



Stratus Properties Inc.
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NEWS RELEASE

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Stratus Properties Inc. Acknowledges Receipt of Unsolicited Proposal to Acquire a Significant Portion of Real Estate Properties

AUSTIN, TX, January 28, 2016 - Stratus Properties Inc. (NASDAQ: STRS) today acknowledged receipt of an unsolicited proposal from Capretta Properties Inc. to acquire a significant portion of Stratus' real estate properties for \$435 million in cash, with all indebtedness to be retained by Stratus. The proposal is subject to several contingencies, including Capretta's proposal that the closing be subject to completion of satisfactory due diligence, to be conducted only after entering into a definitive purchase agreement.

The Board of Directors of Stratus, in accordance with its fiduciary duties, and consistent with its commitment to maximize long-term stockholder value, is in the process of carefully reviewing and considering the proposal. The Board maintains its commitment to engaging in constructive dialogue with all stockholders. There can be no assurance that this process will result in any transaction in the future, and no decision has been made to enter into any transaction at this time.

Vinson & Elkins LLP and Jones Walker LLP are serving as legal counsel to Stratus.

About Stratus Properties

Stratus is a diversified real estate company engaged primarily in the acquisition, entitlement, development, management, operation and sale of commercial, hotel, entertainment, and multi- and single-family residential real estate properties, primarily located in the Austin area, but including projects in certain other select markets in Texas.

Important Additional Information

Stratus Properties Inc., its directors and certain of its executive officers may be deemed to be participants in the solicitation of proxies from Stratus stockholders in connection with the matters to be considered at Stratus' 2016 Annual Meeting. Stratus intends to file a proxy statement and white proxy card with the U.S. Securities and Exchange Commission (the "SEC") in connection with any such solicitation of proxies from Stratus stockholders. STRATUS STOCKHOLDERS ARE STRONGLY ENCOURAGED TO READ ANY SUCH PROXY STATEMENT AND ACCOMPANYING WHITE PROXY CARD WHEN THEY BECOME AVAILABLE AS THEY

WILL CONTAIN IMPORTANT INFORMATION. Information regarding the ownership of Stratus' directors and executive officers in Stratus stock, restricted stock and options is included in their SEC filings on Forms 3, 4, and 5, which can be found through Stratus' website (www.stratusproperties.com) in the section "Investor Relations" or through the SEC's website at www.sec.gov. Information can also be found in Stratus' other SEC filings, including Stratus' definitive proxy statement for the 2015 Annual Meeting and its Annual Report on Form 10-K for the year ended December 31, 2014. More detailed and updated information regarding the identity of potential participants, and their direct or indirect interests, by security holdings or otherwise, will be set forth in the proxy statement and other materials to be filed with the SEC in connection with Stratus' 2016 Annual Meeting. Stockholders will be able to obtain any proxy statement, any amendments or supplements to the proxy statement and other documents filed by Stratus with the SEC for no charge at the SEC's website at www.sec.gov. Copies will also be available at no charge at Stratus' website at www.stratusproperties.com, by writing to Stratus Properties Inc. at 212 Lavaca Street, Suite 300, Austin, TX 78701, or by calling Stratus' proxy solicitor, Innisfree M&A Incorporated, toll-free at 888-750-5834.

Cautionary Statement regarding Forward-Looking Statements

This press release contains forward-looking statements which are all statements other than statements of historical facts, such as statements regarding the implementation and potential results of Stratus' five-year plan, projections or expectations related to operational and financial performance or liquidity, and other plans and objectives of management for future operations and activities. 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 facts are intended to identify those assertions as forward-looking statements.

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, business opportunities that may be presented to and/or pursued by Stratus, the failure of third parties to satisfy debt service obligations, the failure to complete agreements with strategic partners and/or appropriately manage relationships with strategic partners, 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, 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 its 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, 2014, 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 notwithstanding any changes in its assumptions, business plans, actual experience, or other changes, and Stratus undertakes no obligation to update any forward-looking statements, except as required by law.