President and  
Chief Financial Officer  
(authorized signatory and  
Principal Financial Officer)

Date: May 10, 2007

---

Stratus Properties Inc.  
Exhibit Index

Exhibit  
Number

99.1 Press Release dated May 8, 2007, titled “Stratus Properties Partners with Canyon-Johnson Urban Fund on Block 21 Mixed-Use Development in Downtown Austin.”