Stratus Properties Inc.
Stock Ownership Guidelines

We believe that it is important for our Company's directors and senior executive officers to align their interests with the long-term interests of our shareholders. Accordingly, on March 26, 2013, our board of directors adopted stock ownership guidelines that establish target levels of stock ownership for our non-employee directors and our senior executive officers that should be met over a five-year period.

Non-Employee Directors

Each non-employee director is encouraged to own shares of our common stock having a value equal to at least three times his or her annual cash retainer, which is currently $35,000. The value of the stock ownership is calculated based on the three-year trailing average monthly stock price. Our Nominating and Corporate Governance Committee administers the guidelines for our non-employee directors.

Senior Executive Officers

The Chief Executive Officer is encouraged to own shares of our common stock having a value equal to at least three times his or her base salary. The Chief Financial Officer is encouraged to own shares of our common stock having a value equal to at least one times his or her base salary. The value of the stock ownership is calculated based on the three-year trailing average monthly stock price. Our Compensation Committee administers the guidelines for our senior executive officers.

Compliance Period

Stock ownership levels should be achieved by each current non-employee director and senior executive officer as soon as practicable or within five years of the date upon which these guidelines became effective. Stock ownership levels should be achieved by each non-employee director and senior executive officer appointed or elected after the effective date as soon as practicable or within five years of his or her appointment or election. Stock ownership levels are calculated and reviewed annually. Each non-employee director and senior executive officer is notified on an annual basis of their compliance with the guidelines.