

Stratus Properties Inc.

Corporate Governance Guidelines

The following Corporate Governance Guidelines have been adopted by the Board of Directors (the “Board”) of Stratus Properties Inc. (the “Company”) to assist the Board and its committees in the exercise of its corporate governance responsibilities. These guidelines, along with the charters of the standing committees of the Board, provide the framework for the governance of the Company and reflect the Board’s commitment to monitor the effectiveness of policy and decision-making at both the Board and management levels. The Board reviews these guidelines periodically, and they are subject to future refinement or changes as the Board may find necessary.

Director Qualification Standards

- 1. Board Size.** The Board shall be comprised of such number of directors as the Board deems appropriate within the requirements of the Company’s Amended and Restated Certificate of Incorporation and Second Amended and Restated By-Laws (as amended from time to time). The Nominating and Corporate Governance Committee annually reviews the composition and size of the Board. In carrying out this responsibility, the Nominating and Corporate Governance Committee will consider director independence requirements, the collective knowledge, experience, expertise and diversity of the Board, the specific experience, qualifications, attributes and skills of each director, the long-term interests of the Company’s stockholders, and any other criteria the Nominating and Corporate Governance Committee deems relevant.

- 2. Selection Process.** In accordance with the policies and principles in its charter, the Nominating and Corporate Governance Committee is responsible for identifying, considering and recommending to the Board for its approval candidates to be nominated for election or re-election to the Board at each annual meeting of stockholders or as necessary to fill vacancies and newly-created directorships. The Board, acting on the recommendation of the Nominating and Corporate Governance Committee, will nominate a slate of director candidates for election at each annual meeting of stockholders and will elect directors to fill vacancies, including vacancies created as a result of any increase in the size of the Board, between annual meetings. In the event that vacancies are anticipated, or otherwise arise, the Nominating and Corporate Governance Committee will consider various potential candidates, who may come to the Nominating and Corporate Governance Committee’s attention through professional search firms, stockholders or other persons.

Stockholders may propose candidates for consideration by the Nominating and Corporate Governance Committee by submitting the names and the required supporting information to: Secretary, Stratus Properties Inc., 212 Lavaca Street, Suite 300, Austin, Texas 78701. Supporting information should include (a) the name and address of each of the candidate and the proposing stockholder, (b) a comprehensive biography of the candidate and an explanation of why the candidate is qualified to serve as a director taking into account the criteria identified below, (c) proof of ownership, the class and number of shares, and the length of time the shares of the Company’s voting securities have been beneficially owned by each of the candidate and

the proposing stockholder, and (d) a letter signed by the candidate stating his or her willingness to serve, if elected as a director. Stockholders may also directly nominate candidates for election at a meeting of stockholders pursuant to specific procedures provided in the Company's Second Amended and Restated By-Laws (as amended from time to time).

3. Board Membership Criteria. In evaluating the suitability of potential Board nominees, the Nominating and Corporate Governance Committee will take into account many factors, including personal and professional integrity, general understanding of the industry, corporate finance and other elements relevant to the success of a publicly-traded company in today's business environment, educational and professional background, independence, and the ability and willingness to work cooperatively with other members of the Board and with senior management of the Company. In selecting nominees, the Nominating and Corporate Governance Committee will seek to have a Board that represents a diverse range of perspectives and experience relevant to the Company. The Nominating and Corporate Governance Committee will also evaluate each individual in the context of the Board as a whole, with the objective of recommending nominees who can best perpetuate the success of the business, be an effective director in conjunction with the full Board, and represent stockholder interests through the exercise of sound judgment using his or her diversity of experience in these various areas. In determining whether to recommend a director for re-election, the Nominating and Corporate Governance Committee will also consider the director's past attendance at meetings and participation in and contributions to the activities of the Board. The Nominating and Corporate Governance Committee will evaluate candidates proposed for nomination by the Company's stockholders using the same criteria by which it evaluates other types of nominees.

4. Independent Directors. At least a majority of the members of the Board must qualify as independent in accordance with the requirements of The NASDAQ Stock Market ("NASDAQ") listing rules. To qualify as independent, a director must (a) meet the bright-line independence standards under the NASDAQ listing rules and (b) be affirmatively determined by the Board to have no material relationship with the Company other than as a director. In making its determination concerning the absence of a material relationship with the Company, the Board considers the standards for independence included in the NASDAQ listing rules. The Board also believes that it is in the best interest of the Company and its stockholders to have certain non-independent directors serve on the Board, such as current members of management, because these members also make valuable contributions to the Board and to the Company by reason of their experience and wisdom.

5. Independence of Committee Members. In addition to the requirement that at least a majority of the members of the Board qualify as independent, all members of each of the Audit, Compensation and Nominating and Corporate Governance Committees will qualify as independent in accordance with the requirements of the NASDAQ listing rules. In addition, members of the Audit and Compensation Committees must meet heightened standards of independence in accordance with the requirements of the NASDAQ listing rules and Securities and Exchange Commission ("SEC") rules and regulations, as amended from time to time.

6. Term Limits. The Board does not believe it should limit the number of terms for which an individual may serve as a director. Directors who have served on the Board for an extended

period of time are able to provide valuable insight into the operations and future of the Company based on their experience with and understanding of the Company's history, policies and objectives. The Board believes that, as an alternative to term limits, it can ensure that the Board continues to evolve and adopt new viewpoints through the evaluation and nomination process described in these guidelines.

7. Resignation. The Board believes that a director should offer his or her resignation if there is a substantial conflict of interest between the director and the Company or the Board and such conflict cannot be resolved to the satisfaction of the Board. The Board, in consultation with the Nominating and Corporate Governance Committee, shall review such resignation and determine whether or not to accept such resignation after consideration of any factors they deem relevant in deciding whether to accept a director's resignation. The Board expects the director whose resignation is under consideration to abstain from participating in any decision regarding that resignation.

8. No Specific Limitation on Other Board Service. The Board does not believe that its members should be prohibited from serving on boards or committees of other organizations, and the Board has not adopted any guidelines limiting such activities. Nonetheless, the Nominating and Corporate Governance Committee will take into account the nature of and time involved in a director's service on other boards in evaluating the suitability of individual directors and making its recommendations to the Board. Service on boards or committees of other organizations should be consistent with the Company's conflict of interest standards. Directors are expected to advise the Chairman of the Board, the Lead Independent Director and the Chairman of the Nominating and Corporate Governance Committee promptly upon accepting any other public company directorship or any assignment to the audit committee or compensation committee of the board of directors of any public company of which such director is a member.

9. Recusal Upon Conflicts of Interest. Prior to any Board discussion or decision related to any matter that affects or potentially affects a director's personal, business or professional interests, that director should (a) promptly disclose the existence of the potential conflict of interest to the Chairman of the Board and the Chairman of the Audit Committee, and (b) if it is determined (in consultation with legal counsel) that a conflict exists or the perception of a conflict is likely to be significant, recuse himself or herself from any discussion or vote related to the matter.

10. Chairman of the Board. The Board will appoint from among its members the Chairman of the Board who may be an executive of the Company. The Chairman of the Board will chair all regular sessions of the Board and, together with the Lead Independent Director, set the agenda for Board meetings, subject to the right of each director to suggest the inclusion of items on any agenda.

11. Lead Independent Director. If the Chairman of the Board is not an independent director, as defined under the NASDAQ listing rules, the independent directors will appoint from among themselves the Lead Independent Director and may remove or replace the Lead Independent Director at any time with or without cause by a majority vote. The Lead Independent Director will assist the Chairman of the Board and the remainder of the Board in

assuring effective corporate governance in managing the affairs of the Board and the Company. The Lead Independent Director will serve as liaison between the Chairman of the Board and the independent directors. The Lead Independent Director will work with the Chairman of the Board in setting the agendas for Board meetings and, in the absence of the Chairman of the Board, the Lead Independent Director will chair regular sessions of the Board. The Lead Independent Director will also set the agenda and preside at all executive sessions of the independent directors, which are held in conjunction with each regularly scheduled Board meeting. The Lead Independent Director will have such additional responsibilities as determined by the Board.

Director Responsibilities

Directors should exercise sound business judgment and act in what they reasonably believe to be in the best interests of the Company and for the benefit of the Company's stockholders in a manner consistent with their fiduciary duties. Director responsibilities include the following functions:

- Oversee the conduct of the Company's business to evaluate whether the business is being properly managed;
- Review and, where appropriate, approve, and/or monitor implementation of, the Company's major financial objectives, capital and operating budgets, strategic plans and other significant policies and corporate actions;
- Assess major risk factors relating to the Company and its performance, and review measures to address and mitigate such risks; and
- Represent the interests of all stockholders of the Company.

All directors are expected to attend meetings of the Board and meetings of committees on which they serve. Directors are expected to be prepared for each meeting and to review all materials provided to them in advance of a meeting.

Board Committees

The Board has established the following standing committees to provide for effective direction and management of the Company's business and to assist the Board in discharging its responsibilities: (1) Audit, (2) Compensation and (3) Nominating and Corporate Governance. The Board will appoint a chairman of each of the Audit, Compensation and Nominating and Corporate Governance Committees. Each of these committees will maintain a written charter addressing the committee's purpose, duties and responsibilities as well as qualifications for committee membership, procedure for committee member appointment and removal, committee structure and operations, and committee reporting obligations to the Board. Each charter will be posted on the Company's website. The Board may establish other committees from time to time as it determines to be appropriate.

The Audit Committee assists the Board in fulfilling its oversight responsibilities relating to (1) the effectiveness of the Company's internal control over financial reporting, (2) the integrity of the Company's financial statements, (3) the Company's compliance with legal and

regulatory requirements, (4) the qualifications and independence of the Company's independent registered public accounting firm, (5) the performance of the Company's independent registered public accounting firm and internal audit firm and (6) review and approval or ratification of any transaction that would require disclosure under Item 404(a) of Regulation S-K of the rules and regulations of the SEC.

The Compensation Committee assists the Board in fulfilling its oversight responsibilities by (1) discharging the Board's responsibilities relating to compensation of the Company's executive officers, and (2) administering the Company's cash-based and equity-based incentive compensation plans.

The Nominating and Corporate Governance Committee assists the Board in fulfilling its oversight responsibilities by (1) identifying, considering and recommending to the Board candidates to be nominated for election or re-election to the Board at each annual meeting of stockholders or as necessary to fill vacancies and newly-created directorships, (2) monitoring the composition of the Board and its committees and making recommendations to the Board on membership of the committees, (3) overseeing the Company's corporate governance practices and procedures, including identifying best practices and reviewing and recommending to the Board for approval any changes to the documents, policies and procedures in the Company's corporate governance framework, including maintaining the Company's Corporate Governance Guidelines and recommending to the Board any desirable changes, (4) reviewing and as necessary, making recommendations to the Board with respect to stockholder proposals, (5) evaluating the effectiveness of the Board and its committees, (6) overseeing the form and amount of director compensation, and (7) addressing any related matters required by the federal securities laws or NASDAQ (or such other exchange or trading market on which the Company's common stock is listed or traded).

Executive Sessions of the Board

Independent directors will meet without management present in executive session at the end of each regularly-scheduled Board meeting, or more frequently if necessary. The Lead Independent Director will preside at all executive sessions of the independent directors.

Access to Independent Advisors and All Company Employees, Including Management

The Board and each of the three standing committees have the power and authority to engage independent legal, financial or other advisors as may be deemed necessary, without consulting or obtaining the approval of management of the Company in advance. Directors also have access to the Company's legal, financial or other advisors following consultation with the Chairman of the Board and the Lead Independent Director.

All directors have full and free access to all employees of the Company, including management. Any meetings or contacts that a director wishes to initiate may be arranged through the Chairman of the Board or directly by the director. As a courtesy, directors should use judgment to ensure this contact would not be disruptive to the business operations of the

Company and any written requests for information should be copied to the Chairman of the Board and the Lead Independent Director.

Director Compensation

The Board, on the recommendation of the Nominating and Corporate Governance Committee, will determine the form and amount of director compensation. The Nominating and Corporate Governance Committee, which may obtain the advice of such experts as the committee deems appropriate, will review the form and amount of director compensation and recommend changes to the Board as appropriate. Director compensation may be paid in the form of cash, equity-based awards or other forms as the Board deems appropriate and will be at levels that are consistent with those in effect for directors of similarly situated businesses. Additional compensation may be provided to members of committees of the Board, to the chairmen of committees, and to the Lead Independent Director.

Director Orientation

All new directors will receive an orientation package consisting of the Company's Amended and Restated Certificate of Incorporation and Second Amended and Restated By-Laws (as amended from time to time), the Ethics and Business Conduct Policy, these Corporate Governance Guidelines, all SEC filings for the current and preceding calendar year, and any other pertinent information. New directors will meet with the Chairman of the Board and the Lead Independent Director to be briefed on the Company's strategic plans, key policies and practices, and its significant operational, financial, accounting, and risk management issues.

Board's Role in Communication

The Board believes that it is senior management's responsibility to speak for the Company. Each director should refer all inquiries from institutional investors, the press, stockholders, and other constituencies to senior management. At the request of senior management or the Board, individual directors may, from time to time, meet or otherwise communicate with stockholders and other constituencies that are involved with the Company.

Confidentiality

The proceedings and deliberations of the Board and its committees are confidential. Each director will maintain the confidentiality of information received in connection with his or her service as a director, including internal discussions and information on processes of the Board and its committees. Each director must keep all non-public information obtained in connection with his or her position on the Board in the strictest confidence and take appropriate measures to ensure that no other person has access to such information, both during and after his or her service as a director, except as authorized in writing by the Board or required by law. This obligation applies to communications between any director designated by a stockholder of the Company and such stockholder.

Annual Performance Evaluation of the Board

The Nominating and Corporate Governance Committee is responsible for overseeing the annual evaluation of the performance of the Board. The Nominating and Corporate Governance Committee will report to the Board the results of this evaluation, including any recommended changes to policies or procedures of the Company or the Board. The Nominating and Corporate Governance Committee's report should generally include an assessment of the Board's compliance with the principles set forth in these guidelines, as well as identification of areas in which the Board could improve performance.

Ethics and Business Conduct Policy

The Board will maintain the Company's Ethics and Business Conduct Policy (the "Ethics Policy") for the directors, officers and employees of the Company in conformity with the requirements of the NASDAQ listing rules and SEC rules and regulations, including Section 406(c) of the Sarbanes-Oxley Act of 2002, as amended from time to time. The Ethics Policy will be posted on the Company's website. The purpose of the Ethics Policy is to focus the directors, officers and employees on areas of ethical risk, provide guidance in recognizing and dealing with ethical issues, provide mechanisms to report unethical conduct, and foster and maintain a culture of honesty and accountability.

Waivers of the Ethics Policy for any director or executive officer may only be made by the Board, and must be disclosed to stockholders, along with the reasons for the waiver, within four business days by filing a current report on Form 8-K or providing website disclosure that satisfies the requirements of Item 5.05(c) of Form 8-K.

Approval or Ratification of Certain Transactions

The Audit Committee will review and approve, or ratify, any transaction that would require disclosure under Item 404(a) of Regulation S-K of the Securities Exchange Act of 1934, as amended. Any such related party transactions will only be approved or ratified if the Audit Committee determines that such transaction will not impair the involved person's service to, and exercise of judgment on behalf of, the Company, or otherwise create a conflict of interest that would be detrimental to the Company.

Reports of Accounting Concerns

Any reports of concerns regarding accounting, internal auditing controls or other audit matters shall be reported, on a confidential basis, to the Chairman of the Audit Committee. These reports may also be submitted anonymously, in an envelope marked "Confidential," to Stratus Properties Inc. Audit Committee Chairman, c/o Secretary, 212 Lavaca Street, Suite 300, Austin, Texas 78701. The Board shall be notified of any accounting concerns at the next regularly scheduled Board meeting or sooner, if necessary.

Communications with the Board of Directors

Stockholders or other interested parties may communicate directly with one or more members of the Board, or the independent directors as a group, by writing to the director or directors at the following address: Stratus Properties Inc., Attn: Board of Directors or the name of the individual director or directors, 212 Lavaca Street, Suite 300, Austin, Texas 78701. The Company will forward the communication to the Lead Independent Director or the appropriate director or directors for response.

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As adopted by the Board of Directors on March 26, 2013; as amended through March 8, 2018.