

STRATUS PROPERTIES INC
 Form 4
 July 21, 2006

FORM 4

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 ARMSTRONG WILLIAM H III

2. Issuer Name and Ticker or Trading Symbol
 STRATUS PROPERTIES INC
 [STRS]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
 98 SAN JACINTO BOULEVARD,
 STE 220
 (Street)

3. Date of Earliest Transaction
 (Month/Day/Year)
 07/20/2006

____ Director
 ____ Officer (give title below)
 ____ 10% Owner
 ____ Other (specify below)
 Chair of Board, President, CEO

AUSTIN, TX 78701

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock					3,250	I	IRA for self
Common Stock	07/20/2006		M		12,500	A	\$ 5.25 133,870
Common Stock ⁽¹⁾	07/20/2006		F(2)		5,057	D	\$ 27.57 128,813

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	Amount or Number of Shares
Option (right to buy)	\$ 5.25	07/20/2006		M	12,500	08/13/1997 ⁽³⁾ 08/13/2006	Common Stock	12,500

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

ARMSTRONG WILLIAM H III
98 SAN JACINTO BOULEVARD, STE 220
AUSTIN, TX 78701

Chair of Board, President, CEO

Signatures

Kelly C. Simoneaux, on behalf of William H. Armstrong III pursuant to a power of attorney

07/21/2006

__Signature of Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Amount beneficially owned following the reported transactions includes 64,250 Common Stock Restricted Stock Units.

(2) Shares withheld and delivered in payment of the exercise price of options and resulting taxes.

(3) 25% exercisable on the date indicated and 25% exercisable on each of the next three anniversaries thereof.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.