STRATUS®

Investor Presentation

May 10, 2017

CAUTIONARY STATEMENT AND REGULATION G DISCLOSURE

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are all statements other than statements of historical fact, such as statements regarding the implementation and potential results of Stratus' active development plan, projections or expectations related to operational and financial performance or liquidity, reimbursements for infrastructure costs, financing and regulatory matters, development plans and sales of properties, commercial leasing activities, timeframes for development, construction and completion of Stratus' projects, capital expenditures, possible joint venture or other arrangements, Stratus' projections with respect to its obligations under the master lease agreements entered into in connection with the sale of The Oaks at Lakeway, and other plans and objectives of management for future operations and activities and future dividend payments. The words "anticipates," "may," "can," "plans," "believes," "potential," "estimates," "expects," "projects," "intends," "likely," "will," "should," "to be" and any similar expressions and/or statements that are not historical fact are intended to identify those assertions as forward-looking statements. Under Stratus' Comerica credit facility, Stratus is not permitted to pay dividends on common stock without Comerica's prior written consent, which was obtained in connection with the special dividend, but not required to be granted by Comerica in the future. The declaration of dividends is at the discretion of Stratus' Board, subject to restrictions under Stratus' Comerica credit facility, and will depend on Stratus' financial results, cash requirements, projected compliance with covenants in Stratus' debt agreements, outlook and other factors deemed relevant by the Board.

Stratus cautions readers that forward-looking statements are not guarantees of future performance, and its actual results may differ materially from those anticipated, projected or assumed in the forward-looking statements. Important factors that can cause Stratus' actual results to differ materially from those anticipated in the forward-looking statements include, but are not limited to, Stratus' ability to refinance and service its debt and the availability of financing for development projects and other corporate purposes, Stratus' ability to sell properties at prices its Board considers acceptable, a decrease in the demand for real estate in the Austin, Texas market, changes in economic and business conditions, reductions in discretionary spending by consumers and corporations, competition from other real estate developers, hotel operators and/or entertainment venue operators and promoters, the termination of sales contracts or letters of intent due to, among other factors, the failure of one or more closing conditions or market changes, Stratus' ability to secure qualifying tenants for the space subject to the master lease agreements entered into in connection with the sale of The Oaks at Lakeway and to assign such leases to the purchaser and remove the corresponding property from the master leases, the failure to attract customers for its developments or such customers' failure to satisfy their purchase commitments, increases in interest rates, declines in the market value of Stratus' assets, increases in operating costs, including real estate taxes and the cost of construction materials, changes in external perception of the W Austin Hotel, changes in consumer preferences, changes in laws, regulations or the regulatory environment affecting the development of real estate, opposition from special interest groups with respect to development projects, weather-related risks and other factors described in more detail under the heading "Risk Factors" in Stratus' Annual Report on Form 10-K for the year ended December 31, 2016, filed with the U. S. Securities and Exchange Commission (SEC) as updated by Stratus' subsequent filings with the SEC.

Investors are cautioned that many of the assumptions upon which Stratus' forward-looking statements are based are likely to change after the forward-looking statements are made. Further, Stratus may make changes to its business plans that could affect its results. Stratus cautions investors that it does not intend to update its forward-looking statements more frequently than quarterly notwithstanding any changes in its assumptions, business plans, actual experience, or other changes, and Stratus undertakes no obligation to update any forward-looking statements.

This presentation also includes net asset value (NAV) which is not recognized under U.S. generally accepted accounting principles (GAAP). NAV estimates the market value of Stratus' assets ("gross value") and subtracts the book value of Stratus' total liabilities reported under GAAP. After-tax NAV estimates the market value of Stratus' assets ("gross value") and subtracts the book value of Stratus' total liabilities reported under GAAP and estimated income taxes computed on the difference between the estimated market values and the tax basis of the assets. Stratus also presents the non-GAAP measure after-tax NAV per share, which is after-tax NAV divided by shares of Stratus' common stock outstanding as of December 31, 2016, plus all outstanding stock options and restricted stock units. Stratus believes these measures can be helpful to investors in evaluating its business. NAV illustrates current embedded value in Stratus' real estate, which is carried on its GAAP balance sheet primarily at cost. Management uses NAV as one of the metrics in evaluating progress on Stratus' active development plan. NAV is intended to be a performance measure that should not be regarded as more meaningful than GAAP measures. Other companies may calculate this measures differently. As required by SEC Regulation G, reconciliations of Stratus' after-tax NAV to total stockholders' equity in its consolidated balance sheet is included on page 6 of this presentation, a copy of which is available on Stratus' website, www.stratusproperties.com. Stratus recommends that you read this presentation along with Stratus' Annual Report on Form 10-K for the year ended December 31, 2016, filed with the SEC, and Stratus' subsequent SEC filings, which include Stratus' financial information presented in accordance with GAAP and which contain other important information regarding Stratus.

Estimated Net Asset Value

#	Property	Use	Approved Entitlements: Lots	Approved Entitlements: Units	Approved Entitlements: Square Feet	Ownership %	Capital Structure as of 12/31/2016 ($MMs) – Total Equity Investment: Contributed Land	Total Equity Investment: Additional Capital Funded	Total Equity Investment: Additional Capital To Be Funded	Total Equity Investment: Total	Project Debt: Funded	Project Debt: To Be Funded	Project Debt: Total	Total Capital	Value ($MMs): Carrying Value(A)	Appraisals (B): As Is (C)	Appraisals (B): As Stabilized	Gross Value	NAV (D)	Percent of Total NAV	Tax Basis (E)	Built-In Gain (F)	35% Corporate Tax	NAV After Tax
1	**Property Held for Future Use**																							
2	Barton Creek Village: Phase II Land (C)(G)	MU	-	-	16,000	100%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.9	N/A	$ -	$ 1.0	$ 0.7	0.2%	$ 0.8	$ 0.3	$ (0.1)	$ 0.6
3	Fazio Canyons 18th Green Lot	SF	1	-	-	100%	-	-	-	-	-	-	-	-	0.5	1.0	-	1.0	0.7	0.2%	0.5	0.5	(0.2)	0.5
4	Barton Creek Blvd./ SW Pkwy Residential	SF	1	-	-	100%	-	-	-	-	-	-	-	-	1.6	0.6	-	0.6	0.4	0.1%	1.7	(1.1)	0.4	0.8
5	Barton Creek Blvd./ Bee Cave Road Entry Lot	MU	-	-	5,000	100%	-	-	-	-	-	-	-	-	0.6	0.8	-	0.8	0.5	0.1%	0.4	0.3	(0.1)	0.4
6	Barton Creek: Amarra	MU	-	170	83,081	100%	-	-	-	-	-	-	-	-	5.8	13.7	-	13.7	9.8	2.7%	5.9	7.8	(2.7)	7.1
7	Lantana Office: Tract G04/G07	O	-	-	160,000	100%	-	-	-	-	-	-	-	-	0.4	5.3	-	5.3	3.8	1.0%	0.7	4.6	(1.6)	2.2
8	**Property Held for Future Use**		**2**	**170**	**264,081**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**9.8**	**21.3**	**-**	**22.3**	**16.0**	**4.3%**	**10.0**	**12.3**	**(4.3)**	**11.7**
9	**Property Currently Undergoing Active Planning**																							
10	Barton Creek: Residential Sections K, L, and O	SF	154	-	-	100%	-	-	-	-	-	-	-	-	9.7	36.6	-	36.6	26.3	7.1%	15.5	21.0	(7.4)	18.9
11	Oaks at Lakeway Back Land (B)	R	100	-	-	90%	-	-	-	-	-	-	-	-	5.4	4.8	-	4.3	4.3	1.2%	5.4	(1.1)	0.4	4.7
12	Lantana Retail: Tract GR1 (H)	R	-	-	325,000	100%	-	-	-	-	-	-	-	-	6.3	12.7	-	12.7	9.1	2.5%	6.2	6.4	(2.2)	6.9
13	Magnolia TX (Houston) HEB (C)(I)	R	-	-	351,000	100%	-	-	-	-	-	-	-	-	4.7	N/A	-	4.7	3.4	0.9%	4.6	0.2	(0.1)	3.4
14	Circle C: Tract 114	R	-	-	37,857	100%	-	-	-	-	-	-	-	-	0.6	3.9	-	3.9	2.8	0.7%	0.5	3.4	(1.2)	1.6
15	Barton Creek: Section N	MU	-	1,412	1,560,810	100%	-	-	-	-	-	-	-	-	44.2	55.3	-	55.3	39.7	10.7%	51.1	4.2	(1.5)	38.3
16	Barton Creek: Santal Phase II	MF	-	212	-	100%	-	-	-	-	-	-	-	-	3.5	4.7	-	4.7	3.4	0.9%	3.4	1.3	(0.4)	2.9
17	Waller/Flores (C)(I)	MF	-	6	-	100%	-	-	-	-	-	-	-	-	1.1	N/A	-	1.1	0.8	0.2%	0.8	0.3	(0.1)	0.7
18	**Property Currently Undergoing Active Planning**		**254**	**1,630**	**2,274,667**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**75.6**	**117.9**	**-**	**123.2**	**89.8**	**24.2%**	**87.6**	**35.6**	**(12.5)**	**77.3**
19	**Property Under Construction**																							
20	Killeen TX HEB (B)(H)	R	-	-	44,567	100%	-	5.4	(0.1)	5.4	-	9.9	9.9	15.3	5.4	7.2	-	7.2	7.2	1.9%	4.1	3.1	(1.1)	6.1
21	Barton Creek: Amarra Villas (B)(H)	MF	-	20	-	100%	-	-	-	-	-	-	-	-	10.0	13.6	-	13.6	9.7	2.6%	8.2	5.5	(1.9)	7.8
22	**Property Under Construction**		**-**	**20**	**44,567**		**-**	**5.4**	**(0.1)**	**5.4**	**-**	**9.9**	**9.9**	**15.3**	**15.4**	**20.8**	**-**	**20.8**	**16.9**	**4.6%**	**12.2**	**8.6**	**(3.0)**	**13.9**
23	**Completed Single-Family Homesites for Sale**																							
24	Barton Creek: Amarra Homesites	SF	61	-	-	100%	-	-	-	-	-	-	-	-	17.1	32.6	-	32.6	23.5	6.3%	18.5	14.1	(4.9)	18.5
25	Circle C: Meridian	SF	12	-	-	100%	-	-	-	-	-	-	-	-	1.8	3.0	-	3.0	2.2	0.6%	2.0	1.0	(0.4)	1.8
26	W Austin Condominiums (C)(J)	SF	2	-	-	100%	-	-	-	-	-	-	-	-	2.2	N/A	-	3.8	2.7	0.7%	2.2	1.5	(0.5)	2.2
27	**Completed Single-Family Homesites for Sale**		**75**	**-**	**-**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**21.2**	**35.6**	**-**	**39.4**	**28.3**	**7.6%**	**22.7**	**16.7**	**(5.8)**	**22.5**
28	**Commercial and Multi-Family Land for Sale**																							
29	Circle C: Tract 101	MF	-	240	-	100%	-	-	-	-	-	-	-	-	2.6	4.6	-	4.6	3.3	0.9%	2.1	2.5	(0.9)	2.4
30	Circle C: Tract 102	MF	-	56	-	100%	-	-	-	-	-	-	-	-	0.5	2.1	-	2.1	1.5	0.4%	0.6	1.5	(0.5)	1.0
31	Circle C: Tract 110	O	-	-	655,000	100%	-	-	-	-	-	-	-	-	5.2	17.2	-	17.2	12.4	3.3%	6.0	11.2	(3.9)	8.5
32	Crestview Station Pad (C)(K)	R	1	-	-	50%	-	-	-	-	-	-	-	-	0.2	N/A	-	0.5	0.3	0.1%	0.2	0.2	(0.1)	0.2
33	**Commercial and Multi-Family Land for Sale**		**1**	**296**	**655,000**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**8.5**	**23.9**	**-**	**24.4**	**17.5**	**4.7%**	**9.0**	**15.4**	**(5.4)**	**12.1**
34	**Total**		**332**	**2,116**	**3,238,315**		**$ -**	**$ 5.4**	**$ (0.1)**	**$ 5.4**	**$ -**	**$ 9.9**	**$ 9.9**	**$ 15.3**	**$ 130.4**	**$ 219.6**	**$ -**	**$ 230.1**	**$ 168.5**	**45.5%**	**$ 141.5**	**$ 88.6**	**$ (31.0)**	**$ 137.5**

#	Property	Use	Approved Entitlements: Lots	Approved Entitlements: Units	Approved Entitlements: Square Feet	Approved Entitlements: Rooms	Approved Entitlements: Seats	Ownership %	Occupancy %(A)	Projected 2017 Net Operating Income ($MMs): Revenue	Expenses	NOI	Cap Rate: High	Cap Rate: Low	Value ($MMs): Total Carrying Value (Prorata) (A)	Gross Value: Low	Gross Value: High	Average of High/Low Value	NAV (D)	Percent of Total NAV	Tax Basis (M)	Built-In Gain (N)	35% Corporate Tax	NAV After Tax
35	**Stabilized Commercial Property**																							
36	Barton Creek Village (G)	MU	-	-	25,451	-	-	100%	100%	$ 1.1	$ 0.4	$ 0.7	8.00%	6.00%	$ 4.4	$ 8.2	$ 10.9	$ 9.6	4.0	1.1%	5.0	4.6	(1.6)	2.4
37	Oaks at Lakeway HEB (L)	R	-	-	236,739	-	-	98%	87%	$ 7.9	$ 1.8	$ 6.1	5.36%	5.36%	$ 66.8	$ 111.5	$ 111.5	$ 111.5	43.7	11.8%	76.2	35.3	(12.3)	31.4
38	Barton Creek: Santal Phase I (M)	MF	-	236	-	-	-	100%	68%	$ 4.7	$ 2.0	$ 2.7	5.75%	4.75%	$ 37.0	$ 46.5	$ 56.3	$ 51.0	20.5	5.5%	37.2	13.8	(4.8)	15.7
39	Block 21 (B)	MU	-	-	57,690	251	2,750	100%		61.1	46.7	14.3			144.6	234.0	234.0	234.0	85.7	23.1%	170.2	63.8	(22.3)	63.4
40	**Total Stabilized Commercial Property**		**-**	**236**	**319,880**	**251**	**2,750**								**252.9**	**400.1**	**412.7**	**406.0**	**153.9**	**41.5%**	**288.7**	**117.4**	**(41.1)**	**112.8**
41	**Other Assets**																							
42	Barton Creek: MUD Reimbursables							100%							8.0	24.5	24.5	24.5	17.6	4.7%	8.1	16.4	(5.7)	11.8
43	Cash														-	13.6	13.6	13.6	9.8	2.6%	13.6	-	-	9.8
44	Total Other (N)														-	29.1	29.1	29.1	20.9	5.6%	29.1	-	-	20.9
45	**Total Other Assets**		**-**	**-**	**-**	**-**	**-**								**8.0**	**67.2**	**67.2**	**67.2**	**48.3**	**13.0%**	**50.8**	**16.4**	**(5.7)**	**42.5**
46	**Total**		**-**	**236**	**319,880**	**251**	**2,750**								**$ 260.8**	**$ 467.3**	**$ 479.9**	**$ 473.2**	**$ 202.2**	**54.5%**	**$ 339.5**	**$ 133.8**	**$ (46.8)**	**$ 155.4**
47	**Grand Total**		**332**	**2,352**	**3,558,195**	**251**	**2,750**								**$ 391.3**			**$ 703.4**	**$ 370.7**	**100.0%**	**$ 480.9**	**$ 222.4**	**$ (77.9)**	**$ 292.9**
48	**Shares Outstanding (Diluted) (O)**														**8.235**									
49	**Total Per Share**														**$ 47.51**			**$ 85.41**	**$ 45.02**		**$ 58.40**	**$ 27.01**	**$ (9.45)**	**$ 35.56**

Footnotes

SF=Single-Family MF=Multi-Family O=Office R=Retail MU=Mixed Use

(A) Carrying values and occupancy percentages as of December 31, 2016

(B) All appraisals dated between 2/9/17 and 4/14/17 except those for Block 21, dated 12/31/16, Killeen TX HEB, dated 6/1/16, Barton Creek: Amarra Villas, dated 3/10/16, and Barton Creek: Santal Phase II, dated 11/13/14. The Barton Creek: Santal Phase II appraisal was determined to still be a reasonable reflection of market value at approximately $22,000 per unit. All appraisals except Block 21 and Oaks at Lakeway Back Land were commissioned by third party lenders.

(C) Marked N/A if no appraisal obtained

(D) See "Cautionary Statement and Regulation G Disclosure." To calculate NAV, general liabilities were allocated ratably to all assets that did not have project debt.

(E) Tax basis represents preliminary carrying values for income tax purposes as of September 30, 2016, and are subject to change until the 2016 federal tax return is filed

(F) Built-in gain represents the excess of Gross Value over the Tax Basis for each asset

(G) Barton Creek Village: Phase II Land and a 3,085 sf bank building in Barton Creek Village were sold in February 2017. The contract price was used to value these assets.

(H) Stabilized appraisal value less cost to complete used to value Lantana Retail: Tract GR1, Killeen TX HEB and Barton Creek: Amarra Villas

(I) Waller/Flores and Magnolia TX (Houston) HEB carrying values used to calculate total gross estimated value

(J) Condominium values determined by current list price

(K) Crestview Station estimated value based on 50% share of target price

(L) Oaks at Lakeway (HEB) valuation reflects $114 million of gross proceeds from sale in February 2017 less transaction costs, costs to complete and master lease costs. Listed square footage excludes pad sites. Ownership percentage reflects HEB profit participation. NOI is shown at the projected stabilzed value.

(M) Barton Creek: Santal Phase I valuation reflects stabilized NOI in the second half of 2017 annualized divided by an average cap rate of 5.25%.

(N) Includes restricted cash and deferred tax assets

(O) Includes 8.098 million shares of Stratus common stock outstanding and 0.137 million outstanding stock options and restricted stock units as of December 31, 2016. Additional RSUs granted in March 2017 are not included.

Debt Detail

Debt Summary as of 12/31/16

($000's)

		Amount	%	% of NAV	Rate	Type
Recourse						
Construction						
Santal I, LLC	Comerica	$30,455,295	10.4%	4.3%	3.12%	Float
Villas at Amarra Drive, LLC	Comerica	$3,935,038	1.3%	0.6%	3.66%	Float
Killeen FM 440 LLC	Southside Bank	$0	0.0%	0.0%	3.52%	Float
Stratus Lakeway Center, LLC	PlainsCapital Bank	$57,525,343	19.6%	8.2%	3.52%	Float
Stratus Lakeway Center, LLC (Bldg J)	PlainsCapital Bank	$943,545	0.3%	0.1%	3.52%	Float
Total Construction		$92,859,221	31.7%	13.2%	1.18%	
Permanent						
Barton Creek Village	PlainsCapital Bank	$5,644,999	1.9%	0.8%	4.19%	Fixed
Total Permanent		$5,644,999	1.9%	0.8%	4.19%	
Revolver						
Revolver	Comerica	$45,000,000	15.3%	6.4%	6.00%	Float
Letter of Credit (LOC) Tranche	Comerica	$1,546,435	0.5%	0.2%	6.00%	Float
Total Revolver		$46,546,435	15.9%	6.6%	6.00%	
Total Recourse		$145,050,655	49.4%	20.6%	2.78%	
Non-Recourse						
Block 21	Goldman Sachs	$148,297,156	50.6%	21.1%	5.58%	Fixed
Total Non-Recourse		$148,297,156	50.6%	21.1%	5.58%	
Total Debt *		$293,347,811	100.0%	41.7%	4.19%	
Total Asset Value		$703,382,029				
Recourse Debt, Construction, Revolver / Asset Value		20.6%	49.4%			
Non-Recourse Debt / Asset Value		21.1%	50.6%			
Total Debt / Asset Value		41.7%				
Fixed Rate Debt		$153,942,155	52.5%	21.9%	5.53%	
Floating Rate Debt		$139,405,656	47.5%	19.8%	4.26%	

* Includes $2.2 million of deferred financing costs.

GAAP Reconciliation

After-tax NAV estimates the market value of Stratus' assets ("gross value") and subtracts the book value of Stratus' total liabilities reported under GAAP and estimated income taxes computed on the difference between the estimated market values and the tax basis of the assets. Stratus also presents the non-GAAP measure after-tax NAV per share, which is after-tax NAV divided by shares of its common stock outstanding as of December 31, 2016, plus all outstanding stock options and restricted stock units. The computation of Stratus' after-tax NAV uses third-party appraisals of specified properties as of the dates indicated, and the appraised value may be different if prepared as of a current date. These appraisals were conducted by appraisers retained by Stratus' financing sources. The appraised values may not represent fair value, as defined under GAAP. After-tax NAV and after-tax NAV per share may not be equivalent to the enterprise value of Stratus or an appropriate trading price for our common stock for many reasons, including but not limited to the following: (1) income taxes included may not reflect the actual tax amounts that will be due upon the ultimate disposition of the assets; (2) components were calculated as of the dates specified and calculations as of different dates are likely to produce different results; (3) opinions are likely to differ regarding appropriate capitalization rates; and (4) a buyer may pay more or less for Stratus or its real estate assets as a whole than for the sum of the components used to calculate after-tax NAV. Accordingly, after-tax NAV per share is not a representation or guarantee that Stratus' common stock will or should trade at this amount, that a stockholder would be able to realize this amount in selling Stratus' shares, that a third party would offer the after-tax NAV per share in an offer to purchase all or substantially all of Stratus' common stock, or that a stockholder would receive distributions per share equal to the after-tax NAV per share upon Stratus' liquidation. Investors should not rely on the after-tax NAV per share as being an accurate measure of the current fair market value of Stratus' common stock. Management strongly encourages investors to review Stratus' consolidated financial statements and publicly filed reports in their entirety.

Below is a reconciliation of Stratus' after-tax NAV to the most comparable GAAP measure, total stockholders' equity (in millions).

	As of December 31, 2016
After-tax NAV	$ 292.9
Less: Gross value of assets used in computing after-tax NAV	(703.4)
Plus: Total assets	452.2
35 percent corporate tax	77.8
Deferred financing costs presented in debt	2.2
Selling costs, estimated costs to complete and master lease costs for The Oaks at Lakeway	9.3
Total Stockholders' Equity as of December 31, 2016	$ 131.0